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CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

Confidential draft submitted to the Securities and Exchange Commission on August 27, 2018. This draft registration statement has not been filed publicly with the Securities and Exchange Commission and all information contained herein remains confidential.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

DIAMEDICA THERAPEUTICS INC.
(Exact name of registrant as specified in its charter)

Canada	**33-1224644**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2 Carlson Parkway, Suite 260
Minneapolis, Minnesota 55447
(Address of principal executive offices) (Zip Code)

(763) 496-5454
(Registrant's telephone number, including area code)

Rick Pauls
President and Chief Executive Officer
DiaMedica Therapeutics Inc.
2 Carlson Parkway, Suite 260
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(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:
Amy E. Culbert, Esq.
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Securities to be registered under Section 12(b) of the Act:

Title of each class to be so registered	**Name of each exchange on which each class is to be registered**
Voting Common Shares	**The Nasdaq Stock Market LLC**
Voting Common Share Purchase Rights	**The Nasdaq Stock Market LLC**

Securities to be registered under Section 12(g) of the Act:
None

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

Large accelerated filer ☐		Accelerated filer ☐	
Non-accelerated filer ☐	(Do not check if a smaller reporting company)	Smaller reporting company	☒
		Emerging growth company	☒

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

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INFORMATION REQUIRED IN REGISTRATION STATEMENT

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EXPLANATORY NOTE

DiaMedica Therapeutics Inc. is filing this registration statement on Form 10 pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), because we are seeking to list our voting common shares, no par value ("common shares"), on the Nasdaq Capital Market ("Nasdaq"). We are a "smaller reporting company," as defined by Rule 12b-2 of the Exchange Act, and an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act").

Our common shares currently trade in Canada on the TSX Venture Exchange under the trading symbol "DMA" and in the United States on the OTCQB Market under the trading symbol "DMCAF." We have applied to list our common shares on Nasdaq under the trading symbol "DMAC."

In order to meet the minimum bid price listing standard required by Nasdaq in connection with our Nasdaq listing application, we intend to effect a share consolidation, or reverse stock split, of our common shares, prior to the effective date of this registration statement. At our Annual General and Special Meeting of Shareholders held on December 21, 2017, our shareholders approved a reverse split at a rate of up to one-for-thirty (1:30), with the actual rate to be determined by our Board of Directors in its sole discretion; provided, that the split must be effected no later than December 21, 2018. Our Board of Directors has not yet determined the actual reverse split ratio or timing of the split. The selection of the reverse split ratio will be based primarily on the trading price of our common shares at the time and anticipated stability at that level. The reverse stock split will not affect the number of our authorized common shares. We must obtain approval of the TSX Venture Exchange prior to effecting the reverse stock split.

Unless we indicate otherwise, the information in this registration statement does not reflect the pro forma impact of the reverse stock split. We intend to update the information in this registration statement prior to its effective date to reflect the pro forma impact of the reverse stock split. If we effect the reverse stock split, then, without further action on the part of our shareholders, the outstanding common shares held by shareholders of record as of the effective date of the reverse stock split will be converted into a fewer number of common shares based on the reverse stock split ratio. For example, if the Board of Directors approves a reverse split ratio of one-for-ten (1:10), then a holder of 10,000 common shares would hold 1,000 common shares immediately following the reverse stock split. No fractional shares will be issued in connection with the reverse stock split. In the event that a shareholder would otherwise be entitled to receive a fractional share in connection with the reverse stock split, the number of common shares to be received by such shareholder will be rounded up or down to the nearest whole common share.

We do not currently file periodic reports with the United States Securities and Exchange Commission (the "SEC"). When this registration statement becomes effective, we will be required to file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other information with the SEC pursuant to the Exchange Act. You may read and copy this information, for a copying fee, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on its Public Reference Room. Our SEC filings will also be available to the public at the website maintained by the SEC at http://www.sec.gov.

Our internet website address is http://www.diamedica.com. Information contained on our website does not constitute part of this registration statement. When this registration statement becomes effective, we will make available on our website, through a link to the SEC's website, electronic copies of the documents we file with the SEC.

As used in this registration statement, unless otherwise specified or the context otherwise requires, "DiaMedica," "we," "our," "us" and the "Company" refer to DiaMedica Therapeutics Inc. and our subsidiaries, and references to "CAD$" and "Canadian dollars" are to the lawful currency of Canada and references to "$" and "US$" and "U.S. dollars" are to the lawful currency of the United States. All dollar amounts herein are in U.S. dollars, unless otherwise indicated.

DiaMedica Therapeutics Inc. and our logo are our trademarks. This registration statement also includes trademarks, tradenames and service marks that are the property of us and of other organizations. Solely for convenience, our trademarks and tradenames referred to in this registration statement appear without any "™" or "®" symbol, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of any applicable licensor, to these trademarks and tradenames.

SPECIAL NOTE REGARDING INDUSTRY DATA

Unless otherwise indicated, information contained in this registration statement concerning DiaMedica, our business, our product candidates, our industry and our general expectations concerning our product candidates and industry are based on management estimates. Such estimates are derived from publicly available information released by third party sources, as well as data from our internal research, and reflect assumptions made by us based on such data and our knowledge of the industry, which we believe to be reasonable.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this registration statement that are not descriptions of historical facts are forward-looking statements that are based on management's current expectations and are subject to risks and uncertainties that could negatively affect our business, operating results, financial condition and stock price. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," "will," "would" or the negative of these terms or other comparable terminology. Factors that could cause actual results to differ materially from those currently anticipated include those set forth under Item 1.A. "Risk Factors" including, in particular, risks relating to:

- the results of research and development activities;
- uncertainties relating to preclinical and clinical testing, financing and strategic agreements and relationships;
- the early stage of our products under development;
- our need for substantial additional funds;
- government regulation;
- our ability to obtain and maintain regulatory approval of our lead product candidate, DM199, and any of our other current or future product candidates;
- our ability to retain key scientific or management personnel;
- patent and intellectual property matters;
- dependence on third parties; and
- competition.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section Item 1.A. "Risk Factors." Moreover, we operate in a very competitive and rapidly-changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this registration statement may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this registration statement to conform these statements to actual results or to changes in our expectations.

ITEM 1. BUSINESS.

Overview

We are a clinical stage biopharmaceutical company primarily focused on the development of novel recombinant (synthetic) proteins. Our goal is to use our patented and licensed technologies to establish our company as a leader in the development and commercialization of novel recombinant proteins to treat neurological and kidney diseases. Our primary focus is on acute ischemic stroke ("AIS") and chronic kidney disease ("CKD"). We plan to advance our lead drug candidate, DM199, through clinical trials, as appropriate, to create shareholder value by establishing its clinical and commercial potential as a therapy for AIS and CKD.

DM199 is a recombinant form of human tissue kallikrein-1 ("KLK1"). KLK1 is a serine protease (protein) produced in the pancreas, kidneys and salivary glands, which plays a critical role in the regulation of local blood flow and vasodilation (the widening of blood vessels which decreases blood pressure) in the body, as well as an important role in inflammation and oxidative stress (an imbalance between potentially damaging reactive oxygen species, or free radicals, and antioxidants in your body). We believe DM199 has the potential to treat a variety of diseases where healthy functioning requires sufficient activity of KLK1 and its system, the kallikrein-kinin system ("KKS"). The primary focus for our DM199 program development is on AIS and CKD; however, we also intend to pursue advancement in the vascular dementia market. We believe that our current Phase 1 clinical data will support the design and implementation of a Phase 2 study in vascular dementia. We have drafted a protocol synopsis for a Phase 2 study in vascular dementia that we intend to initiate when we are sufficiently capitalized. The current status of our product candidates in preclinical and clinical development is as follows:

KLK1 is involved in multiple biochemical processes. The most well-characterized activity of KLK1 is its enzymatic cleavage of low molecular weight kininogen ("LMWK") to produce bradykinin ("BK")-like peptides, collectively known as kinins, which activate BK receptors (BK1R, BK2R). Activation of BK receptors by kinins sets in motion metabolic pathways that can improve blood flow (through vasodilation), dampen inflammation, and protect tissues and end-organs from ischemic damage. Scientific literature, including publications in Circulation Research, Immunopharmacology and Kidney International, suggests that lower endogenous KLK1 levels in patients are associated with diseases related to vascular disorders, such as kidney diseases, stroke and hypertension. We believe DM199 could replenish endogenous KLK1 to properly activate the BK system that protects the kidney and brain from damage. By providing this additional supply of KLK1, DM199 treatment could improve blood flow to damaged end-organs, such as kidneys and brain, supporting the structural integrity and normal functioning. The current treatment options for these disorders cannot be used in all patients and are associated with serious side effects. We believe DM199 may provide significant benefits over the current standards of care by offering potentially fewer side effects and a therapeutic treatment option to a greater number of patients.

We are a corporation organized under the laws of Canada. Our company was initially incorporated under the name Diabex Inc. pursuant to *The Corporations Act* (Manitoba) by articles of continuance dated January 21, 2000. Our articles of continuance were amended on February 26, 2001 to change our corporate name to DiaMedica Inc. and further amended on December 28, 2016 to change our corporate name to DiaMedica Therapeutics Inc. Our common shares currently trade in Canada on the TSX Venture Exchange under the trading symbol "DMA" and in the United States on the OTCQB Market under the trading symbol "DMCAF." We have applied to list our common shares on Nasdaq under the trading symbol "DMAC."

Our Strategy

Our goal is to become a leader in the discovery, development, and commercialization of recombinant proteins for the treatment of severe and life-threatening diseases. We seek to identify and select, for development and partnership, recombinant proteins with novel mechanisms that have biological properties with broad applicability. Once we have selected a class of recombinant proteins, we apply their biological properties to clinical settings with unmet needs, and we evaluate opportunities based on estimated development timelines and costs, regulatory pathway, and commercial opportunities. After identifying suitable molecules for clinical development, we intend to mitigate development risk by maintaining a diversified and broad clinical pipeline, rapidly analyzing data to determine the potential of each program and entering into development collaborations with industry-leading companies. Currently our strategy includes the following key components:

- DM199 for AIS - complete our ongoing Phase 2 study
- DM199 for CKD - advance Phase 1b and Phase 2 studies
- Leverage our technologies to expand our development pipeline
- Use our expertise to identify and manufacture novel recombinant proteins

Targeted Indications and Markets for DM199

Acute Ischemic Stroke

Stroke is characterized by the rapidly developing loss of brain function due to disturbance in the blood. As a result, the affected area of the brain becomes inactive and eventually dies. Strokes can be classified into two major categories: AIS and hemorrhagic stroke. AIS is characterized by interruption of the blood supply by a blood clot (ischemia), while a hemorrhagic stroke results from rupture, or bleeding, of a blood vessel or an abnormal vascular structure. According to the U.S. Center for Disease Control and Prevention, or CDC, about 87% of strokes are ischemic in nature with the remainder classified as hemorrhagic. According to the CDC, worldwide, stroke is an important cause of adult disability and the second leading cause of death in developed countries. Risk factors for stroke include advanced age, hypertension (high blood pressure), previous stroke or transient ischemic attack ("TIA"), diabetes, high cholesterol, cigarette smoking and atrial fibrillation. According to the World Health Organization, each year approximately 15 million people worldwide suffer a stroke, of which 5.5 million will die and 5.0 million will be permanently disabled. According to the CDC:

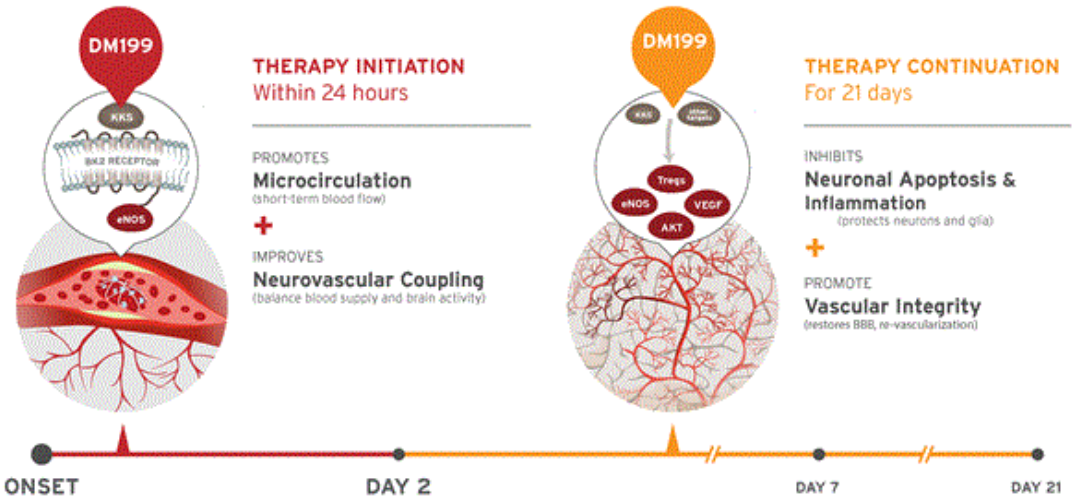
- Every year in the United States, approximately 795,000 people experience a new or recurrent stroke each year (ischemic or hemorrhagic). Approximately 610,000 of these are first events and 185,000 are recurrent stroke events.
- Stroke caused approximately one of every 20 deaths in the United States. On average, someone in the United States has a stroke every 40 seconds, and someone dies from a stroke every four minutes.
- Stroke costs the United States $34 billion annually, including the cost of health care services, medications and lost productivity.

At the site of a blood flow blockage in the brain, there exist two major ischemic zones - the core ischemic zone with nearly complete loss of blood flow, and the surrounding ischemic penumbra having partially reduced blood flow. Within minutes, the significant lack of blood flow in the core (i.e. glucose and oxygen deprivation) rapidly depletes energy stores and triggers the loss of ion gradients, ultimately leading to neuronal cell death. The ischemic penumbra zone, however, may remain viable for several hours via collateral arteries that branch from the main occluded artery in the core zone. Unfortunately, the penumbra is at great risk of delayed tissue damage due to inflammation and cell death, or apoptosis.

As time goes on, a lack of blood flow in the ischemic zone (infarct) leads to fluid buildup (edema) and swelling which creates intracranial pressure. This pressure on the brain leads to tissue compression resulting in additional ischemia. Additional events in AIS include vascular damage to the blood vessel lining or endothelium, loss of structural integrity of brain tissue and blood vessels, and inflammation. A stroke can lead to permanent damage with memory loss, speech problems, reading and comprehension difficulties, physical disabilities, and emotional/behavioral problems. The long-term costs of stroke are substantial, with many patients requiring extended hospitalization, extended physical therapy or rehabilitation, and/or long-term institutional or family care. However, provided the extended window of viability in the penumbra, next generation stroke therapies are being developed to protect valuable brain tissue during the hours to a week after a stroke.

We believe that stroke represents an area of significant unmet medical need, and a KLK1 treatment (such as DM199) could provide a significant patient benefit with its proposed therapeutic window of up to 24 hours after the first sign of symptoms. Currently, the only pharmacological intervention for AIS is the use of tissue plasminogen activator ("tPA") which must be given within 4.5 hours of symptom onset. Mechanical thrombectomy, in which the clot is removed using catheter-based tools, is also available to some patients. Despite the availability of these treatments, many patients are not eligible due to the location of the clot, the elapsed time after the stroke occurred, or safety considerations. Thus, we believe DM199 offers significant advantages over the current treatment options and fills an unmet need for patients who cannot receive tPA. In fact, KLK1 in China (Kailikang®) is widely used for the treatment of AIS, making therapy available to hundreds of thousands of patients who currently have no options. Kailikang® is a human urine-extracted KLKl protein. We believe that the proprietary DM199 protein could result in an improved efficacy with optimized pharmacokinetics (drug level exposure) and avoid the side effects of risk of endotoxins, impurities and antibody formation in comparison to Kailikang® that is isolated from human urine. We also believe that DM199 addresses potential supply constraints that makes Kailikang® difficult and expensive to produce given the limited source of human urine. We believe these factors make the recombinant protein DM199 a product candidate that is better positioned for regulatory approval worldwide than a urine-derived protein since we believe it can meet the rigorous required manufacturing standards.

DM199 Acute Ischemic Stroke: Proposed Mechanism



Chronic Kidney Disease

CKD is characterized by a progressive decline in overall kidney function as measured by glomerular filtration rate ("GFR") (a test used to check how well the kidneys are filtering excess fluid and waste products out of your blood), and albuminuria (the amount of albumin protein excreted in your urine). When GFR gets too low, patients develop end stage renal disease ("ESRD") and require dialysis or a kidney transplant to survive. Among multiple underlying causes, CKD often begins with an increase in blood glucose, which leads to the thickening of the glomerular membrane, known as fibrosis. As the kidney function becomes impaired, GFR decreases and abnormal amounts of protein are released into the urine collecting tubules of the kidney through damaged capillary pores. Additionally, increased blood glucose leads to increased blood pressure, reactive oxygen species, advanced glycation end product formation (harmful compounds that are formed when protein or fat combine with sugar in the bloodstream) and inflammation. As this continues, structural components of the kidney (the nephron) begin to collapse, resulting in cell ischemia and cell death. As the renal damage continues, a progressive thickening of the basement membrane is seen along with continued pathological changes in the cell and inflammation. Early stages of CKD are characterized as microalbuminuria (small amounts of protein leak into the urine). Late stages are characterized as macroalbuminuria (large amount of protein in the urine). The rate of decline depends on the type of diabetes, genetic predisposition, glycemic controls, and blood pressure. At the final stages of CKD, the kidneys fail completely and dialysis or a kidney transplant is needed.

We believe DM199 offers a potentially novel approach for the treatment CKD. CKD is a widespread health problem that generates significant economic burden throughout the world, including:

- 30 million Americans and 120 million Chinese suffer from this debilitating and potentially life-threatening condition according to the National Kidney Foundation.
- The primary causes of CKD are diabetes (Type 2 and Type 1) and hypertension. The Medical clinics of North America estimates that over 40% of those with Type 2 diabetes and 20% of those with Type 1 diabetes will eventually develop CKD, making it one of the more common risks for diabetics.
- Patients with CKD are at greater risk for hypertension and heart disease.

Currently, there is no cure for CKD and treatment involves management of the disease. Blood pressure medications, such as angiotensin converting enzyme inhibitors ("ACEi") or angiotensin receptor blockers ("ARB"), are often prescribed to control hypertension, and hopefully, slow the progression of CKD. Nevertheless, according to the National Kidney Foundation, many patients continue to show declining kidney function, with the overall population having a lifetime risk of 3.6% of developing ESRD, where dialysis or a kidney transplant are needed.

Our Potential Treatments with DM199

Acute Ischemic Stroke

We believe that treatment of AIS with DM199 could have both immediate and long-term benefits for patients that could significantly improve outcomes following AIS. Immediate actions include activation of the KKS to release nitric oxide and improve microcirculation in ischemic tissue along with improvements in the balance between blood flow and brain activity (neurovascular coupling). Long-term (days following the stroke) actions include the restoration of the blood brain barrier through increases in T regulatory cells ("T-regs" – a subpopulation of T cells that modulate the immune system and prevent autoimmune disease) and inhibition of apoptotic cell death.

In China, a human urine-extracted KLKl protein (Kailikang®) is approved and marketed by Techpool Bio-Pharma Inc., a company controlled by Shanghai Pharmaceuticals Holding Co. Ltd. We believe Kailikang has been approved for the treatment of AIS in China with a treatment window of up to 48 hours post-stroke. More than 40 published clinical studies have demonstrated a beneficial effect of Kailikang treatment in AIS. According to a publication in the China Journal of Neurology, in a double-blinded, placebo-controlled trial of 446 patients treated with either KLK1 or a placebo administered up to 48 hours after a stroke showed significantly better scores on the European Stroke Scale and Activities of Daily Living at three weeks post-treatment and after three months using the Barthel Index. Furthermore, a comprehensive meta-analysis covering 24 clinical studies involving 2,433 patients published in the Journal of Evidenced Based Medicine concluded that human urinary KLK1 appears to ameliorate neurological deficits for patients with AIS and improves long-term outcomes, though a few treated patients suffered from transient hypotension.

As DM199 is a recombinant form of human KLK1, we believe it has the potential to preserve "at risk" brain tissue by increasing cerebral blood flow, establishing better collateral circulation, decreasing inflammation, reducing cell death, or apoptosis, and facilitating improved blood flow to at-risk ischemic penumbra brain tissue. We believe DM199 offers the potential for an improved recombinant product for worldwide use. We are developing DM199 to treat AIS patients with therapy beyond the current window of 3 to 4.5 hours for tissue plasminogen activator, or tPA, to up to 24 hours after the first sign of symptoms, thereby filling a large unmet need of patients who cannot receive tPA under the currently available treatment window of tPA. We believe this could potentially make therapy available to the millions of patients worldwide who currently have limited options regarding stroke therapy.

Chronic Kidney Disease

We believe DM199 has the potential to offer therapeutic benefits for CKD patients. The KLK1 protein also plays a vital role in normal kidney function, and BK and BK receptors are critical for kidney health and integrity. Patients with moderate to severe CKD often excrete abnormally low levels of KLK1 in their urine, leading to the hypothesis that this KLK1 deficit contributes to disease progression. We believe that DM199 may replenish endogenous KLK1 and activate the BK system that protects the kidney from damage. In fact, DM199 treatment in an animal model of Type 1 diabetes delayed the onset of the disease, attenuated the degree of insulitis (inflammation in the insulin producing islet cells of the pancreas) and improved pancreatic beta cell mass in a dose-dependent manner by increasing T-regs. By providing additional KLK1, DM199 has the following potentially beneficial actions:

- Improve blood flow to the kidney by restoring proper regulation of blood flow through veins arteries and especially capillaries (vasoregulation)
- Support the structural integrity of the kidney by reducing scar tissue formation (fibrosis), oxidative stress, and inflammation.
- Activate mechanisms that upregulate T-regs, improve insulin sensitization, glucose uptake and glycogen synthesis, and lower blood pressure.

Further supporting the hypothesis that an intact KKS is critical for normal kidney function, a series of observational studies published in Immunopharmacology showed the amount of KLK1 released into the urine appears to be inversely correlated with the severity of disease in patients with CKD. Urinary KLK1 excretion was decreased in patients with both mild (not requiring dialysis) and severe (kidney failure/hemodialysis) renal disease compared to controls. The severity of the disease was negatively correlated with KLK1 excretion. Decreases in urinary KLK1 activity was seen especially when the reduction was associated with decreased glomerular filtration rate. We believe DM199 may potentially have advantages over ACEi because it restores already depleted KLK1 levels.

There is a significant need for alternative treatment strategies for CKD. We believe DM199 could potentially complement the use of ACEi or ARBs to improve kidney functions without increasing the risk for hyperkalemia, an abnormally high level of potassium in the blood. We believe DM199 may balance the renin-angiotensin system ("RAS") that ACEi and ARBs work through by generating kinins to activate the BK receptors in the KKS. Activation of the BK receptors repair the renal system following CKD by improving vasodilation, anti-fibrosis, anti-inflammation, anti-oxidative stress, anti-thrombosis, and insulin sensitization. A significant differentiation between DM199 and ACEi and ARB treatment is that with DM199, hyperkalemia may be avoidable with a BK receptor-specific agonist.

Other Potential Programs

We are also currently developing a companion diagnostic, DMDx, to measure KLK1 levels. Several published studies indicate KLK1 insufficiency is associated with multiple disease states including hypertension, CKD and AIS. Measurements of endogenous KLK1 activity in both urine and plasma are inversely correlated with disease severity. Importantly, the decrease in urinary protein occurs in a disease state (e.g. CKD), where a primary hallmark is increased secretion of many other proteins. In this way, we believe KLK1 is a potentially unique diagnostic tool for such diseases.

We believe DM199 may also offer a potentially novel approach for the treatment of vascular dementia. Vascular dementia is caused by impaired blood supply to the brain, often caused by a stroke or a series of TIAs. KLK1 isolated from human urine has demonstrated the ability to improve cognitive function in vascular dementia patients and increase cerebral blood flow. According to the Alzheimer's Society, one third of all stroke survivors could develop dementia within five years. We have drafted a protocol synopsis for a Phase 2 study in vascular dementia that we intend to initiate when we are sufficiently capitalized.

Our Competition and Current Treatments for Acute Ischemic Stroke and Chronic Kidney Disease

The biopharmaceutical industry is highly competitive and characterized by rapidly advancing technologies that focus on rapid development of proprietary drugs. We believe that our product candidates, development capabilities, experience and scientific knowledge provide us with competitive advantages. However, we face significant potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, governmental agencies and other research institutions. Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future.

Many of our competitors, either alone or with their strategic partners, have substantially greater financial, technical and human resources than we do, and experience in obtaining U.S. Food and Drug Administration ("FDA") and other regulatory approvals of treatments and commercializing those treatments. Accordingly, our competitors may be more successful than us in obtaining approval for competitive products and achieving widespread market acceptance. Our competitors' treatments may be more effectively marketed and sold than any products we may commercialize, thus limiting our market share and resulting in a longer period before we can recover the expenses of developing and commercializing our product candidates.

Mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These activities may lead to consolidated efforts that allow for more rapid development of competitive product candidates.

We also compete for staff, development and clinical resources. These competitors may impair our ability to recruit or retain qualified scientific and management personnel, our ability to work with specific advisors, clinical contract organizations, due to conflicts of interest or capacity constraints, and may also delay recruitment of clinical study sites and study volunteers, impeding progress in our development programs.

We expect any products that we develop and commercialize to compete on the basis of, among other things, efficacy, safety, price and the availability of reimbursement from government or other third-party payors. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are viewed as safer, more effective or less expensive than any products that we may develop.

Currently there is one approved pharmaceutical treatment for AIS. That treatment is tPA (Activase®), and its therapeutic window is limited to 3 to 4.5-hours after the AIS. There are, however, a number of companies that are actively pursuing a variety of approaches to develop pharmaceutical products for the treatment of acute ischemic stroke including, among others:

- Stem cells (Athersys, Inc.)
- Cerebral edema (Biogen Inc.)
- Anti-inflammatory and clot dissolving (Biogen Inc.)
- Cell protection and anti-inflammation (ZZ Biotech LLC)
- Inhibits platelet aggregation (Acticor Biotech SAS)

In the United States, we are aware of one currently approved treatment for CKD. That treatment is an ACEi (Captopril®) which is approved for the treatment of patients with CKD caused by Type 1 diabetes. There are several pharmaceutical products for the treatment of CKD currently in clinical development, some of which include:

- Mineralcorticortisteroid receptor agonist (Bayer HealthCare Pharmaceuticals LLC)
- CCR2 receptor antagonists (ChemoCentryx, Inc., Bristol-Myers Squibb Company)
- Oxidative stress, cyclo-oxygenase 2 inhibitors (Reata Pharmaceuticals, Inc.)
- Glycosylation inhibitors (Glycadia, Inc. aka Glycadia Pharmaceuticals)
- Endothelin A receptor antagonists (AbbVie Inc.)
- Cyclin nucleotide phosphodiesterase inhibitor (Pfizer Inc.)
- Aldosterone receptor antagonists (Mitsubishi Tanabe Pharma Corporation)
- Nitric oxide enzyme inhibitor (GenKyoTex SA)
- Nitric oxide (Ironwood Pharmaceuticals, Inc.)

Acute Ischemic Stroke

We believe that there is a large unmet therapeutic need for AIS treatments that can be administered beyond the 3 to 4.5-hour time window of tPA. With this large unmet therapeutic need, there is significant competition to develop new therapeutic options. New therapeutic options in development include tissue protection focused therapies (deliverable from hours to days after the stroke) that preserve and protect brain cells beyond the tPA therapeutic window. Currently, the most advanced treatments involve the mechanical removal of blood clots in brain arteries through sophisticated catheter-based approaches. According to published research, use of mechanical thrombectomy is growing and the window of time after a stroke where the procedure can be used is widening. These therapies are especially targeted toward preserving viable cells in the ischemic penumbra hours after a stroke. The goal is to provide treatment options for the vast majority of AIS patients who do not receive hospital care early enough to qualify for tPA therapy. We believe there is a very significant market opportunity for a drug that has a therapeutic window beyond that of tPA and is able to obtain regulatory approval.

Chronic Kidney Disease

Current treatment strategies for CKD include the strict control of high blood pressure and high blood sugar. The ACEi drug Captopril is approved for use in patients with CKD due to Type 1 diabetes and both ACEi and ARBs are widely prescribed to slow the progression of CKD. However, according to the National Kidney Foundation, 3.6% of the U.S. population over their lifetime will develop ESRD requiring dialysis or kidney transplantation. Furthermore, the treatment with ACEi and ARBs has been linked to hyperkalemia (elevated blood potassium levels), which increases the risk for abnormal heart rhythms and sudden death. In fact, two clinical trials investigating the use of ACEi and ARB combination therapy in kidney disease were stopped prematurely because participants developed hyperkalemia, or an abnormally high level of potassium in the blood. The added complication of hyperkalemia results in patients receiving suboptimal dosing or patients being untreated because they cannot tolerate the treatment. Additional side effects with ACEi treatment are angioedema (swelling of skin tissue) and persistent cough.

DM199 treatment is intended to directly replenish KLK1 levels, normalizing kidney function. Current treatment options, especially ACEi drugs, only partially restore kidney function and the association with high-risk side effects. While this increase benefits the kidney, ACEi drugs can generate excessive BK where is it not needed, potentially leading to related side effects such as cough and angioedema (swelling of skin and tissue). We believe DM199 treatment would potentially allow KLK1 to follow its normal physiological processes and release BK when and where it is needed, avoiding these side effects. Importantly, successful treatment with ACEi in kidney disease requires a fully functional KLK1 system, potentially making ACEi drugs less effective in patients with a pre-existing KLK1 deficit.

KLK1 derived from the pancreas of a pig, or porcine KLK1, is currently used to treat CKD in China and Japan. Porcine KLK1 is also used for hypertension and retinopathy in Japan, China and Korea. Over 20 clinical papers have been published in the Chinese literature supporting the therapeutic activity of porcine KLK1 given alone or combined with an ARB or an ACEi to treat CKD. These unblinded studies involve treating patients from a few weeks to six months in length and report improvement in kidney disease based on urinary albumin excretion rate (“UAER”) and other clinical endpoints of kidney disease. We believe that the combined results of these studies, which are consistent with our proposed mechanism of action for and preclinical studies of DM199, provide a good rationale for formal clinical development of DM199 for purposes of seeking approval for worldwide use as a potentially novel and ground-breaking drug treatment for CKD.

DM199 Clinical Studies

We have completed five clinical trials with DM199 in over 120 volunteers including multiple Phase 1 single dose ascending and multiple dose ascending studies in healthy volunteers and patients with Type 2 diabetes. Chronic dosing studies over 16 to 28 days were also conducted in healthy volunteers and patients with Type 2 diabetes. In all these studies, DM199 was well tolerated and demonstrated clear physiological activity. DM199 exhibited a favorable pharmacokinetic profile with extended half-life (i.e., the time required to reduce concentration of the drug in the body by one-half), supporting potential dosing intervals of up to one week. The dose limiting tolerability in healthy volunteers was orthostatic hypotension (a condition in which blood pressure falls significantly when a person stands) observed at dose levels much greater than those anticipated to be efficacious in patients. This is consistent with the DM199 mechanism of action and results observed in pre-clinical studies. Similarly, hypotension has been one prominent adverse event of high dose urinary KLK1 (Kailikang®). Two of our clinical studies have focused on patients with Type 2 diabetes. The first study enrolled ten (10) Type 2 diabetic patients. The patients were dosed with either DM199, at three single ascending dose levels, or placebo. DM199 was well-tolerated at all three dose levels by the diabetic patients with no dose limiting side effects. The second study in patients with type 2 diabetes enrolled 36 patients treated with two subcutaneous dose levels of DM199 over 28 days. This study achieved its primary endpoint and demonstrated that DM199 was well tolerated.

In February 2018, we initiated treatment on the first patient in our Phase 2 REMEDY trial assessing the safety, tolerability and markers of therapeutic efficacy of DM199 in patients suffering from AIS. Our REMEDY trial is expected to enroll 60 patients to evaluate DM199 in patients with acute ischemic stroke ("AIS"). The study drug (DM199 or placebo) will be administered as an intravenous ("IV") infusion within 24 hours of stroke symptom onset, followed by subcutaneous, or under the skin, injections once every 3 days for 21 days. The study is designed to measure safety and tolerability along with multiple tests designed to investigate DM199's therapeutic potential including plasma-based biomarkers and standard functional stroke measures assessed at 90 days post-stroke. Standard functional stroke measurements include the Modified Rankin Scale ("MRS"), National Institutes of Health Stroke Scale (NIHSS), the Barthel Index (BI) and C-reactive protein ("CRP"), a measure of inflammation.

In March 2018, we had an in-person meeting with the Office of Drug Evaluation, Cardiovascular and Renal Division, of the FDA. The purpose of the meeting was to gain feedback and recommendations from the FDA on our planned clinical study of DM199 in patients with CKD. The study endpoints are expected to include:

- identifying dose(s) of DM199 that may normalize plasma concentrations of KLK1;
- demonstrating safety and tolerability; and
- evaluating standard measures of kidney function and treatment biomarkers.

Based on the FDA's guidance, we expect the study to include patients suffering from mild to moderate CKD (stage 3) due to Type 1 and Type 2 diabetes and will be designed to test multiple dosing strategies. Standard measures of safety, DM199 plasma levels and kidney function will be collected before, during and after DM199 treatment. We intend to file an Investigational New Drug ("IND") application for this study in the second half of 2018. This study is intended to help identify the proper dosing strategy for future efficacy trials of DM199 for CKD.

In 2017, we completed and published in the International Journal of Clinical Trials the results from a Phase lb study with DM199 designed to assess the safety, tolerability, pharmacokinetics, and pharmacodynamics in healthy volunteers. Specifically, this study compared multiple doses levels of DM199, administered via intravenous ("IV") and subcutaneous routes to identify a dose and delivery route that most closely compared to or improves upon the pharmacokinetic and pharmacodynamics profile of the approved urinary KLK1 in China. We found that a dose of DM199 administered via IV infusion mimicked the drug profile of IV-administered urinary derived KLK1 (Kailikang). We believe that this study also identified a dose of DM199, administered via subcutaneous injection, which had a superior pharmacokinetic profile and that maintained more normal KLK1 levels throughout day.

Potential DM199 Commercial Advantages

Several researchers have studied the structural and functional properties of KLK1. This deep body of knowledge has revealed the potential clinical benefits of KLK1 treatments. Today, forms of KLK1 derived from human urine and porcine pancreas are sold in Japan, China and Korea to treat acute ischemic stroke, chronic kidney disease, retinopathy, hypertension and related diseases. We are not aware of any synthetic version of KLK1 with regulatory approval for human use in any country, nor are we aware of any synthetic version in development besides our drug candidate DM199 (recombinant human KLK1).

The growing understanding of KLK1's role in human health and its use in Asia as an approved therapeutic highlight two important potential commercial advantages for DM199:

- **KLK1 treatment is sold in Japan, China and Korea**. Research has shown that patients with low levels of KLK1 are associated with a variety of diseases related to vascular dysfunction such as chronic kidney disease, acute ischemic strokes, retinopathy and hypertension. Clinical trial data with human urine and porcine KLK1 has demonstrated statistically significant clinical benefits of treating a variety of patients with KLK1 compared to placebo. These efficacy results are further substantiated by established markets in Japan, China and Korea for pharmaceutical sales of KLK1 derived from human urine and porcine pancreas.

- **KLK1 treatment has had limited side effects and has been well tolerated in studies to date**. KLK1 is naturally produced by the human body; and therefore, the body's own control mechanisms act to limit potential side effects. The only notable side effect observed in our clinical trials was orthostatic hypotension, or sudden drop in blood pressure, which was only seen at doses significantly higher than our anticipated therapeutic dose levels. Routine clinical use of KLK1 treatment in Asia has been well-tolerated by patients. In 2017, we completed a clinical trial comparing the pharmacokinetic profile of DM199 to Kailikang for acute ischemic stroke, which showed DM199, when administered in intravenous form, to have a profile similar to Kailikang. Further, when DM199 was administered subcutaneously, DM199 demonstrated a superior, longer acting, pharmacokinetic profile to Kailikang.

We have conducted numerous internal and third-party analyses to demonstrate that DM199 is structurally and functionally equivalent to KLK1 derived from human urine. The amino acid structure of DM199 is identical to the human urine form, and the enzymatic and pharmacokinetic profiles are substantially similar to both human urinary and porcine derived KLK1. The physiological effects of DM199 on blood pressure, from our completed studies, mirror that of human urinary and porcine-derived forms of KLK1. We believe that the results of this work suggest that the therapeutic action of DM199 will be the same or better than that of the forms marketed in Asia. In addition, there are also significant formulation, manufacturing and other advantages for our synthetic human KLK1 drug candidate DM199:

- **Potency and Impurity Considerations**. KLK1 derived from human urine or porcine pancreas may contain impurities, endotoxins, and chemical byproducts due to the inherent variability of the isolation and purification process. We believe that this creates the risk of inconsistencies in potency and impurities from one production run to the next. However, we expect to produce a consistent formulation of KLK1 that is free of endotoxins and other impurities, which we believe will provide therapeutic benefits.

- **Cost and Scalability**. Large quantities of human urine and porcine pancreas must be obtained to derive a small amount of KLK1. This creates potential procurement, cost and logistical challenges to source the necessary raw organic material, particularly for human urine sourced KLK1. Once sourced, the raw organic material is processed using chemicals and costly capital equipment and produces a significant amount of byproduct waste. Our novel recombinant manufacturing process utilizes widely available raw materials and can be readily scaled for commercial production. Accordingly, we believe our manufacturing process has significant cost and scalability advantages.

- **Regulatory**. We are not aware of any attempts by manufacturers of the urine or porcine based KLK1 products to pursue regulatory approvals in the United States. We believe that this is related to challenges presented by using inconsistent and potentially hazardous biomaterials, such as human urine and porcine pancreas, and their resulting ability to produce consistent drug product. Our novel recombinant manufacturing process utilizes widely available raw materials which we believe provides a significant regulatory advantage, particularly in regions such as the United States, Europe and Canada, where safety standards are high.

Regulatory Approval

Securing regulatory approval for the manufacture and sale of human therapeutic products in the United States, Europe, Canada and other commercial territories is a long and costly process that is controlled by that particular territory's national regulatory agency. The national regulatory agency in the United States is the FDA, in Europe it is the European Medicines Agency ("EMA"), and in Canada it is Health Canada. Other national regulatory agencies have similar regulatory approval processes, but each national regulatory agency has its own approval processes. Approval in the United States, Europe or Canada does not assure approval by other national regulatory agencies, although often test results from one country may be used in applications for regulatory approval in another country.

Prior to obtaining regulatory approval to market a drug product, every national regulatory agency has a variety of statutes and regulations which govern the principal development activities. These laws require controlled research and testing of products, governmental review, and approval of a submission containing preclinical and clinical data establishing the safety and efficacy of the product for each use sought, approval of manufacturing facilities including adherence to good manufacturing practices ("GMP") during production and storage, and control of marketing activities, including advertising, labeling and pricing approval.

None of our product candidates have been completely developed or tested; and, therefore, we are not yet in a position to seek regulatory approval in any territory to market any of our product candidates.

The clinical testing, manufacturing, labeling, storage, distribution, record keeping, advertising, promotion, import, export, and marketing, among other things, of our product candidates are subject to extensive regulation by governmental authorities in the United States and other countries. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local, and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process, or after approval may subject us to a variety of administrative or judicial sanctions, including refusal by the applicable regulatory authority to approve pending applications, withdrawal of an approval, imposition of a clinical hold, issuance of warning letters and other types of letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement of profits, or civil or criminal investigations and penalties brought by the FDA and the Department of Justice or other governmental entities.

U.S. Approval Process

In the United States, the FDA, a federal government agency, is responsible for the drug approval process. The FDA's mission is to ensure that all medications on the market are safe and effective. The FDA's approval process examines potential drugs; and only those that meet strict requirements are approved.

The U.S. food and drug regulations require licensing of manufacturing facilities, carefully controlled research and testing of products, governmental review and approval of test results prior to marketing of therapeutic products, and adherence to GMP, as defined by each licensing jurisdiction, during production.

The drug approval process begins with the discovery of a potential drug. Pharmaceutical companies then test the drug extensively. A description of the different stages in the drug approval process in the United States follows.

Stage 1: Preclinical Research. After an experimental drug is discovered, research is conducted to help determine its potential for treating or curing an illness. This is called preclinical research. Animal and/or bench studies are conducted to determine if there are any harmful effects of the drug and to help understand how the drug works. Information from these experiments is submitted to the FDA in an IND. The FDA reviews the information in the IND and decides if the drug is safe to study in humans.

Stage 2: Clinical Research. In Stage 2, the experimental drug is studied in humans. The studies are known as clinical trials. Clinical trials are carefully designed and controlled experiments in which the experimental drug is administered to patients to test its safety and to determine the effectiveness of an experimental drug. The four general phases of clinical research are described below.

Phase I Clinical Studies. Phase I clinical studies are generally conducted with healthy volunteers who are not taking other medicines; patients with the illness that the drug is intended to treat are not tested at this stage. Ultimately, Phase I studies demonstrate how an experimental drug affects the body of a healthy individual. Phase I consists of a series of small studies consisting of "tens" of volunteers. Tests are done on each volunteer throughout the study to see how the person's body processes, responds to, and is affected by the drug. Low doses and high doses of the drug are usually studied, resulting in the determination of the safe dosage range in volunteers by the end of Phase I. This information will determine whether the drug proceeds to Phase II.

Phase II Clinical Studies. Phase II clinical studies are conducted in order to determine how an experimental drug affects people who have the disease to be treated. Phase II usually consists of a limited number of studies that help determine the drug's short-term safety, side effects, and general effectiveness. The studies in Phase II often are controlled investigations involving comparison between the experimental drug and a placebo, or between the experimental drug and an existing drug. Information gathered in Phase II studies will determine whether the drug proceeds to Phase III.

Phase III Clinical Studies. Phase III clinical studies are expanded controlled and uncontrolled trials that are used to more fully investigate the safety and effectiveness of the drug. These trials differ from Phase II trials because a larger number of patients are studied (sometimes in the thousands) and because the studies are usually of longer duration. As well, Phase Ill studies can include patients who have more than one illness and are taking medications in addition to the experimental drug used in the study. Therefore, the patients in Phase III studies more closely reflect the general population. The information from Phase III forms the basis for most of the drug's initial labeling, which will guide physicians on how to use the drug.

Phase IV Clinical Studies. Phase IV clinical studies are conducted after a drug is approved. Companies often conduct Phase IV studies to more fully understand how their drug compares to other drugs. Also, the FDA may require additional studies after the drug is approved. FDA-required Phase IV studies often investigate the drug in specific types of patients that may not have been included in the Phase III studies and can involve very large numbers of patients to further assess the drug's safety.

Stage 3: FDA Review for Approval. Following Phase III, the pharmaceutical company prepares reports of all studies conducted on the drug and a complete dossier on the manufacturing of the product and submits the reports to the FDA in a New Drug Application ("NDA"). The FDA reviews the information in the NDA to determine if the drug is safe and effective for its intended use. Occasionally, the FDA will ask experts for their opinion of the drug. If the FDA determines that the drug is safe and effective, the drug will be approved.

Stage 4: Marketing. After the FDA has approved the experimental drug, the pharmaceutical company can make it available to physicians and their patients. A company also may continue to conduct research to discover new uses for the drug. Each time a new use for a drug is discovered, the drug once again is subject to the entire FDA approval process before it can be marketed for that purpose.

Any pharmaceutical products for which FDA approvals are obtained are subject to continuing regulation by the FDA, including, among other things, record-keeping requirements, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, complying with certain electronic records and signature requirements and complying with FDA promotion and advertising requirements, which include, among others, standards for direct-to-consumer advertising, promoting pharmaceutical products for uses or in patient populations that are not described in the pharmaceutical product's approved labeling (known as "off-label use"), industry-sponsored scientific and educational activities and promotional activities involving the internet. Failure to comply with FDA requirements can have negative consequences, including adverse publicity, enforcement letters from the FDA, mandated corrective advertising or communications with doctors, and civil or criminal penalties.

The FDA also may require post-marketing testing, known as Phase IV testing, risk evaluation and mitigation strategies and surveillance to monitor the effects of an approved product or place conditions on an approval that could restrict the distribution or use of the product.

European Approval Process

The EMA is roughly parallel to the U.S. FDA in terms of the drug approval process and the strict requirements for approval. The EMA was set up in 1995 in an attempt to harmonize, but not replace, the work of existing national medicine regulatory bodies in individual European countries. As with the FDA, the EMA drug review and approval process follows different stages from preclinical testing through clinical testing in Phase I, II, and III. There are some differences between the FDA and EMA review process, specifically the review process in individual European countries. Such differences may allow certain drug products to be tested in patients at an earlier stage of development.

Other Healthcare Laws and Compliance Requirements

In the United States, our activities are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including the Centers for Medicare and Medicaid Services and other divisions of the U.S. government, including, the Department of Health and Human Services, the U.S. Department of Justice and individual U.S. Attorney offices within the Department of Justice, and state and local governments. For example, if a drug product is reimbursed by Medicare, Medicaid, or other federal or state healthcare programs, our company, including our sales, marketing and scientific/educational grant programs, must comply with the federal False Claims Act, as amended, the federal Anti-Kickback Statute, as amended, and similar state laws. If a drug product is reimbursed by Medicare or Medicaid, pricing and rebate programs must comply with, as applicable, the Medicaid rebate requirements of the Omnibus Budget Reconciliation Act of 1990 ("OBRA"), and the Medicare Prescription Drug Improvement and Modernization Act of 2003. Among other things, OBRA requires drug manufacturers to pay rebates on prescription drugs to state Medicaid programs and empowers states to negotiate rebates on pharmaceutical prices, which may result in prices for our future products that will likely be lower than the prices we might otherwise obtain. Additionally, the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, "PPACA"), substantially changes the way healthcare is financed by both governmental and private insurers. There may continue to be additional proposals relating to the reform of the U.S. healthcare system, in the future, some of which could further limit coverage and reimbursement of drug products. If drug products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements may apply.

Pharmaceutical Coverage, Pricing and Reimbursement

In the United States and markets in other countries, sales of any products for which we receive regulatory approval for commercial sale will depend in part on the availability of coverage and adequate reimbursement from third-party payers, including government health administrative authorities, managed care providers, private health insurers and other organizations. In the United States, private health insurers and other third-party payers often provide reimbursement for products and services based on the level at which the government (through the Medicare or Medicaid programs) provides reimbursement for such treatments. Third-party payers are increasingly examining the medical necessity and cost-effectiveness of medical products and services in addition to their safety and efficacy; and, accordingly, significant uncertainty exists as to the coverage and reimbursement status of newly approved therapeutics. In particular, in the United States, the European Union and other potentially significant markets for our product candidates, government authorities and third-party payers are increasingly attempting to limit or regulate the price of medical products and services, particularly for new and innovative products and therapies, which has resulted in lower average selling prices. Further, the increased emphasis on managed healthcare in the United States and on country and regional pricing and reimbursement controls in the European Union will put additional pressure on product pricing, reimbursement and usage, which may adversely affect our future product sales and results of operations. These pressures can arise from rules and practices of managed care groups, judicial decisions and governmental laws and regulations related to Medicare, Medicaid and healthcare reform, pharmaceutical reimbursement policies and pricing in general. As a result, coverage and adequate third party reimbursement may not be available for our products to enable us to realize an appropriate return on our investment in research and product development.

The market for our product candidates for which we may receive regulatory approval will depend significantly on access to third-party payers' drug formularies or lists of medications for which third-party payers provide coverage and reimbursement. The industry competition to be included in such formularies often leads to downward pricing pressures on pharmaceutical companies. Also, third-party payers may refuse to include a particular branded drug in their formularies or may otherwise restrict patient access to a branded drug when a less costly generic equivalent or another alternative is available. In addition, because each third-party payer individually approves coverage and reimbursement levels, obtaining coverage and adequate reimbursement is a time-consuming and costly process. We would be required to provide scientific and clinical support for the use of any product candidate to each third-party payer separately with no assurance that approval would be obtained, and we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the cost-effectiveness of our product candidates. This process could delay the market acceptance of any of our product candidates for which we may receive approval and could have a negative effect on our future revenues and operating results. We cannot be certain that our product candidates will be considered cost-effective. If we are unable to obtain coverage and adequate payment levels for our product candidates from third-party payers, physicians may limit how much or under what circumstances they will prescribe or administer them and patients may decline to purchase them. This in turn could affect our ability to successfully commercialize our products and impact our profitability, results of operations, financial condition, and future success.

Research and Development

We have devoted substantially all of our efforts to research and development which therefore comprises the largest component of our operating costs. Our primary focus over the past approximately eight years has been our lead product candidate, DM199, which is currently in clinical development for AIS and is expected to commence clinical development for CKD in the second half of 2018 or first half of 2019.

We expect our research and development expenses will continue to increase in the future as we advance our initial product candidate through clinical trials in AIS and CKD and seek to expand our product candidate portfolio. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming and we consider the active management and development of our clinical pipeline to be integral to our long-term success. The actual probability of success for each product candidate, clinical indication and preclinical program may be affected by a variety of factors including, among other things, the safety and efficacy data for product candidates, amounts invested in the program, competition and competitive developments, manufacturing capability and commercial viability.

Research and development expenses include:

- expenses incurred under contract research agreements and other agreements with third parties;
- expenses incurred under agreements with clinical trial sites that conduct research and development activities on our behalf;
- employee and consultant-related expenses, which include salaries, benefits, travel and share-based compensation;
- laboratory and vendor expenses related to the execution of clinical trials and non-clinical studies;
- the cost of acquiring, developing, manufacturing, and distributing clinical trial materials; and
- facilities and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance, and other supply costs.

Research and development costs are expensed as incurred. Costs for certain development activities such as clinical trials are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors and our clinical sites.

We expect that it will be several years, if ever, before we have any product candidates ready for commercialization. Our research and development expenses totaled $3.2 million and $1.7 million in 2017 and 2016, respectively.

Manufacturing

We do not own or operate manufacturing facilities for the production of our product candidates nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently depend on third-party contract manufacturers for all of our required raw materials, active pharmaceutical ingredients and finished drug product for our clinical trials. We do not have any current contractual arrangements for the manufacture of commercial supplies of any product candidates. We currently employ internal resources and third-party consultants to manage our manufacturing contractors.

Sales and Marketing

We have not yet defined our sales, marketing or product distribution strategy for our initial product candidate, or any future product candidates, because it is still early in the clinical development stage. We currently expect to partner with a large pharmaceutical company for sales execution. However, our future commercial strategy may include the use of distributors, a contract sales force or the establishment of our own commercial and specialty sales force, as well as similar strategies for regions and territories outside the United States.

Intellectual Property

We view patents and other means of intellectual property protection including trade secrets as an important component of our core business. We focus on translating our innovations into intangible property protecting our proprietary technology from infringement by competitors. To that end, patents are reviewed frequently and continue to be sought in relation to those components or concepts of our preclinical and clinical products to provide protection. Our strategy, where possible, is to file patent applications to protect our product candidates, as well as methods of manufacturing, administering and using a product candidate. Prior art searches of both patent and scientific databases are performed to evaluate novelty, inventiveness and freedom-to-operate. We require all employees, consultants, and parties to sign a collaborative research agreement and to execute confidentiality agreements upon the commencement of employment, consulting relationships, or a collaboration with us. These agreements require that all confidential information developed or made known during the course of the engagement with us is to be kept confidential. We also maintain agreements with our scientific staff and all parties contracted in a scientific capacity affirming that all inventions resulting from work performed for us, using our property, or relating to our business and conceived or completed during the period covered by the agreement are the exclusive property of our company.

Our patent portfolio includes patents and pending applications that are owned by us, which include claims for composition of matter and methods of use. For our DM199 program, this includes two patent families that are directed to composition of matter, and methods of use.

The DM199 patents protect composition of matter including glycoforms, formulations, methods of administration and a variety of therapeutic approaches pertaining to current and future indications. All intellectual property associated with development, manufacturing and testing of DM199 in disease models is owned by us. We currently have additional patent applications for DM199. Additionally, for the manufacture of DM199, we have licensed an expression system and cell line with proven GMP and regulatory support and are contracting with a contract manufacturing organization (“CMO”) with proven GMP experience in manufacturing of recombinant proteins for clinical trials.

Our DM199 patent portfolio includes granted U.S. and worldwide patents as well as one U.S. and worldwide pending application. Granted and pending claims offer various forms of protection for DM199 including claims to compositions of matter, pharmaceutical compositions, specific formulations and dosing levels, and methods for treating a variety of diseases, including stroke, chronic kidney disease, and related disorders. These U.S. patents and applications, and their foreign equivalents, are described in more detail below.

Issued patents held by us cover the DM199 composition of matter based on an optimized combination of closely-related isoforms that differ in the extent of glycosylation (process by which sugars are chemically attached to proteins). This patent family covers the most pharmacologically active variants of DM199 as wells as the vectors and reagents used to manufacture DM199 at scale and is due to expire in 2033. A second issued U.S. patent covers all standard formulations and delivery methods including injectable, oral and other novel technologies. A pending U.S. and worldwide patent covers a range of dose levels and dosing regimens of DM199 useful for treating a wide range of diseases associated with microvascular dysfunction (e.g. pulmonary hypertension, endothelial dysfunction, cardiovascular disease, chronic kidney disease, metabolic disorder including diabetes, obesity, stroke, and vascular dementia).

Methods and reagents required for commercial scale manufacture of DM199 are subject to a series of patents issued to our manufacturing partner. We exclusively license these patents from our manufacturing partner for the production of DM199 or any human KLK1 protein. The large-scale manufacturing of KLK1 has been attempted by multiple pharmaceutical and commercial entities without success and we believe that our proprietary technology along with trade secrets will provide substantial protection from third-party competitors.

We believe that the most relevant granted U.S. patents with composition of matter or method of use claims covering DM199 are listed below, along with their projected expiration dates exclusive of any patent term extension.

Patent Number	Title	Geography	Type	Expiration
Issued patents				
US 9,364,521	Human Tissue Kallikrein 1 Glycosylation Isoforms	US/Europe	Composition of matter	2033
US 9,616,015	Formulations for Human Tissue Kallikrein-1 for Parenteral Delivery and Related Methods	US	Method of use	2033
Pending applications				
PCT/US2018/021749	Dosage Forms of Tissue Kallikrein 1	US/Worldwide	Method of use	2037

Employees

As of August 15, 2018, we had 12 full-time employees. We have never had a work stoppage and none of our employees are covered by collective bargaining agreements. We believe our employee relations are good.

Implications of Being an Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and, for so long as we are an emerging growth company, are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. These include, but are not limited to:

- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We have determined to opt out of the exemption from compliance with new or revised financial accounting standards. Our decision to opt out of this exemption is irrevocable. We have elected to adopt the reduced disclosure requirements available to emerging growth companies. As a result of these elections, the information that we provide in this registration statement may be different than the information you may receive from other public companies in which you hold equity interests.

We may remain an emerging growth company until the last day of the fiscal year following the fifth anniversary of our first sale of common shares pursuant to a registration statement under the Securities Act or until such earlier time as we have more than $1.07 billion in annual revenue, the market value of our common shares held by non-affiliates is more than $700 million or we issue more than $1 billion of non-convertible debt over a three-year period.

Enforceability of Civil Liabilities Against Foreign Persons

We are organized under and governed by the federal laws of Canada, and, accordingly, are governed by the applicable laws of Canada. There is doubt as to the enforceability, in original actions in Canadian courts, of liabilities based upon the U.S. federal securities laws or the securities laws or "blue sky" laws of any state within the United States and as to the enforceability in Canadian courts of judgments of U.S. courts obtained in actions based upon the civil liability provisions of the U.S. federal securities laws or any such state securities laws or blue sky laws. Accordingly, it may not be possible to enforce judgments obtained in the United States against us.

Corporate Information

We were incorporated under the name Diabex Inc. pursuant to *The Corporations Act* (Manitoba) by articles of continuance dated January 21, 2000. We changed our name to DiaMedica Inc. on February 26, 2001. On April 11, 2016, our articles of continuance were amended to continue our company from *The Corporations Act* (Manitoba) to the *Canada Business Corporations Act.* On December 8, 2016, we changed our name to DiaMedica Therapeutics Inc.

Our registered office is located at 301-1665 Ellis Street, Kelowna, British Columbia, V1Y 2B3 and our principal executive office is located at our wholly owned subsidiary, DiaMedica USA Inc., located at 2 Carlson Parkway, Suite 260, Minneapolis, Minnesota, USA 55447. Our telephone number is 763-312-6755. Our internet website address is http://www.diamedica.com. Information contained on our website does not constitute part of this registration statement.

ITEM 1.A. RISK FACTORS

An investment in our common shares involves a high degree of risk and should be considered speculative. An investment in our common shares should only be undertaken by those persons who can afford the total loss of their investment. You should consider carefully the risks and uncertainties described below, as well as other information contained in this registration statement. The risks and uncertainties below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we believe to be immaterial may also adversely affect our business. If any of the following risks occur, our business, financial condition, and results of operations could be seriously harmed and you could lose all or part of your investment. Further, if we fail to meet the expectations of the public market in any given period, the market price of our common shares could decline.

We operate in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of our control and some of which are inherent in the biotechnology industry.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred substantial losses since our inception and expect to incur future losses and may never become profitable.

We are a clinical stage biopharmaceutical company focused on the development of novel recombinant proteins. Investment in biopharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that a product candidate will fail to prove effective, gain regulatory approval or become commercially viable. We do not have any products approved by regulatory authorities and have not generated any revenues from collaboration and licensing agreements or product sales to date, and have incurred significant research, development and other expenses related to our ongoing operations and expect to continue to incur such expenses. As a result, we have not been profitable and have incurred significant operating losses in every reporting period since our inception. For the three months ended March 31, 2018, we incurred a net loss of $650,000 and for the years ended December 31, 2017 and 2016, we incurred a net loss of $4.3 million and $2.2 million, respectively. As of March 31, 2018, we had an accumulated deficit of $40.9 million. Our operating losses are expected to increase in the near term as we continue our product development efforts and are expected to continue until such time as any future product sales, royalty payments, licensing fees, and/or milestone payments are sufficient to generate revenues to fund our continuing operations. In addition, we expect to our operating expenses to increase compared to last year as a result of our anticipated U.S. public reporting company status. We are unable to predict the extent of any future losses or when we will become profitable, if ever. Even if we do achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis.

There is substantial doubt about our ability to continue as a going concern.

The report of our independent registered public accounting firm on our December 31, 2017 audited consolidated financial statements includes an explanatory paragraph referring to our ability to continue as a going concern. As of December 31, 2017 and March 31, 2018, we had cash balances of approximately $1.4 million and $6.7 million, respectively. In addition, we had outstanding accounts payable and accrued liabilities of $919,000 and $1.1 million as of December 31, 2017 and March 31, 2018, respectively. On March 29, 2018, we completed, in two tranches, a brokered and non-brokered private placement of 26,489,284 units at a price of $0.245 per unit for aggregate gross proceeds of approximately $6.3 million. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 at any time prior to March 19, 2020 and March 29, 2020 for the first and second tranches, respectively, subject to earlier expiration under certain conditions. Additional funding will be required to continue our research and development and other operating activities as we have not reached successful commercialization of our product candidates. These circumstances cast significant doubt as to our ability to continue as a going concern.

We will require additional funds to finance our operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and commercialization of our product candidates or develop new product candidates.

We require significant additional funds for further research and development, planned clinical trials, and the regulatory approval process. We may raise additional funds for these purposes through public or private equity or debt financing, or through collaborations with other biotechnology companies, or financing from other sources may be undertaken. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of our shareholders will be diluted. Debt financing, if available, may involve agreements that include conversion discounts or covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through government or other third-party funding, marketing and distribution arrangements or other collaborations, or strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. It is possible that financing will not be available or, if available, may not be on favorable terms. The availability of financing will be affected by the results of scientific and clinical research; the ability to attain regulatory approvals; market acceptance of our product candidates; the state of the capital markets generally with particular reference to pharmaceutical, biotechnology, and medical companies; the status of strategic alliance agreements; and other relevant commercial considerations. If adequate funding is not available, we may be required to implement cost reduction strategies; delay, reduce, or eliminate one or more of our product development programs; relinquish significant rights to product candidates or obtain funds on less favorable terms than we would otherwise accept; and/or divest assets through a merger, sale, or liquidation of our company.

We currently have no product revenue and will not be able to maintain our operations and research and development without additional funding.

To date, we have primarily relied on equity financing to fund our working capital requirements and drug development activities. A substantial amount of additional capital is needed to develop our product candidates to a point where they may be commercially sold. Our future operations are dependent upon our ability to generate product sales, negotiate collaboration or license agreements, obtain research grant funding, defer expenditures or other strategic alternatives, and/or secure additional funds. While we are striving to achieve these plans, there is no assurance these and other strategies will be achieved or that such sources of funds will be available or obtained on favorable terms or obtained at all. Our ability to continue as a going concern is dependent on our ability to continue obtaining sufficient funds to conduct our research and development, and to successfully commercialize our product candidates.

We are exposed to the financial risk related to the fluctuation of foreign exchange rates and the degrees of volatility of those rates.

We may be adversely affected by foreign currency fluctuations. To date, we have been primarily funded through issuances of equity and proceeds from the exercise of warrants and stock options, which are denominated both in Canadian and U.S. dollars. Also, a portion of our expenditures are in U.S. dollars, Canadian dollars, British pounds, and Australian dollars, and, therefore, we are subject to foreign currency fluctuations which may, from time to time, impact our financial position and results of operations.

Risks Related to our Business and our Industry

Our prospects depend on the success of our product candidates which are at early stages of development, and we may not generate revenue for several years, if at all, from those products.

We have compounds in various stages of development, but we currently have no product candidates beyond Phase II clinical trials. Prior to commercialization of any potential product, significant additional investments will be necessary to complete the development of any of our product candidates. Preclinical and clinical trial work must be completed before some of our product candidates could be ready for use within the markets that we have identified. We may fail to develop any products, to obtain regulatory approvals, to enter clinical trials, or to commercialize any products. Competitors may develop alternative products and methodologies to treat and diagnose the disease indications we are pursuing, thus reducing our competitive advantages. We do not know whether any of our product development efforts will prove to be effective, meet applicable regulatory standards, obtain the requisite regulatory approvals, be capable of being manufactured at a reasonable cost, or successfully marketed. The product candidates we are currently developing are not expected to be commercially viable for several years and we may encounter unforeseen difficulties or delays in commercializing our product candidates. In addition, our product candidates may cause undesirable side effects. Results of early preclinical research may not be indicative of the results that will be obtained in later stages of preclinical or clinical research. If regulatory authorities do not approve our product candidates or if we fail to maintain regulatory compliance, we would have limited ability to commercialize our product candidates, and our business and results of operations would be harmed. If we do succeed in developing products, we will face many potential obstacles such as the need to develop or obtain manufacturing, marketing, and distribution capabilities.

We rely and will continue to rely on third parties to plan, conduct, and monitor our preclinical and clinical trials, and their failure to perform as required could cause substantial harm to our business.

We rely and will continue to rely on third parties to conduct a significant portion of our preclinical and clinical development activities. Preclinical activities include *in vivo* studies providing access to specific disease models, pharmacology and toxicology studies, and assay development. Clinical development activities include trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring, and project management. If there is any dispute or disruption in our relationship with third parties, or if they are unable to provide quality services in a timely manner and at a feasible cost, our active development programs may face delays. Further, if any of these third parties fails to perform as we expect or if their work fails to meet regulatory requirements, our testing could be delayed, cancelled, or rendered ineffective.

We are in litigation with a contract research organization seeking to compel them to comply with the terms of a clinical trial research agreement and their failure to perform as required could adversely affect our ability to obtain regulatory approval for a new drug.

In March 2013, we entered into a clinical research agreement with a contract research organization to perform a double-blinded, placebo-controlled, single-dose and multiple-dose study to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics and proof of concept of DM199 in healthy subjects and patients with type 2 diabetes mellitus. In one arm of this study, we enrolled 36 patients with type 2 diabetes who were treated with two subcutaneous dose levels of DM199 over a 28-day period. This study achieved its primary endpoint and demonstrated that DM199 was well tolerated. The secondary efficacy endpoints were confounded due to what we believe were serious execution errors by the contract research organization that conducted the study. To date, we have been unable to obtain the complete study records from the contract research organization and generate a final study report. The lack of a final study report may delay our ability to obtain the acceptance of an investigational new drug application in the United States, which would delay or prevent us from conducting clinical development or obtaining approval in the United States. We have initiated litigation with the contract research organization to compel them to comply with the term of the clinical research agreement, including providing full study records, and to recover damages. Litigation distracts the attention of our management from our business, is expensive and the outcome is uncertain.

We rely on contract manufacturers over whom we have limited control. If we are subject to quality, cost, or delivery issues with the preclinical and clinical grade materials supplied by contract manufacturers, our business operations could suffer significant harm.

We rely on CMOs to manufacture our product candidates for our preclinical studies and clinical trials. We rely on CMOs for manufacturing, filling, packaging, storing, and shipping of drug product in compliance with current GMP regulations applicable to our product candidates. The FDA ensures the quality of drug products by carefully monitoring drug manufacturers' compliance with GMP regulations. The GMP regulations for drugs contain minimum requirements for the methods, facilities, and controls used in manufacturing, processing, and packing of a drug product.

There can be no assurances that CMOs will be able to meet our timetable and requirements. If we are unable to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, we may be delayed in the development of our product candidates. Further, contract manufacturers must operate in compliance with GMP and failure to do so could result in, among other things, the disruption of product supplies. Our dependence upon third parties for the manufacture of our products may adversely affect our ability to develop products on a timely and competitive basis and, if we are able to commercialize our product candidates, may adversely affect our profit margins.

If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we would incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we must conduct preclinical studies in animals and extensive clinical trials in humans to demonstrate the safety and efficacy of our product candidates. Clinical testing is expensive and difficult to design and implement, can take many years to complete, and has uncertain outcomes. The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials. We do not know whether the clinical trials we may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of our product candidates in any jurisdiction. A product candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk we face is the possibility that none of our product candidates under development will successfully gain market approval from the FDA or other regulatory authorities, resulting in us being unable to derive any commercial revenue from them after investing significant amounts of capital in multiple stages of preclinical and clinical testing.

If we experience delays in clinical testing, we will be delayed in commercializing our product candidates, and our business may be substantially harmed.

We cannot predict whether any clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, or at all. Our product development costs will increase if we experience delays in clinical testing. Significant clinical trial delays could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before us, which would impair our ability to successfully commercialize our product candidates and may harm our financial condition, results of operations and prospects. The commencement and completion of clinical trials for our products may be delayed for a number of reasons, including delays related, but not limited, to:

- failure by regulatory authorities to grant permission to proceed or placing the clinical trial on hold;
- patients failing to enroll or remain in our trials at the rate we expect;
- suspension or termination of clinical trials by regulators for many reasons, including concerns about patient safety or failure of our contract manufacturers to comply with GMP requirements;
- any changes to our manufacturing process that may be necessary or desired;
- delays or failure to obtain clinical supply from contract manufacturers of our products necessary to conduct clinical trials;
- product candidates demonstrating a lack of safety or efficacy during clinical trials;
- patients choosing an alternative treatment for the indications for which we are developing any of our product candidates or participating in competing clinical trials;

- patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects, or other reasons;
- reports of clinical testing on similar technologies and products raising safety and/or efficacy concerns;
- competing clinical trials and scheduling conflicts with participating clinicians;
- clinical investigators not performing our clinical trials on their anticipated schedule, dropping out of a trial, or employing methods not consistent with the clinical trial protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner;
- failure of our contract research organizations ("CROs") to satisfy their contractual duties or meet expected deadlines;
- inspections of clinical trial sites by regulatory authorities, Institutional Review Boards ("IRBs") or ethics committees finding regulatory violations that require us to undertake corrective action, resulting in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study;
- one or more IRBs or ethics committees rejecting, suspending or terminating the study at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the trial; or
- failure to reach agreement on acceptable terms with prospective clinical trial sites.

Our product development costs will increase if we experience delays in testing or approval or if we need to perform more or larger clinical trials than planned. Additionally, changes in regulatory requirements and policies may occur, and we may need to amend study protocols to reflect these changes. Amendments may require us to resubmit our study protocols to regulatory authorities or IRBs or ethics committees for re-examination, which may impact the cost, timing or successful completion of that trial. Delays or increased product development costs may have a material adverse effect on our business, financial condition, and prospects.

We may not be able to file INDs to commence additional clinical trials on the timelines we expect, and even if we are able to, the FDA may not permit us to proceed in a timely manner, or at all.

Prior to commencing clinical trials in the United States for any of our product candidates, we may be required to have an allowed IND for each product candidate and to file additional INDs prior to initiating any additional clinical trials for DM199. We believe that the data from previous preclinical studies will support the filing of additional INDs to enable us to undertake additional clinical studies as we have planned. However, submission of an IND may not result in the FDA allowing further clinical trials to begin and, once begun, issues may arise that will require us to suspend or terminate such clinical trials. Additionally, even if relevant regulatory authorities agree with the design and implementation of the clinical trials set forth in an IND, these regulatory authorities may change their requirements in the future. Failure to submit or have effective INDs and commence clinical programs will significantly limit our opportunity to generate revenue.

If we have difficulty enrolling patients in clinical trials, the completion of the trials may be delayed or cancelled.

As our product candidates advance from preclinical testing to clinical testing, and then through progressively larger and more complex clinical trials, we will need to enroll an increasing number of patients that meet our eligibility criteria. There is significant competition for recruiting stroke patients in clinical trials, and we may be unable to enroll the patients we need to complete clinical trials on a timely basis or at all. The factors that affect our ability to enroll patients are largely uncontrollable and include, but are not limited to, the following:

- size and nature of the patient population;
- eligibility and exclusion criteria for the trial;
- design of the study protocol;
- competition with other companies for clinical sites or patients;
- the perceived risks and benefits of the product candidate under study;
- the patient referral practices of physicians; and
- the number, availability, location, and accessibility of clinical trial sites.

Regulatory approval processes are lengthy, expensive, and inherently unpredictable. Our inability to obtain regulatory approval for our product candidates would substantially harm our business.

Our shareholders and other investors should be aware of the risks, problems, delays, expenses, and difficulties which we may encounter in light of the extensive regulatory environment within which our business is carried out. Numerous statutes and regulations govern the manufacture and sale of non-therapeutic and human therapeutic products in the United States, European Union, Canada and other countries that are the intended markets for our products and product candidates. Such legislation and regulation governs the approval of manufacturing facilities, the testing procedures, and controlled research that must be carried out, and the preclinical and clinical data that must be collected prior to marketing approval. Our research and development efforts, as well as any future clinical trials, and the manufacturing and marketing of any products we may develop, will be subject to and restricted by such extensive regulation.

The process of obtaining necessary regulatory approvals is lengthy, expensive, and uncertain. We or our future collaborators may fail to obtain the necessary approvals to commence or continue clinical testing or to manufacture or market our potential products in reasonable time frames, if at all. In addition, governmental authorities in the United States or other countries may enact regulatory reforms or restrictions on the development of new therapies that could adversely affect the regulatory environment in which we operate or the development of any products we may develop.

Completing clinical testing and obtaining required approvals is expected to take several years and to require the expenditure of substantial resources. There can be no assurance that clinical trials will be completed successfully within any specified period of time, if at all. Furthermore, clinical trials may be delayed or suspended at any time by us or by the various regulatory authorities if it is determined at any time that the subjects or patients are being exposed to unacceptable risks.

Any failure or delay in obtaining regulatory approvals would adversely affect our ability to utilize our technology and would therefore adversely affect our operations. Furthermore, no assurance can be given that our product candidates will prove to be safe and effective in clinical trials or that they will receive the requisite regulatory approval. Moreover, any regulatory approval of a drug which is eventually obtained may be granted with specific limitations on the indicated uses for which that drug may be marketed. Furthermore, product approvals may be withdrawn if problems occur following initial marketing or if compliance with regulatory standards is not maintained.

In addition, we rely to some extent on the availability of certain agents that are currently marketed by other firms. Such agents may become unavailable as a result of failing to meet regulatory requirements.

We may not achieve our publicly announced milestones according to schedule, or at all.

From time to time, we may announce the timing of certain events we expect to occur, such as the anticipated timing of results from our clinical trials. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as the initiation or completion of a clinical trial, filing of an application to obtain regulatory approval, or an announcement of additional clinical trials for a product candidate may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a clinical trial or during a research phase, problems with a CMO or a CRO or any other event having the effect of delaying the publicly announced timeline. We undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on our business plan, financial condition or operating results, and the trading price of our common shares.

We face competition from other biotechnology and pharmaceutical companies and our financial condition and operations will suffer if we fail to effectively compete.

Technological competition is intense in the industry in which we operate. Competition comes from pharmaceutical companies, biotechnology companies, and universities, as well as companies that offer non-pharmaceutical solutions in the markets we may attempt to address with our products. Many of our competitors have substantially greater financial and technical resources; more extensive research and development capabilities; and greater marketing, distribution, production, and human resources than we do. Moreover, competitors may develop products more quickly than us and may obtain regulatory approval for such products more rapidly than we do. Products and processes which are more effective than those that we intend to develop may be developed by our competitors. Research and development by others may render our product candidates non-competitive or obsolete.

We heavily rely on the capabilities and experience of our key executives and scientists and the loss of any of them could affect our ability to develop our products.

We depend on our management personnel. We also depend on our scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability to us. In addition, we believe that our future success will depend in large part upon our ability to attract and retain highly skilled scientific, managerial, medical, clinical, and regulatory personnel, particularly as we expand our activities and seek regulatory approvals for clinical trials. We enter into agreements with our scientific and clinical collaborators and advisors, key opinion leaders, and academic partners in the ordinary course of our business. We also enter into agreements with physicians and institutions who will recruit patients into our clinical trials on our behalf in the ordinary course of our business. Notwithstanding these arrangements, we face significant competition for these types of personnel from other companies, research and academic institutions, government entities and other organizations. We cannot predict our success in hiring or retaining the personnel we require for continued growth. The loss of the services of any of our executive officers or other key personnel could potentially harm our business, operating results, or financial condition.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include failures to comply with FDA regulations, provide accurate information to the FDA, comply with manufacturing standards we have established, comply with federal and state health-care fraud and abuse laws and regulations, report financial information or data accurately, or disclose unauthorized activities to us. In particular, sales, marketing, and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs, and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a substantial impact on our business and results of operations, including the imposition of substantial fines or other sanctions.

We may expand our business through the acquisition of companies or businesses or by entering into collaborations or by in-licensing product candidates, each of which could disrupt our business and harm our financial condition.

We have in the past and may in the future seek to expand our pipeline and capabilities by acquiring one or more companies or businesses, entering into collaborations, or in-licensing one or more product candidates. Acquisitions, collaborations and in-licenses involve numerous risks, including, but not limited to:

- substantial cash expenditures;
- technology development risks;
- potentially dilutive issuances of equity securities;
- incurrence of debt and contingent liabilities, some of which may be difficult or impossible to identify at the time of acquisition;
- difficulties in assimilating the operations of the acquired companies;
- potential disputes regarding contingent consideration;
- diverting our management's attention away from other business concerns;
- entering markets in which we have limited or no direct experience; and
- potential loss of our key employees or key employees of the acquired companies or businesses.

We cannot provide assurance that any acquisition, collaboration, or in-license will result in short-term or long-term benefits to us. We may incorrectly judge the value or worth of an acquired company or business or in-licensed product candidate. In addition, our future success would depend in part on our ability to manage the growth associated with some of these acquisitions, collaborations and in-licenses. We cannot provide assurance that we would be able to successfully combine our business with that of acquired businesses, manage a collaboration or integrate in-licensed product candidates. Furthermore, the development or expansion of our business may require a substantial capital investment by us.

Negative results from clinical trials or studies of others and adverse safety events involving the targets of our product candidates may have an adverse impact on our future commercialization efforts.

From time to time, studies or clinical trials on various aspects of biopharmaceutical products are conducted by academic researchers, competitors, or others. The results of these studies or trials, when published, may have a significant effect on the market for the biopharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to our product candidates, or the therapeutic areas in which our product candidates compete, could adversely affect our share price and our ability to finance future development of our product candidates, and our business and financial results could be materially and adversely affected.

We may not be able to reproduce the results of previously conducted clinical studies and/or comparisons to other forms of KLK1, including Kailikang, thereby displacing other forms of KLK1, including Kailikang.

We intend to conduct clinical trials to determine the pharmacokinetic and pharmacodynamic profile of Kailikang compared to DM199. While there have been numerous studies demonstrating the efficacy of Kailikang, we rely on the scientific and clinical knowledge and experience of other biotechnology and pharmaceutical companies and organizations in conducting those clinical studies. No assurance can be given that we will be able to reproduce results of previously conducted studies or displace other forms of KLK1 in the market.

We face the risk of product liability claims, which could exceed our insurance coverage and produce recalls, each of which could deplete our cash resources.

We are exposed to the risk of product liability claims alleging that use of our product candidates caused an injury or harm. These claims can arise at any point in the development, testing, manufacture, marketing, or sale of our product candidates and may be made directly by patients involved in clinical trials of our product candidates, by consumers or healthcare providers, or by individuals, organizations, or companies selling our products. Product liability claims can be expensive to defend, even if the product or product candidate did not actually cause the alleged injury or harm.

Insurance covering product liability claims becomes increasingly expensive as a product candidate moves through the development pipeline to commercialization. To protect against potential product liability risks, we have AUD$20 million per occurrence and AUD$20 million aggregate clinical trial insurance for the REMEDY Phase 2 clinical trial in Australia and US$5.0 million product liability insurance coverage. However, there can be no assurance that such insurance coverage is or will continue to be adequate or available to us at a cost acceptable to us or at all. We may choose or find it necessary under our collaboration agreements to increase our insurance coverage in the future. We may not be able to secure greater or broader product liability insurance coverage on acceptable terms or at reasonable costs when needed. Any liability for damages resulting from a product liability claim could exceed the amount of our coverage, require us to pay a substantial monetary award from our own cash resources and have a material adverse effect on our business, financial condition, and results of operations. Moreover, a product recall, if required, could generate substantial negative publicity about our products and business, inhibit or prevent commercialization of other products and product candidates, or negatively impact existing or future collaborations.

If we are unable to maintain product liability insurance required by our third parties, the corresponding agreements would be subject to termination, which could have a material adverse impact on our operations.

Some of our license, clinical trials and other agreements with third parties require, and in the future may require, us to maintain product liability insurance. If we cannot maintain acceptable amounts of coverage on commercially reasonable terms in accordance with the terms set forth in these agreements, the corresponding agreements would be subject to termination, which could have a material adverse impact on our operations.

A risk of product liability claims, and related negative publicity, is inherent in the development of human therapeutics and other products. Product liability insurance is expensive, its availability is limited, and it may not be offered on terms acceptable to us, or at all. The commercialization of our potential products could be inhibited or prevented by an inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims. A product liability claim against us or the withdrawal of a product from the market could have a material adverse effect upon us and our financial condition.

We conduct certain research and development operations through our Australian wholly-owned subsidiary. If we lose our ability to operate in Australia, or if our subsidiary is unable to receive the research and development incentive payment allowed by Australian regulations, our business and results of operations could suffer.

In July 2016, we formed a wholly-owned Australian subsidiary, DiaMedica Australia Pty Ltd, to conduct various clinical activities for our product and development candidate in Australia. Due to the geographical distance and lack of employees currently in Australia, as well as our lack of experience operating in Australia, we may not be able to efficiently or successfully monitor, develop and commercialize our lead product in Australia, including conducting clinical trials. Furthermore, we have no assurance that the results of any clinical trials that we conduct for our product candidate in Australia will be accepted by the FDA or foreign regulatory authorities for development and commercialization approvals.

In addition, current Australian tax regulations provide for a refundable research and development incentive payment equal to 43.5% of qualified expenditures. We received incentive payments of approximately AUD$ 306,000 and AUD$ 777,000 during 2017 and 2018, respectively, for research expenditures made during 2016 and 2017. If our subsidiary loses its ability to operate in Australia, or if we are ineligible or unable to receive the research and development incentive payment, or the Australian government significantly reduces or eliminates the incentive program, our business and results of operation may be adversely affected.

Risks Related to Intellectual Property

If we are unable to adequately protect and enforce our intellectual property, our competitors may take advantage of our development efforts or acquired technology and compromise our prospects of marketing and selling our key product candidates.

We believe that patents and other proprietary rights are key to our business. Our policy is to file patent applications to protect technology, inventions, and improvements that may be important to the development of our business. We also rely upon trade secrets, know-how, continuing technological innovations, and licensing opportunities to develop and maintain our competitive position. We plan to enforce our issued patents and our rights to proprietary information and technology. We review third-party patents and patent applications, both to refine our own patent strategy and to identify useful licensing opportunities.

Our success depends, in part, on our ability to secure and protect our intellectual property rights and to operate without infringing on the proprietary rights of others or having third parties circumvent the rights owned or licensed by us. We have a number of patents, patent applications and rights to patents related to our compounds, product candidates and technology, but we cannot be certain that they will be enforceable or provide adequate protection or that pending patent applications will result in issued patents.

To the extent that development, manufacturing, and testing of our product candidates is performed by third party contractors, such work is performed pursuant to fee for service contracts. Under the contracts, all intellectual property, technology know-how, and trade secrets arising under such agreements are our exclusive property and must be kept confidential by the contractors. It is not possible for us to be certain that we have obtained from the contractors all necessary rights to such technologies. Disputes may arise as to the scope of the contract or possible breach of contract. No assurance can be given that our contracts would be enforceable or would be upheld by a court.

The patent positions of pharmaceutical and biotechnology firms, ourselves included, are uncertain and involve complex questions of law and fact for which important legal issues remain unresolved. Therefore, it is not clear whether our pending patent applications will result in the issuance of patents or whether we will develop additional proprietary products which are patentable. Part of our strategy is based on our ability to secure a patent position to protect our technology. There is no assurance that we will be successful in this approach and failure to secure patent protection may have a material adverse effect upon us and our financial condition. Also, we may fail in our attempt to commercialize products using currently patented or licensed technology without having to license additional patents. Moreover, it is not clear whether the patents issued or to be issued will provide us with any competitive advantages or if any such patents will be the target of challenges by third parties, whether the patents of others will interfere with our ability to market our products, or whether third parties will circumvent our patents by means of alternate processes. Furthermore, it is possible for others to develop products which have the same effect as our product candidates or technologies on an independent basis or to design around technologies patented by us. Patent applications relating to or affecting our business may have been filed by pharmaceutical or biotechnology companies or academic institutions. Such applications may conflict with our technologies or patent applications and such conflict could reduce the scope of patent protection which we could otherwise obtain or even lead to the rejection of our patent applications. There is no assurance that we can enter into licensing arrangements on commercially reasonable terms, or develop or obtain alternative technology in respect of, patents issued to third parties that incidentally cover our products or production technologies. Any inability to secure licenses or alternative technology could result in delays in the introduction of some of our product candidates or even lead to us being prevented from pursuing the development, manufacture, or sale of certain products. Moreover, we could potentially incur substantial legal costs in defending legal actions which allege patent infringement, or by initiating patent infringement suits against others. It is not possible for us to be certain that we are the creator of inventions covered by pending patent applications or that we were the first to invent or file patent applications for any such inventions. While we have used commercially reasonable efforts to obtain assignments of intellectual property from all individuals who may have created materials on our behalf (including with respect to inventions covered by our patent and pending patent applications), it is not possible for us to be certain that we have obtained all necessary rights to such materials. No assurance can be given that our patents, if issued, would be upheld by a court, or that a competitor's technology or product would be found to infringe on our patents. Moreover, much of our technology know-how that is not patentable may constitute trade secrets. Therefore, we require our employees, consultants, advisors, and collaborators to enter into confidentiality agreements either as stand-alone agreements or as part of their consulting contracts. However, no assurance can be given that such agreements will provide meaningful protection of our trade secrets, know-how, or other proprietary information in the event of any unauthorized use or disclosure of confidential information. Also, while we have used commercially reasonable efforts to obtain executed copies of such agreements from all employees, consultants, advisors and collaborators, no assurance can be given that executed copies of all such agreements have been obtained.

We may require additional third-party licenses to effectively develop and manufacture our key products and are currently unable to predict the availability or cost of such licenses.

A substantial number of patents have already been issued to other biotechnology and pharmaceutical companies. To the extent that valid third-party patent rights cover our product candidates, we or our strategic collaborators would be required to seek licenses from the holders of these patents in order to manufacture, use, or sell these product candidates, and payments under them would reduce our profits from these product candidates. We are currently unable to predict the extent to which we may wish or be required to acquire rights under such patents, the availability and cost of acquiring such rights, and whether a license to such patents will be available on acceptable terms, or at all. There may be patents in the U.S. or in foreign countries or patents issued in the future that are unavailable to license on acceptable terms. Our inability to obtain such licenses may hinder or eliminate our ability to develop, manufacture and market our product candidates.

Changes in patent law and its interpretation could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

As is the case with other biotechnology and pharmaceutical companies, our success is heavily dependent on intellectual property rights, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves technological and legal complexity, and obtaining and enforcing biopharmaceutical patents is costly, time consuming, and inherently uncertain. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our and our licensors' or collaborators' ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts, and the U.S. Patent and Trademark Office ("USPTO"), the laws and regulations governing patents could change in unpredictable ways that would weaken our and our licensors' or collaborators' ability to obtain new patents or to enforce existing patents and patents we and our licensors or collaborators may obtain in the future. Changes in either the patent laws or interpretation of the patent laws in the United States or other countries could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents.

Assuming that other requirements for patentability are met, prior to March 2013, in the United States, the first to invent the claimed invention was entitled to the patent, while outside the United States, the first to file a patent application was entitled to the patent. After March 2013, under the Leahy-Smith America Invents Act, or the America Invents Act, enacted in September 2011, the United States transitioned to a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. A third party that files a patent application in the USPTO after March 2013, but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by such third party. This will require us to be cognizant of the time from invention to filing of a patent application. Since patent applications in the United States and most other countries are confidential for a period of time after filing or until issuance, we cannot be certain that we or our licensors were the first to either (i) file any patent application related to our product candidates or (ii) invent any of the inventions claimed in our or our licensor's patents or patent applications.

The America Invents Act also includes a number of significant changes that affect the way patent applications will be prosecuted and also may affect patent litigation. These include allowing third party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including post-grant review, inter partes review, and derivation proceedings. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. Therefore, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our owned or in-licensed patent applications and the enforcement or defense of our owned or in-licensed issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our and our licensors' or collaborators' ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts, and the U.S. Patent and Trademark Office, and similar legislative, judicial, and administrative bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that would weaken our and our licensors' or collaborators' ability to obtain new patents or to enforce existing patents and patents we and our licensors or collaborators may obtain in the future.

Litigation regarding patents, patent applications, and other proprietary rights may be expensive, time consuming and cause delays in the development and manufacturing of our key product candidates.

Third parties may claim that we are using their proprietary information without authorization. Third parties may also have or obtain patents and may claim that technologies licensed to or used by us infringe their patents. If we are required to defend patent infringement actions brought by third parties, or if we sue to protect our own patent rights or otherwise to protect our proprietary information and to prevent its disclosure, we may be required to pay substantial litigation costs and managerial attention may be diverted from business operations even if the outcome is in our favor. In addition, any legal action that seeks damages or an injunction to stop us from carrying on our commercial activities relating to the affected technologies could subject us to monetary liability (including treble damages and attorneys' fees if we are found to have willfully infringed) and require us or any third-party licensors to obtain a license to continue to use the affected technologies. We cannot predict whether we would prevail in any of these types of actions or that any required license would be available on commercially acceptable terms or at all. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources.

Competitors may infringe our patents or other intellectual property. If we were to initiate legal proceedings against a third party to enforce a patent covering our product candidates, the defendant could counterclaim that the patent covering our product candidate is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, written description or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. The outcome following legal assertions of invalidity and unenforceability is unpredictable. Moreover, similar challenges may be made by third parties outside the context of litigation, e.g., via administrative proceedings such as post grant or *inter partes* review in the United States or via oppositions or other similar proceedings in other countries/regions.

Interference or derivation proceedings provoked by third parties or brought by us or declared by the USPTO may be necessary to determine the priority of inventions with respect to our patents or patent applications. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms or at all, or if a non-exclusive license is offered and our competitors gain access to the same technology. Our defense of litigation, validity or enforceability, interference or derivation proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. In addition, the uncertainties associated with litigation or such other proceedings could have a material adverse effect on our ability to raise the funds necessary to continue our clinical trials, continue our research programs, license necessary technology from third parties, or enter into development partnerships that would help us bring our product candidates to market.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or administrative proceedings, there is a risk that some of our confidential information could be compromised by disclosure. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock.

If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose intellectual property rights that are important to our business.

We are a party to a license agreement relating to an expression system and cell line for use in the production of DM199 or any human KLK1, and we may need to obtain additional licenses from others to advance our research and development activities or allow the commercialization of DM199 or any other product candidates we may identify and pursue. Future license agreements may impose, various development, diligence, commercialization, and other obligations on us. If any of our in-licenses are terminated, or if the underlying patents fail to provide the intended exclusivity, competitors or other third parties main gain access to technologies that are material to our business, and we may be required to cease our development and commercialization of DM199 or other product candidates that we may identify or to seek alternative manufacturing methods. However, suitable alternatives may not be available or the development of suitable alternatives may result in a significant delay in our commercialization of DM199. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Moreover, disputes may arise regarding intellectual property subject to a licensing agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our product candidates, technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- the priority of invention of patented technology.

In addition, the agreements under which we currently license intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates, which could have a material adverse effect on our business, financial conditions, results of operations, and prospects.

Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them.

Because we rely on third parties to develop our products, we must share trade secrets with them. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements, or other similar agreements with our collaborators, advisors, employees, and consultants prior to beginning research or disclosing proprietary information. These agreements typically restrict the ability of our collaborators, advisors, employees, and consultants to publish data potentially relating to our trade secrets. Our academic collaborators typically have rights to publish data, provided that we are notified in advance and may delay publication for a specified time in order to secure our intellectual property rights arising from the collaboration. In other cases, publication rights are controlled exclusively by us, although in some cases we may share these rights with other parties. We also conduct joint research and development programs which may require us to share trade secrets under the terms of research and development collaboration or similar agreements. However, we cannot be certain that such agreements have been entered into with all relevant parties. Moreover, despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of these agreements, independent development, or publication of information including our trade secrets in cases where we do not have proprietary or otherwise protected rights at the time of publication. Trade secrets can be difficult to protect. If the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating any trade secrets. A competitor's discovery of our trade secrets may impair our competitive position and could have a material adverse effect on our business and financial condition.

Patent terms may be inadequate to protect our competitive position on our product candidates for an adequate amount of time.

Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired, we may be open to competition from competitive products, including generics or biosimilars. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties or that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is common in the biotechnology and pharmaceutical industry, we employ individuals who were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants and independent contractors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of any of our employee's former employer or other third parties. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel, which could adversely impact our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to be paid to the USPTO and various governmental patent agencies outside of the United States in several stages over the lifetime of the patents and/or applications. We have systems in place to remind us to pay these fees, and we employ an outside firm and rely on our outside counsel to pay these fees due to non-U.S. patent agencies. The USPTO and various non-U.S. governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply, and in many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, our competitors might be able to enter the market and this circumstance would have a material adverse effect on our business.

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on our product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may also export infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Risks Related to Our Common Shares

Our common share price has been volatile in recent years and may continue to be volatile.

Our common shares currently trade in Canada on the TSX Venture Exchange under the trading symbol “DMA” and in the U.S. on the OTCQB Market under the trading symbol “DMCAF.” We have applied to list our common shares on Nasdaq under the trading symbol “DMAC.” A number of factors could influence the volatility in the trading price of our common shares, including changes in the economy or in the financial markets, industry related developments, and the impact of material events and changes in our operations. Our quarterly losses may vary because of expenses we incur related to future research including the timing of costs for manufacturing and initiating and completing preclinical and clinical trials. Each of these factors could lead to increased volatility in the market price of our common shares. In addition, the market prices of the securities of our competitors may also lead to fluctuations in the trading price of our common shares.

We have never paid dividends and do not expect to do so in the foreseeable future.

We have not declared or paid any cash dividends on our common shares to date. The payment of dividends in the future will be dependent on our earnings and financial condition and on such other factors as our Board of Directors considers appropriate. Unless and until we pay dividends, shareholders may not receive a return on their shares. There is no present intention by our Board of Directors to pay dividends on our common shares.

We may issue additional common shares resulting in share ownership dilution.

Future dilution may occur due to additional future equity financing events by us. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of our shareholders will be diluted. In addition, if outstanding options, warrants, or deferred share units are exercised into our common shares, you will experience additional dilution.

It may be difficult for non-Canadian shareholders or other investors to obtain and enforce judgments against us because of our Canadian incorporation and presence.

We are a corporation existing under the laws of Canada. Several of our directors and several of the experts we utilize are residents of Canada, and all or a substantial portion of their assets, and a portion of our assets, are located outside the United States. Consequently, it may be difficult for holders of our securities who reside in the United States to effect service within the United States upon those directors and the experts who are not residents of the United States. It may also be difficult for holders of our securities who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon our civil liability and the civil liability of our directors, officers, and experts under the United States federal securities laws. Our shareholders and other investors should not assume that Canadian courts (i) would enforce judgments of United States courts obtained in actions against us or such directors, officers, or experts predicated upon the civil liability provisions of the United States federal securities laws or the securities or "blue sky" laws of any state or jurisdiction of the United States, or (ii) would enforce, in original actions, liabilities against us or such directors, officers, or experts predicated upon the United States federal securities laws or any securities or "blue sky" laws of any state or jurisdiction of the United States. In addition, the protections afforded by Canadian securities laws may not be available to our shareholders or other investors in the United States.

If there are substantial sales of our common shares, the market price of our common shares could decline.

Sales of substantial numbers of our common shares could cause a decline in the market price of our common shares. Any sales by existing shareholders or holders who exercise their warrants or stock options may have an adverse effect on our ability to raise capital and may adversely affect the market price of our common shares.

We could be subject to securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline or increase in the market price of its securities or certain significant business transactions. We may become involved in this type of litigation in the future. If we face such litigation, it could result in substantial costs and a diversion of management's attention and our resources, which could harm our business.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies may make our common shares less attractive to our shareholders and other investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012. We may remain an emerging growth company until the last day of the fiscal year following the fifth anniversary of our first sale of common shares pursuant to a registration statement under the Securities Act of 1933, as amended, or until such earlier time as we have more than $1.07 billion in annual revenue, the market value of our common shares held by non-affiliates is more than $700 million or we issue more than $1 billion of non-convertible debt over a three-year period. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, reduced disclosure obligations regarding executive compensation and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. Our shareholders and other investors may find our common shares less attractive as a result of our reliance on these exemptions. If some of our shareholders or other investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and the trading price of our common shares may be more volatile.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised financial accounting standards. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we have determined to opt out of such extended transition period and, as a result, we will comply with new or revised financial accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised financial accounting standards is irrevocable.

Our shareholders and other investors may find our common shares less attractive as a result of our reliance on these exemptions. If some of our shareholders or other investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and the trading price of our common shares may be more volatile.

We will incur increased costs as a result of operating as a U.S. public reporting company, and our management is required to devote substantial time to new compliance initiatives.

As a U.S. public reporting company, we will incur, particularly after we are no longer an "emerging growth company," significant legal, accounting and other expenses. In addition, the Sarbanes-Oxley Act of 2002 and rules subsequently implemented by the SEC and Nasdaq have imposed various requirements on U.S. public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. We may have to hire additional accounting, finance, and other personnel in connection with our becoming a U.S. public reporting company, and our efforts to comply with the requirements of being a U.S. public reporting company, and our management and other personnel will need to devote a substantial amount of time towards maintaining compliance with these requirements. These requirements increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

Our shareholder rights plan may delay or prevent an acquisition of us that shareholders may consider favorable or may prevent efforts by our shareholders to change our directors or our management, which could decrease the value of your shares.

Our shareholders approved the adoption of a shareholder rights plan agreement on December 21, 2017. The shareholder rights plan is designed to provide adequate time for our Board of Directors and shareholders to assess an unsolicited takeover bid for our company, to provide our Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, and to provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares. The shareholder rights plan is set to expire at the close of our annual meeting of shareholders in 2020. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of our outstanding common shares without complying with the "permitted bid" provisions of the plan or without approval of our Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase common shares at a 50% discount to the market price at the time. Under the plan, a "permitted bid" is a bid made to all holders of our common shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50% of the outstanding common shares, other than those owned by the offeror and certain related parties have been tendered, the offeror may take up and pay for the common shares but must extend the bid for a further 10 days to allow other shareholders to tender.

While we believe our rights plan enables our Board of Directors to help ensure that our shareholders are not deprived of the opportunity to realize the full and fair value of their investments, the rights plan may inhibit a change in control of our company by a third party in a transaction not approved by our Board of Directors. If a change in control is inhibited or delayed in this manner, it may adversely affect the market price of our common shares.

Any failure to maintain an effective system of internal controls may result in material misstatements of our consolidated financial statements or cause us to fail to meet our reporting obligations or fail to prevent fraud; and in that case, our shareholders or other investors could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our common shares.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud; and in that case, our shareholders or other investors could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our common shares. As a result of our limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not possible. Due to resource constraints and the present stage of our development, we do not have sufficient size and scale to warrant the hiring of additional staff to address this potential weakness at this time. To help mitigate the impact of this, we are highly reliant on the performance of compensating procedures and senior management's review and approval. Even if we conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with GAAP, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our future reporting obligations.

If we fail to timely achieve and maintain the adequacy of our internal control over financial reporting, we may not be able to produce reliable financial reports or help prevent fraud. Our failure to achieve and maintain effective internal control over financial reporting could prevent us from complying with our reporting obligations on a timely basis, which could result in the loss of shareholder or other investor confidence in the reliability of our consolidated financial statements, harm our business and negatively impact the trading price of our common shares.

Pursuant to Section 404 of the Sarbanes-Oxley Act, we will be required to furnish a report by our management on our internal control over financial reporting, and after we are no longer an emerging growth company, we will be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will have to engage in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. There is a risk that neither we nor our independent registered public accounting firm will be able to conclude within the prescribed timeframe that our internal control over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

Canadian laws differ from the laws in effect in the United States and may afford less protection to holders of our securities.

We are a Canadian corporation and are subject to the Canada Business Corporations Act and certain other applicable securities laws as a Canadian issuer, which laws may differ from those governing a company formed under the laws of a United States jurisdiction. The provisions under the Canada Business Corporations Act and other relevant laws may affect the rights of shareholders differently than those of a company governed by the laws of a United States jurisdiction, and may, together with our articles of continuance, have the effect of delaying, deferring or discouraging another party from acquiring control of our company by means of a tender offer, a proxy contest or otherwise, or may affect the price an acquiring party would be willing to offer in such an instance.

We are likely a "passive foreign investment company," which may have adverse U.S. federal income tax consequences for U.S. shareholders.

Our U.S. shareholders and other U.S. investors should be aware that we believe we were classified as a passive foreign investment company, or PFIC, during the tax years ended December 31, 2017 and 2016, and based on current business plans and financial expectations, we believe that we likely will be a PFIC for the current tax year and may be a PFIC in future tax years. If we are a PFIC for any year during a U.S. shareholder's holding period of our common shares, then such U.S. shareholder generally will be required to treat any gain realized upon a disposition of our common shares, or any so-called "excess distribution" received on our common shares, as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the shareholder makes a timely and effective "qualified electing fund" election, or QEF Election, or a "mark-to-market" election with respect to our shares. A U.S. shareholder who makes a QEF Election generally must report on a current basis its share of our net capital gain and ordinary earnings for any year in which we are a PFIC, whether or not we distribute any amounts to our shareholders. A U.S. shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the common shares over the shareholder's adjusted tax basis therein. However, U.S. shareholders should be aware that there can be no assurance that we will satisfy the record keeping requirements that apply to a qualified electing fund, or that we will supply U.S. shareholders with information that such U.S. shareholders require to report under the QEF Election rules, in the event we are a PFIC and a U.S. shareholder wishes to make a QEF Election. Thus, U.S. shareholders may not be able to make a QEF Election with respect to their common shares. Each U.S. shareholder should consult its own tax advisors regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership and disposition of our common shares.

ITEM 2. FINANCIAL INFORMATION.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon accounting principles generally accepted in the United States of America and discusses the financial condition and results of operations for DiaMedica Therapeutics Inc. for the three months ended March 31, 2018 and 2017 and the years ended December 31, 2017 and 2016.

This discussion should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this registration statement. The following discussion contains forward-looking statements that involve numerous risks and uncertainties. Our actual results could differ materially from the forward-looking statements as a result of these risks and uncertainties. See "Special Note Regarding Forward-Looking Statements" for additional cautionary information.

Overview

We are a clinical stage biopharmaceutical company primarily focused on the development of novel recombinant proteins. Our goal is to use our patented and licensed technologies to establish our company as a leader in the development and commercialization of therapeutic treatments for novel recombinant proteins to treat neurological and kidney diseases. Our current primary focus is on AIS and CKD. We plan to advance DM199, our lead drug candidate, through required clinical trials to create shareholder value by establishing its clinical and commercial potential as a therapy for AIS and CKD.

We have not generated any revenues from product sales. Since our inception, we have financed our operations from public and private sales of equity, the exercise of warrants and stock options, interest income on funds available for investment, and government grants and tax credits. We have incurred losses in each year since our inception. Our net losses were $650,000 and $1.5 million for the three months ended March 31, 2018 and 2017, respectively, and $4.3 million and $2.2 million for the years ended December 31, 2017 and 2016, respectively. As of March 31, 2018, we had an accumulated deficit of $40.9 million. Substantially all of our operating losses resulted from expenses incurred in connection with product candidate development programs, our research and development activities and general and administrative costs associated with our operations.

We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. In the near term, we anticipate that our expenses will increase as we:

- advance the ongoing clinical development of DM199;
- maintain, expand and protect our intellectual property portfolio; and
- provide general and administrative support for our operations.

To fund future operations we will need to raise additional capital. The amount and timing of future funding requirements will depend on many factors, including the timing and results of our ongoing development efforts, the potential expansion of our current development programs, potential new development programs and related general and administrative support. We anticipate that we will seek to fund our operations through public or private equity or debt financings or other sources, such as potential collaboration agreements. We cannot assure you that anticipated additional financing will be available to us on favorable terms, or at all. Although we have previously been successful in obtaining financing through our equity securities offerings, there can be no assurance that we will be able to do so in the future.

Financial Overview

Revenues

Since our inception, we have incurred losses while advancing the research and development of our therapeutic product candidates. We have not generated any revenues from product sales and do not expect to do so for a number of years. We may never generate revenues from our DM199 product candidate or any of our preclinical development programs, as we may never succeed in obtaining regulatory approval or commercializing any of these product candidates.

Research and Development Expenses

Research and development expenses consist primarily of fees paid to external service providers such as contract research organizations and contract manufacturing organizations related to clinical trials, contractual obligations for clinical development, clinical sites, laboratory testing, non-clinical trials, development of DM199 and the related manufacturing processes, salaries, benefits, share-based compensation and other personnel costs. We spent $791,000 and $1.1 million in research and development expenses for the quarters ended March 31, 2018 and 2017, respectively, and $3.2 million and $1.7 million for the years ended December 31, 2017 and 2016, respectively. Over the past approximately eight years, our research and development efforts have been primarily focused on DM199 for AIS and CKD.

At this time, due to the risks inherent in the clinical development process and the early stage of our product development programs, we are unable to estimate with any certainty the costs we will incur in the continued development of DM199 or any of our preclinical development programs. We expect that our research and development expenses may increase if we are successful in advancing DM199, or any of our preclinical programs into advanced stages of clinical development. The process of conducting clinical trials necessary to obtain regulatory approval and manufacturing scale-up to support expanded development and potential future commercialization is costly and time consuming. Any failure by us or delay in completing clinical trials, manufacturing scale-up or in obtaining regulatory approvals could lead to increased research and development expense and, in turn, have a material adverse effect on our results of operations.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related benefits, including share-based compensation related to our executive, finance, business development and support functions. Other general and administrative expenses include rent and utilities, travel expenses and professional fees for auditing, tax and legal services. We expect that general and administrative expenses will increase in the future as we expand our operating activities. In addition, general and administrative expenses are expected to reflect increased costs associated with our anticipated U.S. public reporting company status and listing on the Nasdaq Stock Market. We anticipate incurring one-time costs associated with our anticipated Exchange Act registration and the listing of our common shares on Nasdaq of approximately $230,000 in 2018, consisting primarily of legal and accounting fees.

Other (Income) Expense

Other (income) expense consists primarily of governmental assistance – research incentives, change in the fair value of our warrants that are accounted for as liabilities, interest income, and foreign currency exchange gains and losses. In 2016, other expense was partially offset by the $250,000 gain recognized from the sale of a previous technology no longer being developed by the Company.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these consolidated financial statements requires us to make estimates and assumptions for the reported amounts of assets, liabilities, revenue, expenses and related disclosures. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material.

While our significant accounting policies are more fully described in Note 4 to our consolidated financial statements included elsewhere in this registration statement, we believe the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require our most difficult, subjective and complex judgments.

Share-based Compensation

We account for all stock-based compensation awards using a fair value method. The cost of employee and non-employee services received in exchange for awards of equity instruments is measured and recognized based on the estimated grant date fair value of those awards. Compensation cost is recognized ratably using the straight-line attribution method over the vesting period, which is considered to be the requisite service period. We record forfeitures in the periods in which they occur.

The fair value of stock-based awards is estimated using the Black-Scholes option pricing model. The determination of the fair value of stock-based awards is affected by our stock price, as well as assumptions regarding a number of complex and subjective variables. Risk free interest rates are based upon Canadian Government bond rates appropriate for the expected term of each award. Expected volatility rates are based on the on historical volatility equal to the expected life of the option. The assumed dividend yield is zero, as we do not expect to declare any dividends in the foreseeable future. The expected term of options is estimated considering the vesting period at the grant date, the life of the option and the average length of time similar grants have remained outstanding in the past.

The assumptions used in calculating the fair value under the Black-Scholes option valuation model are set forth in the following table for options issued by the Company for the years ended December 31, 2017 and 2016:

	2017	2016
Common share fair value	$0.26 – $0.42	$0.16 – 0.24
Risk-free interest rate	1.1%	0.8%
Expected dividend yield	0%	0%
Expected option life	4.5 years	4.6 years
Expected stock price volatility	84.7 – 156.8%	92.0 – 185.1%

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases. The guidance in ASU 2016-02 supersedes the lease recognition requirements in the Accounting Standards Codification Topic 840, Leases. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. The new standard requires the immediate recognition of all excess tax benefits and deficiencies in the income statement and requires classification of excess tax benefits as an operating activity as opposed to a financing activity in the statements of cash flows. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Management is evaluating the impact of the new standard on the consolidated financial statements.

Results of Operations

Comparison of the Three Months Ended March 31, 2018 and 2017

The following table summarizes our results of operations for the three months ended March 31, 2018 and 2017. We did not have any revenue during those periods. The table below summarizes our expenses (in thousands):

	Three Months Ended March 31,	
	2018	2017
Research and development	$ 791	$ 1,072
General and administrative	515	283
Other (income) expense	(657)	142

Research and Development Expenses

Research and development expenses were $791,000 for the three months ended March 31, 2018 compared to $1.1 million for the same period in 2017, a decrease of $281,000. This decrease over the comparable prior year period was due primarily to lower levels of activity and study costs for the REMEDY Phase 2 stroke study as compared with the DM199 bridging study which was in progress during the comparable prior year period.

General and Administrative Expenses

General and administrative expenses were $515,000 for the three months ended March 31, 2018 compared to $283,000 for the same period in 2017. General and administrative expenses increased due to greater usage of outside professional services and increased salaries, fees and short-term benefits due to the addition of staff. Share-based compensation expense increased related to the recognition of expense for awards granted during 2017.

Other (Income) Expense

Other (income) expense was $657,000 in income for the three months ended March 31, 2018 compared to $142,000 in expense for the same period in 2017. The increase in other income resulted primarily from the recognition of the research and development incentive from the Australian government for qualifying research work performed by DiaMedica Australia during 2017 and the first quarter of 2018.

Comparison of the Years Ended December 31, 2017 and 2016

The following table summarizes our results of operations for the years ended December 31, 2017 and 2016 (in thousands):

	Year Ended December 31,	
	2017	**2016**
Research and development	$ 3,206	$ 1,728
General and administrative	1,313	598
Other (income) expense	(259)	(106)

Research and Development Expenses

Research and development expenses were $3.2 million for the year ended December 31, 2017 compared to $1.7 million for the year ended December 31, 2016, an increase of $1.5 million. The increase is primarily due to the costs incurred in conjunction with the advancement of the DM199 clinical trial program. Salaries, fees, and short-term benefits and share-based compensation also increased for the year ended December 31, 2017 over the comparable prior year period due to an increase in staff to support the clinical program.

General and Administrative Expenses

General and administrative expenses were $1.3 million for the year ended December 31, 2017 compared to $598,000 for the year ended December 31, 2016. General and administrative costs increased slightly due to an increase in outsourced services and salaries, fees, and short-term benefits, which were mainly due to an increase in staff. These increases were partially offset by decreased share-based compensation resulting from a reduction in the number of grants during 2017.

Other (Income) Expense

Other (income) expense was $259,000 in income for the year ended December 31, 2017 compared to $106,000 in income for 2016. Other income for 2017 increased due to the recognition of government assistance in the form of the research and development incentive tax credit received from Australia, related to qualifying clinical trial and other research expenses incurred by our Australian subsidiary.

Liquidity, Capital Resources and Going Concern

Since our inception, we have incurred losses while advancing the research and development of our therapeutic product candidates. We have not generated any revenues from product sales and do not expect to do so for a number of years. We do not know when, or if, we will generate any revenue from our product candidates. We do not expect to generate any revenue from sales of our product candidates unless and until we obtain regulatory approval. At the same time, we expect our expenses to increase in connection with our ongoing development activities, particularly as we continue the research, development and clinical trials of, and seek regulatory approval for, our product candidates. In addition, we expect to incur additional costs associated with operating as a U.S. public reporting company. In addition, subject to obtaining regulatory approval of any of our product candidates, we expect to incur significant commercialization expenses for product sales, marketing, manufacturing and distribution. We anticipate that we will need additional funding in connection with our continuing operations.

Since our inception, we have financed our operations from public and private sales of equity, the exercise of warrants and stock options, interest income on funds available for investment, and government grants and tax credits. We had cash totaling $6.7 million and $1.4 million and working capital of $6.6 million and $491,000 as of March 31, 2008 and December 31, 2017, respectively.

On March 29, 2018, we completed, in two tranches, a brokered and non-brokered private placement of 26,489,284 units at a price of $0.245 per unit for aggregate gross proceeds of approximately $6.3 million. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 at any time prior to expiration on March 19, 2020 and March 29, 2020 for tranche 1 and tranche 2, respectively. The warrants are subject to early expiration under certain conditions. In connection with the offering, we paid an aggregate cash fee of approximately $384,000 to brokers and issued an aggregate of approximately 1.6 million compensation options. Each compensation option entitles the holder to purchase one common share at $0.245, the offering price, for a period of two years from the closing of the offering, subject to acceleration on the same terms as the warrants issued to the investors.

The report of our independent registered public accounting firm on our December 31, 2017 audited consolidated financial statements includes an explanatory paragraph referring to our ability to continue as a going concern. Based upon our current operating plan, we expect to raise additional capital to be able to fund our planned operations beyond the next 12 months. This additional funding will be required to continue our research and development and other operating activities as we have not reached successful commercialization of our product candidates. These circumstances cast significant doubt as to our ability to continue as a going concern. Our consolidated financial statements have been prepared assuming that we will continue as a going concern. Our future operations are expected to continue to be dependent upon our ability to secure additional funds, negotiate license agreements with partners and/or generate product revenues in order to fully execute our business plan. There can be no assurance that we will be successful in commercializing our products, entering into strategic agreements with partners, raising additional capital on favorable terms or that these or other strategies will be sufficient to permit us to continue as a going concern.

The amount and timing of future funding requirements will depend on many factors, including the timing and results of our ongoing development efforts, the potential expansion of our current development programs, potential new development programs and related general and administrative support. We anticipate that we will seek to fund our operations through public or private equity or debt financings or other sources, such as potential collaboration agreements. We cannot assure you that anticipated additional financing will be available to us on favorable terms, or at all. Although we have previously been successful in obtaining financing through our equity securities offerings, there can be no assurance that we will be able to do so in the future. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of our shareholders will be diluted. Debt financing, if available, may involve agreements that include conversion discounts or covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through government or other third-party funding, marketing and distribution arrangements or other collaborations, or strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us.

Cash Flows

Operating Activities

Cash used in operating activities for the three months ended March 31, 2018 was $935,000 compared to $817,000 for the three months ended March 31, 2017. This increase relates primarily to the effects of the changes in operating assets and liabilities.

Cash used in operating activities for the year ended December 31, 2017 was $3.9 million, compared to $3.0 million for the year ended December 31, 2016, an increase of $0.9 million. This increase relates primarily to the increase in net loss, partially offset by an increase in non-cash charges for share-based compensation and the effects of changes in operating assets and liabilities.

Investing Activities

Investing activities consist primarily of purchases of property and equipment. Net cash used in investing activities was $32,000 for the three months ended March 31, 2018 compared to none for the three months ended March 31, 2017 and was $22,000 for the year ended December 31, 2017 compared to $7,000 for the year ended December 31, 2016.

Financing Activities

Financing activities consist primarily of net proceeds from the sale of common shares and warrants and proceeds from the exercise of stock options and warrants. Net cash provided by financing activities was $6.3 million for the three months ended March 31, 2018 compared to $7,000 for the three months ended March 31, 2017.

Net cash provided by financing activities was $3.5 million for the year ended December 31, 2017 compared to $4.6 million for the year ended December 31, 2016, a decrease of $1.1 million.

Cash flows from financing activities included net proceeds from the following private placements of our common shares and warrants to purchase common shares:

- On March 29, 2018, we completed, in two tranches, a brokered and non-brokered private placement of 26,489,284 units at a price of $0.245 per unit for aggregate gross proceeds of approximately $6.3 million. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 at any time prior to expiration on March 19, 2020 and March 29, 2020 for tranche 1 and tranche 2, respectively. The warrants are subject to early expiration under certain conditions. In connection with the offering, we paid an aggregate cash fee of approximately $384,000 to brokers and issued an aggregate of approximately 1.6 million compensation options. Each compensation option entitles the holder to purchase one common share at $0.245, the offering price, for a period of two years from the closing of the offering, subject to acceleration on the same terms as the warrants issued to the investors.

- On December 18, 2017, we completed a non-brokered private placement of 3,624,408 units at a price of $0.26 per unit for aggregate gross proceeds of approximately $944,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 at any time prior to expiration on December 19, 2019, subject to early expiration under certain conditions.

- On April 17, 2017, we completed a non-brokered private placement of 10,526,315 units at a price of $0.19 per unit for aggregate proceeds of approximately $2,000,000. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.23 at any time prior to expiration on April 17, 2019. The warrant expiration date can be accelerated at our option in the event that the volume-weighted average trading price of our common shares exceeds $0.30 per common share for any 10 consecutive trading days.

- On September 8, 2016, we completed the second tranche of a non-brokered private placement of 15,000,000 common shares at a price of $0.20 per share for aggregate gross proceeds of $3,000,000.

- On August 22, 2016, we completed the first tranche of a non-brokered private placement of 5,000,000 common shares at a price of $0.20 per share for aggregate gross proceeds of $1,000,000.

- On February 25, 2016, we completed the second tranche of a non-brokered private placement of 875,000 units at a price of $0.117 per unit for aggregate gross proceeds of approximately $101,710. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share at a price of CAD$0.25 at any time prior to expiration of two years from the closing date.

- On February 18, 2016, we completed the first tranche of a non-brokered private placement of 3,812,500 units at a price of $0.117 per unit for aggregate gross proceeds of approximately $445,544. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share at a price of CAD$0.25 at any time prior to expiration of two years from the closing date.

While our rate of future negative cash flow per month will vary due to the timing of expenses incurred, at the current rate of negative cash flow per month we believe that our current cash will enable us to complete our currently ongoing Phase 2 trial in patients with AIS and initiate a Phase 1b trial in patients with CKD. Our future cash requirements will increase if we decide to expand our research and development efforts beyond the currently planned development of DM199.

Commitments and Contingencies

In the normal course of business, we incur obligations to make future payments as we execute our business plan. As of March 31, 2018, we had outstanding commitments, including research and development contracts and other commitments, that are known and committed of approximately $2.1 million over the next 12 months and approximately $900,000 in the following 12 months. These contracts relate to preclinical, clinical, and development activities, including the clinical research organization conducting the Phase II clinical trial for DM199 related to AIS. These commitments are subject to significant change and the ultimate amounts due may be materially different as these obligations are affected by, among other factors, the number and pace of patients enrolled, the number of clinical study sites, amount of time to complete study enrollments and the time required to finalize the analysis and reporting of study results. These commitments are generally cancelable upon 30 days' notice, with our obligation then limited to costs incurred up to that date. As of March 31, 2018, we had future operating lease commitments totaling approximately $275,000 over the remainder of the lease, of which $62,000 is due over the next 12 months.

We have entered into a research, development and license agreement whereby we receive research services and rights to proprietary technologies. Milestone and royalty payments that may become due under this agreement are dependent upon, among other factors, clinical trials, regulatory approvals and ultimately the successful development of a new drug, the outcome and timing of which is uncertain. As of March 31, 2018, two milestones remain which include $185,000 due upon the initiation of dosing in our first Phase III trial and $185,000 upon our first regulatory approval for commercial sale. Following the launch of our first product, we will also incur a royalty of less than 1% on net sales.

Off-Balance Sheet Arrangements

During 2017 and 2016 and the three months ended March 31, 2018, we did not have any off-balance sheet arrangements (as defined by applicable SEC regulations) that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Internal Control Over Financial Reporting

Pursuant to Section 404(a) of the Sarbanes-Oxley Act, commencing the year following our first annual report required to be filed with the SEC, our management will be required to report on the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. To comply with the requirements of being a reporting company under the Exchange Act, we may need to upgrade our systems, including information technology, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff.

ITEM 3. PROPERTIES.

Our principal executive offices, together with our research and development operations, are at the office of our wholly owned subsidiary, DiaMedica USA Inc., located at 2 Carlson Parkway, Suite 260, Minneapolis, Minnesota, USA 55447. We lease these premises, which consist of approximately 3,800 square feet, pursuant to a lease that expires in August 2022. Our registered Canadian office is located at 301-1665 Ellis Street, Kelowna, British Columbia, V1Y 2B3. The registered office for our Australian subsidiary is located at Level 9, Bourke Street, Melbourne, Victoria, Australia. We believe that our facilities are adequate for our current needs and that suitable additional space will be available as and when needed on acceptable terms.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth information known to us with respect to the beneficial ownership of our common shares as of August 20, 2018 for:

- each person known by us to beneficially own more than five percent of the outstanding shares of our common shares;
- each of our directors;
- each of the executive officers named in the Summary Compensation Table included later in this registration statement under "Executive Compensation;" and
- all of our current directors and executive officers as a group.

The number of shares beneficially owned by a person includes shares subject to options or warrants held by that person that are currently exercisable or that become exercisable within 60 days of August 20, 2018 and the issuance of common shares upon the vesting of deferred stock units ("DSU"). Percentage calculations assume, for each person and group, that all shares that may be acquired by such person or group pursuant to options currently exercisable or that become exercisable within 60 days of August 20, 2018 are outstanding for the purpose of computing the percentage of common shares owned by such person or group. However, such unissued shares of common shares described above are not deemed to be outstanding for calculating the percentage of common shares owned by any other person.

Except as otherwise indicated, the persons in the table below have sole voting and dispositive power with respect to all common shares shown as beneficially owned by them, subject to community property laws where applicable and subject to the information contained in the notes to the table.

Title of Class	Name and Address of Beneficial Owner[1]	Amount and Nature of Beneficial Ownership[2]	Percent of Class
Directors and Officers:			
Common Shares	Richard Pilnik	1,245,100	*
Common Shares	Michael Giuffre, M.D.	3,778,994[3]	2.4%
Common Shares	James Parsons	407,000	*
Common Shares	Zhenyu Xiao, Ph.D.	20,128,667[4]	12.8%
Common Shares	Rick Pauls	3,336,252	2.1%
Common Shares	Todd Verdoorn	724,583	*
Common Shares	All current directors and executive officers as a group (8 persons)	29,849,296	18.3%
Significant Beneficial Owners:			
Common Shares	Hermeda Industrial Co., Limited Level 54 Hopewell Centre 183 Queensroad East Hong Kong	20,000,000[4]	12.8%
Common Shares	CentreStone Ventures, LP 4-1250 Waverley Street Winnipeg, Manitoba R3T 6C6 Canada	14,118,335[5]	9.0%
Common Shares	Nancy Chang 101 Westcott, Unit 603 Houston, TX 77007	13,207,894[6]	8.4%

* Represents beneficial ownership of less than one percent.

(1) The business address for each of the directors and officers is c/o DiaMedica Therapeutics Inc., 2 Carlson Parkway, Suite 260, Minneapolis, MN 55447.

(2) Includes for the persons listed below the following common shares subject to options and warrants held by such persons that are currently exercisable or become exercisable within 60 days of August 20, 2018 and common shares issuable upon the vesting of DSUs within 60 days of August 20, 2018:

Name	Common Shares Underlying Stock Options	Common Shares Underlying Warrants	Common Shares Underlying DSUs
Directors			
Richard Pilnik	893,333	—	151,767
Michael Giuffre, M.D.	455,000	224,490	82,924
James Parsons	330,000	—	77,000
Zhenyu Xiao, Ph.D.	51,667	—	77,000
Named Executive Officers			
Rick Pauls	2,799,167	41,000	34,985
Todd Verdoorn	704,583	—	—
All current directors and executive officers as a group (7 persons)	5,401,250	285,890	423,676

(3) Includes: (i) 103,300 common shares held by 424822 Alberta Ltd, Michael Giuffre, M.D. has sole voting and dispositive power over the common shares held by 424822 Alberta Ltd., (ii) 729,964 common shares Dr. Giuffre and his wife hold jointly, (iii) 1,083,716 common shares held by Dr. Giuffre's sons and daughters, (iv) 421,400 common shares held by Dr. Giuffre's wife and (v) 678,200 common shares held directly by Dr. Giuffre.

(4) Includes 20,000,000 common shares held by Hermeda Industrial Co., Limited. Zhenyu Xiao, Ph.D. is the Managing Director of Hermeda Industrial Co., Limited and has sole voting and dispositive power over the common shares held by Hermeda Industrial Co., Limited.

(5) Albert D. Friesen, the managing director of CentreStone Ventures, Inc., has sole voting and dispositive power over the common shares held by CentreStone Ventures, LP.

(6) Includes 789,390 shares held by the Chang Family Foundation. Nancy Chang has sole voting and dispositive power over the common shares held by Chang Family Foundation. Also includes 50,000 common shares subject to an option that is currently exercisable or becomes exercisable within 60 days of August 20, 2018.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS.

The following table sets forth information as of August 20, 2018 regarding each of our current executive officers and directors:

Name	Age	Positions
Rick Pauls	47	President and Chief Executive Officer, Director
Scott Kellen	53	Chief Financial Officer and Secretary
Todd Verdoorn, Ph.D.	57	Chief Scientific Officer
Harry Alcorn, Pharm.D.	62	Chief Medical Officer and Vice President of Clinical Affairs
Richard Pilnik[(1)(2)(3)]	61	Chairman of the Board
Michael Giuffre, M.D.[(1)(2)(3)]	63	Director
James Parsons[(1)(2)(3)]	52	Director
Zhenyu Xiao, Ph.D.	44	Director

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Governance and Nominating Committee.

The present principal occupations and recent employment history of each of our executive officers and directors are set forth below. Pursuant to the terms of our articles of continuance and Canada law, at least 25% of our directors must be resident Canadians:

Executive Officers

Rick Pauls was appointed our President and Chief Executive Officer in January 2010. Mr. Pauls has served as a member of our Board of Directors since April 2005 and the Chairman of the Board from April 2008 to July 2014. Prior to joining DiaMedica, Mr. Pauls was the Co-Founder and Managing Director of CentreStone Ventures Inc., a life sciences venture capital fund, from February 2002 until January 2010. Mr. Pauls was an analyst for Centara Corporation, another early stage venture capital fund, from January 2000 until January 2002. From June 1997 until November 1999, Mr. Pauls worked for General Motors Acceptation Corporation specializing in asset-backed securitization and structured finance. Mr. Pauls previously served as an independent member of the board of directors of LED Medical Diagnostics, Inc. Mr. Pauls received his Bachelor of Arts in Economics from the University of Manitoba and his M.B.A. in Finance from the University of North Dakota.

We believe that Mr. Pauls's experience in the biopharmaceutical industry as an executive and investor and his extensive knowledge of all aspects of our company, business, industry, and day-to-day operations as a result of his role as our President and Chief Executive Officer enable him to make valuable contributions to our Board of Directors. In addition, as a result of his role as President and Chief Executive Officer, Mr. Pauls provides unique insight into our future strategies, opportunities and challenges, and serves as the unifying element between the leadership and strategic direction provided by our Board of Directors and the implementation of our business strategies by management.

Scott Kellen was appointed our Chief Financial Officer and Secretary in April 2018. Prior to joining DiaMedica, Mr. Kellen served as Vice President and Chief Financial Officer of Sun BioPharma, Inc., a publicly-traded clinical stage drug development company, from October 2015 until April 2018. From February 2010 to September 2015, Mr. Kellen served as Chief Financial Officer and Secretary of Kips Bay Medical, Inc., a publicly-traded medical device company, and became Chief Operating Officer of Kips Bay in March 2012. From November 2007 to May 2009, Mr. Kellen served as Finance Director of Transoma Medical, Inc. From 2005 to October 2007, Mr. Kellen served as Corporate Controller of ev3 Inc. From March 2003 to April 2005, Mr. Kellen served as Senior Manager, Audit and Advisory Services of Deloitte & Touche, LLP. Altogether, Mr. Kellen has spent more than 25 years in the life sciences industry, focusing on publicly traded early stage and growth companies. Mr. Kellen has a Bachelor of Science degree in Business Administration from the University of South Dakota and is a Certified Public Accountant (inactive).

Todd Verdoorn, Ph.D. was appointed our Chief Scientific Officer in May 2016. From January 2016 to April 2016, Dr. Verdoorn served as our Vice President, Neuroscience. Prior to joining DiaMedica, Dr. Verdoorn served as Chief Scientist at Intuitive Quantitation, LLC, a company that provides strategic and tactical leadership for companies creating new treatments, from May 2013 to December 2016. From September 2011 to May 2013, Dr. Verdoorn served as Vice President, Neurobiology at NeuroTherapeutics Pharma, Inc., a company that develops and markets therapeutics. From January 2008 to August 2011, Dr. Verdoorn served as Chief Scientist for Orasi Medical, Inc., a medical device company. From June 2007 to January 2008, Dr. Verdoorn served as Chief Scientific Officer for Smart Bioscience SAS, a company that discovers and develops small-molecule therapeutics. Prior to joining Smart Bioscience, Dr. Verdoorn served as Chief Scientific Officer at Algos Preclinical Services, Inc., a research and consulting company, from January 2003 to June 2007. Dr. Verdoorn has more than 26 years of experience working with both public and private companies to develop new treatments for neurological diseases, including five years working with Bristol-Myers Squibb's stroke group. Dr. Verdoorn has a Bachelor of Arts degree in Chemistry from Central College and he earned his Ph.D. in Neurobiology from the University of North Carolina, conducting his post-doctoral research at the Max Planck Institute with Nobel Laureate Dr. Bert Sakmann and served as Associate Professor of Pharmacology at Vanderbilt University School of Medicine.

Harry Alcorn Jr. Pharm.D. was appointed our Vice President of Medical Affairs in August 2018. Prior to joining DiaMedica, Dr. Alcorn served as Chief Scientific Officer at DaVita Clinical Research ("DCR"), a company that provides clinical research services for Pharmaceutical and Biotech companies, from October 1997 to June 2018. While at DCR, Dr. Alcorn was responsible for clinical research operations, including the formation and management of the early clinical and late phase research services. Dr. Alcorn also founded the U.S. Renal Network, the first network of Phase 1 renal research sites in the United States. Dr. Alcorn developed DCR's site management organization for clinical trials. Dr. Alcorn also served as an Executive Director, a Pharmacist and an Investigator at DCR. During this time, from Jan 2013 to December 2014, he also served on the Board of Directors for the Association of Clinical Pharmacology Units, an association of Phase I clinical trial sites. Dr. Alcorn has over 30 years of clinical research experience working with Biotech and Pharmaceutical companies, both public and private, in conducting research in renal, hepatic and cardiovascular disease. Dr. Alcorn has written and consulted on the development of several protocols and has served as Principal Investigator or Sub Investigator in numerous studies and, for several of these studies, presented study design and results to the FDA. Currently he holds clinical faculty appointments with the University of Minnesota, Creighton University, University of Nebraska Medical Center, Virginia Commonwealth and the University of Colorado, Denver. Dr. Alcorn graduated from Creighton University with a Bachelor of Pharmacy and went on to earn his Doctor of Pharmacy degree from University of Nebraska Medical Center.

Non-Employee Directors

Richard Pilnik has served as a member of our board of directors since May 2009. Mr. Pilnik serves as our Chairman of the Board. Mr. Pilnik has served as the President and member of the board of directors of Vigor Medical Services, Inc., a medical device company, since May 2017. From December 2015 to November 2017, Mr. Pilnik served as a member of the board of directors of Chiltern International Limited, a private leading mid-tier Clinical Research Organization, and was Chairman of the Board from April 2016 to November 2017. Mr. Pilnik has a 30-year career in healthcare at Eli Lilly and Company, a pharmaceutical company, and Quintiles Transnational Corp., a global pioneer in pharmaceutical services. From April 2009 to June 2014, Mr. Pilnik served as Executive Vice President and President of Quintiles Commercial Solutions, an outsourcing business to over 70 pharma and biotech companies. Prior to that, he spent 25 years at Eli Lilly and Company where he held several leadership positions, most recently as Group Vice President and Chief Marketing Officer from May 2006 to July 2008. Mr. Pilnik was directly responsible for commercial strategy, market research, new product planning and the medical marketing interaction. From December 2000 to May 2006, Mr. Pilnik served as President of Eli Lilly Europe, Middle East and Africa and the Commonwealth of Independent States, a regional organization of former Soviet Republics, and oversaw 50 countries and positioned Eli Lilly as the fastest growing pharmaceutical company in the region. Mr. Pilnik also held several marketing and sales management positions in the United States, Europe and Latin America. Mr. Pilnik currently serves on the board of directors of Vigor Medical Systems, Inc., NuSirt, an early-stage biopharma, and the Duke University Fuqua School of Business. Mr. Pilnik previously served on the board of directors of Elan Pharmaceuticals, Chiltern International, the largest mid-size Clinical Research Organization, and Certara, L.P., a private biotech company focused on drug development modeling and biosimulation. Mr. Pilnik holds a Bachelor of Arts in Economics from Duke University and an MBA from the Kellogg School of Management at Northwestern University.

We believe that Mr. Pilnik's deep experience in the industry and his history and knowledge of our company enable him to make valuable contributions to our Board of Directors.

Michael Giuffre, M.D. has served as a member of our Board of Directors since August 2010. Since July 2009, Dr. Giuffre has served as a Clinical Professor of Cardiac Sciences and Pediatrics at the University of Calgary and has had an extensive portfolio of clinical practice, cardiovascular research and university teaching. Dr. Giuffre is actively involved in health care delivery, medical leadership and in the biotechnology business sector. Since 2012, Dr. Giuffre has served as the Chief Scientific Officer and a member of the board of directors of FoodChek Systems Inc. and in November 2017, he became Chairman of the Board. Dr. Giuffre also serves as President of FoodChek Laboratories Inc. Dr. Giuffre previously served on the board of directors of the Canadian Medical Association (CMA), Unicef Canada, the Alberta Medical Association (AMA), Can-Cal Resources Ltd, Vacci-Test Corporation, IC2E International Inc. and MedMira Inc. Dr. Giuffre has received a Certified and Registered Appointment and a Distinguished Fellow appointment by the American Academy of Cardiology (FACC). In 2005, he was awarded Physician of the Year by the Calgary Medical Society and in 2017 was "Mentor of the Year" for the Royal College of Physicians and Surgeons of Canada. Dr. Giuffre was also a former President of the AMA and the Calgary and Area Physicians Association and also a past representative to the board of the Calgary Health Region. Dr. Giuffre holds a Bachelor of Science in cellular and microbial biology, a Ph.D. candidacy in molecular virology, an M.D. and an M.B.A. He is Canadian Royal College board certified in specialties that include Pediatrics and Pediatric Cardiology and has a subspecialty in Pediatric Cardiac Electrophysiology. Dr. Giuffre is a member of the board of directors of Avenue Living, a private real estate company in Calgary, Alberta, Canada and its affiliates, Avondale Real Estate Capital Ltd. and AgriSelect Land Capital, Ltd., both private real estate companies in Calgary, Alberta Canada. Dr. Giuffre is a resident of Canada.

We believe that Dr. Giuffre's medical experience, including as a practicing physician and professor, enable him to make valuable contributions to our Board of Directors.

James Parsons has served as a member of our Board of Directors since October 2015. Previously, Mr. Parsons served as our Vice President of Finance from October 2010 until May 2014. Since August 2011, Mr. Parsons has served as Chief Financial Officer and Corporate Secretary of Trillium Therapeutics Inc., a Nasdaq-listed immuno-oncology company. Mr. Parsons serves as a member of the board of directors and audit committee chair of Sernova Corp., which is listed on the TSX Venture Exchange. Mr. Parsons has been a Chief Financial Officer in the life sciences industry since 2000 with experience in therapeutics, diagnostics and devices. Mr. Parsons has a Master of Accounting degree from the University of Waterloo and is a Chartered Professional Accountant and Chartered Accountant. Mr. Parsons is a resident of Canada.

We believe that Mr. Parsons' financial experience, including his history and knowledge of our company, enable him to make valuable contributions to our Board of Directors.

Zhenyu Xiao, Ph.D. has served as a member of our Board of Directors since November 2016. Dr. Xiao was elected to our Board of Directors in connection with the equity investment by Hermeda Industrial Co., Limited and is its designee to the Board of Directors under an investment agreement which is described in more detail under "Item 7. Certain Relationships and Related Transactions, and Director Independence." Dr. Xiao has been the Chief Executive Officer of Hermed Equity Investment Management (Shanghai) Co., Ltd., a private equity fund. From June 2008 to November 2014, Dr. Xiao was the Associate General Manager of Shanghai Fosun Pharmaceutical Group Co Ltd., a pharmaceutical manufacturing company, where he was the deputy chief of the IPO team for the Fosun Pharma Listing in Hong Kong Exchange and the deputy director of Fosun Pharmaceutical Technological Center in charge of evaluating new technology and R&D and investment. Dr. Xiao has a Ph.D. degree in Pharmacology and conducted his postdoctoral research at University of Rochester (NY), co-founding a pharmaceutical company with Dr. Paul Okunieff and winning Small Business Technology Transfer support, a U.S. Small Business Administration program to facilitate joint venture opportunities between small businesses and non-profit research institutions.

We believe that Dr. Xiao's experience in the industry, including as an investor, enable him to make valuable contributions to our Board of Directors.

ITEM 6. EXECUTIVE COMPENSATION.

Executive Compensation Overview

The Compensation Committee of our Board of Directors administers our executive compensation programs on behalf of our Board of Directors. The Compensation Committee has a charter that will be reviewed and updated annually, or as may be warranted from time to time. The current members of the Compensation Committee are Michael Giuffre, M.D. (Chair), James Parsons and Richard Pilnik.

This section addresses the compensation of our President and Chief Executive Officer and the only other executive officer of the Company as of December 31, 2017:

- Rick Pauls, our President and Chief Executive Officer; and
- Todd Verdoorn, Ph.D., our Chief Scientific Officer.

The above executive officers are collectively referred to as the named executive officers.

The elements of the compensation program for our named executive officers include:

- base salary;
- long-term equity-based incentive compensation;
- annual incentive compensation; and
- other compensation, including certain health, welfare and retirement benefits and, when determined necessary, limited perquisites.

The named executive officers also have termination and change in control benefits in their respective employment agreements.

When reading this Executive Compensation Overview, please note that we are an emerging growth company under the JOBS Act and are not required to provide a "Compensation Discussion and Analysis" of the type required by Item 402 of Regulation S-K. This Executive Compensation Overview is intended to supplement the SEC-required disclosure, which is included below this section, and it is not a Compensation Discussion and Analysis.

Base Salary

We provide a base salary for our named executive officers, which, unlike some of the other elements of our executive compensation program, is not subject to company or individual performance risk. We recognize the need for most executives to receive at least a portion of their total compensation in the form of a guaranteed base salary that is paid in cash regularly throughout the year. The base salaries set for our named executive officers are intended to provide a steady income regardless of share price performance, allowing executives to focus on both near-term and long-term goals and objectives without undue reliance on short term share price performance or market fluctuations.

We initially fix base salaries for our executives at a level that we believe enables us to hire and retain them in a competitive environment and to reward satisfactory individual performance and a satisfactory level of contribution to our overall business objectives. The Compensation Committee reviews and approves any increases in base salaries for our named executive officers.

The Compensation Committee has the authority to engage the services of outside experts and advisors as it deems necessary or appropriate to carry out its duties and responsibilities, and prior to doing so, assesses the independence of such experts and advisors from management.

Our Chief Executive Officer assists the Compensation Committee in gathering compensation related data regarding our executive officers and making recommendations to the Compensation Committee regarding the form and amount of compensation to be paid to each executive officer. In addition, the Compensation Committee has retained 21-Group, a compensation consultant, to assist in the design and review of certain aspects of our executive compensation program. The 21-Group does not provide any services to our company other than those for which it has been retained by the Compensation Committee. The Compensation Committee has assessed the independence of the 21-Group pursuant to Securities and Exchange Commission and Nasdaq rules and has concluded that the work of the 21-Group does not raise any conflicts of interest.

In making final decisions regarding compensation to be paid to our executive officers, the Compensation Committee considers the recommendations of our Chief Executive Officer, the data compiled and recommendations of the 21-Group, as well as its own views as to the form and amount of compensation to be paid, the general performance of our company and the individual officers, the performance of our common share price and other factors that may be relevant. Final deliberations and decisions by the Compensation Committee regarding the form and amount of compensation to be paid to our executive officers, including our Chief Executive Officer, are made by the Compensation Committee, without the presence of the Chief Executive Officer or any other executive officer of our company.

Annualized base salary rates for each of our named executive officers for fiscal 2017 and the current fiscal 2018 are as follows:

Name	Fiscal 2017	Fiscal 2018	% Change From Fiscal 2017
Rick Pauls	$ 280,000	$ 345,000	23
Todd Verdoorn	200,000	240,000	20

Long-Term Equity-Based Incentive Compensation

The long-term equity-based incentive compensation component consists of stock options granted under the DiaMedica Therapeutics Inc. Stock Option Plan, or Stock Option Plan, which generally vest quarterly over a three-year period and deferred share units, or DSUs, granted under the DiaMedica Therapeutics Inc. Deferred Share Unit Plan, or DSU Plan. These plans are designed to give each option and DSU holder an interest in preserving and maximizing shareholder value in the long term, to enable us to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance. Long-term equity-based incentives are intended to comprise a significant portion of each executive's compensation package, consistent with our executive compensation objective to align the interests of our executives with the interests of our shareholders.

The Compensation Committee uses stock options as a portion of the long-term equity based incentive compensation component since the Compensation Committee believes that options effectively incentivize executives to maximize company performance, as the value of awards is directly tied to an appreciation in the value of our common shares. Stock options also provide an effective retention mechanism because of vesting provisions. An important objective of our long-term equity-based incentive program is to strengthen the relationship between the long-term value of our common shares and the potential financial gain for our executives. Stock options provide recipients with the opportunity to purchase our common shares at a price fixed on the grant date regardless of future market price. Because stock options become valuable only if the share price increases above the exercise price and the option holder remains employed during the period required for the option to vest, they provide an incentive for an executive to remain employed. In addition, stock options link a portion of an executive's compensation to the interests of our shareholders by providing an incentive to achieve corporate goals and increase the market price of our common shares over the vesting period.

The Compensation Committee previously used DSUs as a portion of the long-term equity-based incentive compensation component in order to provide an alternative form of compensation to satisfy annual and special bonuses payable to our executive officers. The DSU Plan provided that the Board of Directors may, from time to time, issue DSUs to our executive officers at the time of declaring or awarding any bonuses. The number of DSUs granted was determined by dividing the applicable bonus amount by the fair market value of our common shares as of the last trading day before the award date as calculated. No DSUs were granted during 2018 or 2017.

The table below sets forth the stock options that we granted to our named executive officers in 2017 and to date in 2018:

Name	Grant Date	Number of Shares Underlying Options	Exercise Price CAD$
Rick Pauls	06/19/17	850,000	0.32
	04/17/18	670,000	0.56
Todd Verdoorn	06/19/17	500,000	0.32
	04/17/18	435,500	0.56

Annual Incentive Compensation

In addition to base salary and long-term equity based incentive compensation, we provide our named executive officers the opportunity to earn annual incentive compensation based on the achievement of certain company and individual related performance goals. Our annual bonus program directly aligns the interests of our executive officers and shareholders by providing an incentive for the achievement of key corporate and individual performance measures that are critical to the success of our company and linking a significant portion of each executive's annual compensation to the achievement of such measures.

All Other Compensation

It is generally our policy not to extend significant perquisites to our executives that are not available to our employees generally. Our executives receive benefits that are also received by our other employees, including participation in the DiaMedica USA, Inc. 401(k) Plan and health, dental, disability and life insurance benefits.

Employment Agreements

We expect to enter into an employment agreement with each of our executive officers prior to the effective date of this registration statement. These executive employment agreements will provide for an annual base salary, which will be subject to periodic reviews, incentive compensation, and equity-based compensation. The employment agreement also will contain severance protection as described in more detail below and standard confidentiality, non-competition, non-solicitation and assignment of intellectual property provisions.

Change in Control and Post-Termination Severance Arrangements

Change in Control Arrangements

To encourage continuity, stability and retention when considering the potential disruptive impact of an actual or potential corporate transaction, we have established change in control arrangements, including provisions in our Stock Option Plan and written employment agreements that we intend to enter into with our executives. These arrangements are designed to incentivize our executives to remain with our company in the event of a change in control or potential change in control.

Under the terms of the employment agreements that we intend to enter into with our executives and consistent with the terms of their offer letters, in the event of a voluntary resignation by the executive or a termination by the Company without cause of the employment of Mr. Pauls or Mr. Verdoorn within 60 days of a change in control, the executive will be entitled to receive 18 months of base pay plus applicable bonus in the case of Mr. Pauls and nine months of base salary in the event of Mr. Verdoorn. In addition, their stock options granted under the Stock Option Plan will immediately accelerate in full under such termination.

We believe these change in control arrangements are an important part of our executive compensation program in part because they mitigate some of the risk for executives working in a smaller company where there is a meaningful risk that the company may be acquired. Change in control benefits are intended to attract and retain qualified executives who, absent these arrangements and in anticipation of a possible change in control of our company, might consider seeking employment alternatives to be less risky than remaining with our company through the transaction. We believe that the form and amount of these change in control benefits are fair and reasonable to both our company and our executives. The Compensation Committee intends to review our change in control arrangements periodically to ensure that they remain necessary and appropriate.

Other Severance Arrangements

Under the terms of the executive employment agreement that we intend to enter into with our executives and consistent with the terms of their offer letters, in the event of a termination by the Company without cause of the employment of Mr. Pauls or Mr. Verdoorn, the executive will be entitled to receive 12 months of base pay plus applicable bonus in the case of Mr. Pauls and six months of base salary in the event of Mr. Verdoorn. In addition, Mr. Pauls's stock options granted under the Stock Option Plan will continue to vest for six months and vested options will remain exercisable for six months from the date of termination. We believe that the form and amount of these severance benefits are fair and reasonable to both our company and our executives. The Compensation Committee intends to review our severance arrangements periodically to ensure that they remain necessary and appropriate.

Indemnification Agreements

We intend to enter into indemnification agreements with all of our executive officers. The indemnification agreements are governed exclusively by and construed according to the substantive laws of the Canada, without regard to conflicts-of-laws principles that would require the application of any other law, and provide, among other things, for indemnification, to the fullest extent permitted by law and our by-laws, against any and all expenses (including attorneys' fees) and liabilities, judgments, fines and amounts paid in settlement that are paid or incurred by the executive or on his or her behalf in connection with such action, suit or proceeding. We will be obligated to pay these amounts only if the executive acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of our company and, in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful. The indemnification agreements provide that the executive will not be indemnified and expenses advanced with respect to an action, suit or proceeding initiated by the executive unless (i) so authorized or consented to by our Board of Directors or the company has joined in such action, suit or proceeding or (ii) the action, suit or proceeding is one to enforce the executive's rights under the indemnification agreement. Our indemnification and expense advance obligations are subject to the condition that an appropriate person or body not party to the particular action, suit or proceeding shall not have determined that the executive is not permitted to be indemnified under applicable law. The indemnification agreements also set forth procedures that apply in the event an executive requests indemnification or an expense advance.

Summary Compensation Table

The table below provides summary information concerning all compensation awarded to, earned by or paid to our named executive officers during our 2017 and 2016 fiscal years. We did not have any officers during the year ended December 31, 2017, other than Rick Pauls and Todd Verdoorn, Ph.D.

Name and Principal Position	Year	Salary	Bonus	Option Awards[3]	All Other Compensation[4]	Total
Rick Pauls[1]	2017	$ 280,000	$ 36,667	$ 167,738	$ 17,550	$ 501,956
President and Chief Executive Officer	2016	276,250	—	100,196	11,400	387,846
Todd Verdoorn, Ph.D.[2]	2017	200,000	40,000	98,670	7,200	345,870
Chief Scientific Officer	2016	164,792	—	58,939	4,250	227,981

(1) Mr. Pauls is also a director of the company and did not receive any compensation related to his role as a director.

(2) Dr. Verdoorn became a consultant to the company and was appointed as our Vice President of Neuroscience on January 20, 2016 and became an employee of the company and was promoted to Chief Scientific Officer on May 9, 2016. The portion of his 2016 salary for the period during which he served as a consultant was paid in the form of consulting fees.

(3) Amounts reflect the full grant-date fair value of stock options granted during the applicable year computed in accordance with Accounting Standards Codification (ASC) Topic 718, rather than the amounts paid to or realized by the named individual. The grant date fair value is determined based on our Black-Scholes option pricing model. The table below sets forth the specific assumptions used in the valuation of each such option award:

Grant Date	Grant Date Fair Value Per Share ($)	Risk Free Interest Rate	Expected Life	Expected Volatility	Expected Dividend Yield
06/19/2017	$ 0.248	0.98%	4.4 years	119.0%	—
11/28/2016	0.158	1.01%	5.5 years	112.5%	—

There can be no assurance that unvested awards will vest (and, absent vesting and exercise, no value will be realized by the executive for the award).

(4) The amounts shown in the "All Other Compensation" column for fiscal 2017 include the following with respect to each named executive officer:

Name	401(k) Match	Health Savings Account Contribution	Total
Rick Pauls	$ 10,800	$ 6,750	$ 17,550
Todd Verdoorn, Ph.D.	7,200	—	7,200

Outstanding Equity Awards at Fiscal Year-End

The following table presents for each named executive officer information regarding outstanding equity awards held as of December 31, 2017.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price CAD($)	Option Expiration Date(2)	Number of Shares or Units of Stock That Have Not Vested(3)	Market Value of Shares or Units of Stock That Have Not Vested(4) ($)
Rick Pauls						
Stock Options	200,000	—	1.15	10/06/2021		
	200,000	—	1.70	02/15/2022		
	200,000	—	1.07	06/25/2023		
	900,000	450,000	0.15	12/01/2025		
	283,333	566,667	0.26	11/28/2026		
	141,667	708,333	0.32	06/19/2027		
DSUs					34,985	$ 8,069
Todd Verdoorn, Ph.D.						
Stock Options	96,000	48,0000	0.15	12/01/2025	—	—
	166,667	333,333	0.26	11/28/2026		
	83,333	416,667	0.32	06/19/2027		

(1) All stock options vest in 12 equal quarterly installments over three years.

(2) All stock options have a 10-year term, but may terminate earlier if the recipient's employment or service relationship with our company terminates.

(3) All DSU awards vest when the recipient's employment or service relationship with our company terminates.

(4) The market value of DSU awards that have not vested as of December 31, 2017 is based on the closing sale price of our common shares as reported by the TSX Venture Exchange on the last trading day of our fiscal year, December 29, 2017 (CAD$ to US$ fixed rate $0.7953).

Director Compensation

The table below provides summary information concerning the compensation of each individual who served as a director of our company during the fiscal year ended December 31, 2017, other than Rick Pauls, our President and Chief Executive Officer, who was not compensated separately for serving on the Board of Directors during fiscal 2017. His compensation during fiscal 2017 for serving as an executive officer of our company is set forth under "—Summary Compensation Table."

Name	Fees Earned or Paid in Cash ($)	Option Awards[(1)] ($)	Stock Awards ($)	All Other Compensation ($)	Total ($)
Michael Giuffre, M.D.	15,906	19,723	—	—	35,629
James Parsons	15,906	19,723	—	—	35,629
Richard Pilnik	31,812	19,723	—	—	51,535
Zhenyu Xiao	15,906	19,723	—	—	35,629

(1) On June 19, 2017, each non-employee director received a stock option to purchase a 100,000 common shares at an exercise price of CAD$0.32 per share granted under our Stock Option Plan. Such option expires on June 19, 2027 and vests in 12 equal quarterly installments over three years. The amounts reflected represent the grant date fair value for option awards granted to each non-employee director computed in accordance with FASB ASC Topic 718.

We use a combination of retainer fees and long-term equity-based incentive compensation in the form of stock option grants to attract and retain qualified candidates to serve on the Board of Directors. For fiscal 2017, each of our non-employee directors received annual retainers and meeting fees. Each non-employee director received a $13,918 annual retainer and the Chair of our Audit Committee and Compensation Committee received an additional $1,988 annual retainer. The Chairman of the Board received an additional $15,906. The annual retainers were accrued and unpaid as of December 31, 2017. All of our directors are reimbursed for travel expenses for attending meetings and other miscellaneous out-of-pocket expenses incurred in performing their Board functions.

For the reasons noted above, long-term equity based incentive compensation is a significant component of how we compensate directors. Directors generally receive annual grants with a fair market value equivalent to their cash compensation. These grants vest in 12 equal quarterly installments over three years and expire on the tenth anniversary of the grant date.

We intend to enter into indemnification agreements with all of our directors, which will be nearly identical to the indemnification agreements with our executive officers as described under "—Executive Compensation Overview—Indemnification Agreements."

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Related Person Relationships and Transactions

Other than as set describe below or under Item 6 "Executive Compensation," we have not identified any transactions since January 1, 2016 to which we have been a party, in which the amount involved exceeded or will exceed the lesser of $120,000 or 1% of the average of our total assets at year end for the last two fiscal years, and in which any of our executive officers, directors or holders of more than 5% of our common shares, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest.

Participation in Private Placement

On March 29, 2018, we completed, in two tranches, a brokered and non-brokered private placement of 26,489,284 units at a price of $0.245 per unit for aggregate gross proceeds of approximately $6.3 million. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 at any time prior to expiration on March 19, 2020 and March 29, 2020 for tranche 1 and tranche 2, respectively.

Rick Pauls, our President and Chief Executive Officer and a member of our Board of Directors, Scott Kellen, our Chief Financial Officer, and Michael Giuffre, M.D., a member of our Board of Directors, each participated in the offering on the same terms and conditions as other investors, as set forth in the table below:

Name	Purchase Price	Number of Common Shares	Number of Common Shares Underlying Warrants
Rick Pauls	$ 20,090	82,000	41,000
Scott Kellen	10,000	40,800	224,490
Michael Giuffre, M.D.	110,000	448,980	20,400
Total	$ 140,090	571,780	285,890

Relationship with Hermeda Industrial Co., Limited

We and Hermeda Industrial Co., Limited ("Hermeda") are parties to an investment agreement, which includes terms relating to the composition of our Board of Directors. Under director nomination provisions of this agreement, Hermeda has the right to designate a representative to be nominated to our Board of Directors for so long as Hermeda beneficially owns at least 10% of our outstanding common shares on a non-diluted basis, and we agreed to use our reasonable best efforts to cause the Hermeda designee to be elected. As of August 20, 2018, Hermeda beneficially owned 12.8% of our outstanding common shares. Zhenyu Xiao, Ph.D., one of our directors, is the Managing Director of Hermeda and is the current designee of Hermeda under the investment agreement. In the event Hermeda has no representative on our Board of Directors and beneficially owns at least 10% of our outstanding common shares, on a non-diluted basis, and provides notice to us of its representative, we shall take such steps that are necessary for our Board of Directors to appoint the representative as a member of our Board of Directors.

To induce Hermeda to enter into the investment agreement, two members of our Board of Directors, Rick Pauls and Michael Giuffre, M.D., and certain of their related parties entered into voting agreements with DiaMedica pursuant to which these individuals agreed to vote their DiaMedica common shares in favor of the Hermeda designee to the Board of Directors at the then next annual general meeting of shareholders.

Director Independence

Following the effectiveness of this registration statement, our common shares will be listed on the Nasdaq Capital Market. Our Board of Directors has determined that all of our directors, other than Mr. Pauls, our President and Chief Executive Officer, are "independent directors" within the meaning of the rules of the Nasdaq Stock Market. Each member of our Audit Committee and Compensation Committee is an independent director within the meaning of the rules of the Nasdaq Stock Market and meets the standards for independence required by U.S. securities law requirements applicable to public companies, including Rule 10A-3 of the Exchange Act with respect to Audit Committee members and Rule 10C-1 under the Exchange Act, with respect to Compensation Committee members. In addition, each member of the Nominating and Corporate Governance Committee is also an independent director.

ITEM 8. LEGAL PROCEEDINGS.

From time to time, we may be subject to various ongoing or threatened legal actions and proceedings, including those that arise in the ordinary course of business, which may include employment matters and breach of contract disputes. Such matters are subject to many uncertainties and to outcomes that are not predictable with assurance and that may not be known for extended periods of time. In the opinion of management, the outcome of such routine ongoing litigation is not expected to have a material adverse effect on our results of operations or financial condition.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Market Information

Our common shares currently trade in Canada on the TSX Venture Exchange under the trading symbol "DMA" and in the U.S. on the OTCQB Market under the trading symbol "DMCAF." We have applied to list our common shares on Nasdaq under the trading symbol "DMAC." The following table sets for the quarterly high and low market closing prices of our common shares on the TSX Venture Exchange and the OTCQB for the fiscal quarter indicated. We have converted the trading prices on the TSX Venture Exchange to U.S. dollars using the exchange rate on the date of the corresponding high or low sales price. In quarters in which the high or low sales price occurred on multiple dates the exchange rate for the latest occurrence is used for purposes of converting the U.S. dollar amount.

	TSX Venture Exchange				OTCQB	
	High (CAD$)	High (US$)	Low (CAD$)	Low (US$)	High (US$)	Low (US$)
Fiscal 2018						
Third Quarter (through August 23, 2018)	$ 0.90	$ 0.69	$ 0.84	$ 0.64	$ 0.69	$ 0.63
Second Quarter	0.82	0.64	0.75	0.59	0.62	0.27
First Quarter	.046	0.36	0.44	0.35	0.36	0.19
Fiscal 2017						
Fourth Quarter	$ 0.43	$ 0.33	$ 0.41	$ 0.32	$ 0.35	$ 0.23
Third Quarter	0.42	0.32	0.39	0.30	0.34	0.18
Second Quarter	0.40	0.30	0.37	0.28	0.29	0.19
First Quarter	0.30	0.23	0.27	0.20	0.21	0.113
Fiscal 2016						
Fourth Quarter	$ 0.24	$ 0.18	$ 0.24	$ 0.18	$ 0.20	$ 0.11
Third Quarter	0.35	0.26	0.32	0.24	0.26	0.18
Second Quarter	0.33	0.25	0.30	0.23	0.25	0.11
First Quarter	0.25	0.18	0.22	0.16	0.14	0.10

Nasdaq Stock Market Information

Upon the effectiveness of this registration statement, we intend to list our common shares on the Nasdaq Capital Market under the symbol "DMAC".

Transfer Agent and Registrar

The transfer agent and registrar for our common shares is Computershare Trust Company.

Number of Record Holders

As of August 23, 2018, there were 65 record holders of our common shares. This does not include shares held in "street name" or beneficially owned.

Dividends

We do not currently expect to declare or pay dividends on our common shares for the foreseeable future. While there are no restrictions in our articles of continuance or elsewhere which would prevent us paying dividend, the Board of Directors intends to reinvest all available funds in the Company's operations.

Securities Authorized for Issuance Upon the Exercise of Options and Warrants

As of August 15, 2018, there were outstanding options to purchase 12,549,689 of our common shares at a weighted average exercise price of CAD$0.39 per share warrants to purchase 16,628,865 of our common shares at a weighted average exercise price of $0.34 per share.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes outstanding options and other awards under our equity compensation plans as of August 15, 2018. Our equity compensation plans as of August 15, 2018 were the DiaMedica Therapeutics Inc. Stock Option Plan and the DiaMedica Therapeutics Inc. Deferred Share Unit Plan. All outstanding awards relate to our common shares.

	(a)	(b)	(c)
Plan category	**Number of Securities to be Issued Upon Exercise of Outstanding Options Warrants or Rights**	**Weighted-Average Exercise Price of Outstanding Options, Warrants or Rights CAD($)**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))**
Equity compensation plans approved by security holders	**12,549,689(1)**	**0.39(2)**	**3,123,663(3)**
Equity compensation plans not approved by security holders	—	—	—
Total	**12,549,689(1)**	**0.39(2)**	**3,123,663(3)**

(1) Amount includes common shares issuable upon exercise of stock options granted under the DiaMedica Therapeutics Inc. Stock Option Plan and common shares issuable upon the vesting of deferred share units granted under the DiaMedica Therapeutics Inc. Deferred Share Unit Plan.

(2) Excludes common shares under the DiaMedica Therapeutics Inc. Deferred Share Unit Plan.

(3) Amount includes 2,699,987 common shares remaining available for future issuance under the DiaMedica Therapeutics Inc. Stock Option Plan and 423,676 common shares remaining available for future issuance under the DiaMedica Therapeutics Inc. Deferred Share Unit Plan.

Equity Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all common shares subject to outstanding stock options and shares of common stock issued or issuable under our stock plans. We expect to file the registration statement covering shares offered pursuant to our stock plans on or shortly after the effective date of this registration statement, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market, subject to compliance with the resale provisions of Rule 144.

Common Shares Not Registered Under the Securities Act

Our common shares, including our common shares underlying outstanding options and warrants, have not been registered under the Securities Act. Common shares which are not "restricted securities" under the Securities Act and are held by a shareholder that is not an affiliate of DiaMedica at the time of sale and has not been an affiliate of DiaMedica at any time during the three months preceding a sale, may be freely resold.

Rule 144

Common shares which are "restricted securities" and are held by a shareholder that is not an affiliate of DiaMedica at the time of sale and has not been an affiliate of DiaMedica at any time during the three months preceding a sale, and who has beneficially owned the shares for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our common shares for at least one year, such person can resell such shares under Rule 144(b)(1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Common shares held by a shareholder that is an affiliate of DiaMedica or has been an affiliate of DiaMedica at any time during the three months prior to the date of sale may only be sold under Rule 144 of the Securities Act beginning 90 days after the effectiveness of this registration statement, and subject to all other requirements of Rule 144. In general, under Rule 144, an affiliate would be entitled to sell in a "broker's transaction" or certain "riskless principal transactions" or to market makers, a number of common shares within any three-month period that does not exceed the greater of: (i) 1% of the number of our common shares then outstanding; or (ii) the average weekly trading volume of our common shares on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale. Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of $50,000, the seller must file a notice on Form 144 with the SEC and Nasdaq concurrently with either the placing of a sale order with the broker or the execution directly with a market maker. Persons who may be deemed to be our affiliates generally include individuals or entities that control, or are controlled by, or are under common control with, us and may include our directors and officers, as well as our significant shareholders.

Rule 701

Under Rule 701, common shares acquired upon the exercise of currently outstanding options or pursuant to other rights granted under our compensatory plans may be resold by:

- persons other than affiliates, beginning 90 days after the effective date of this registration statement, subject only to the manner-of-sale provisions of Rule 144; and

- our affiliates, beginning 90 days after the effective date of this registration statement, subject to the manner-of-sale and volume limitations, current public information and filing requirements of Rule 144, in each case, without compliance with the six-month holding period requirement of Rule 144.

Registration Rights

We have not agreed to register for sale under the Securities Act any common shares, including common shares issuable upon the exercise of any options or warrants, that we issued without registration under the Securities Act.

Canadian Resale Restrictions

As long as we continue to be considered a "reporting issuer" under applicable Canadian securities law, the sale of any of our common shares which constitutes a "control distribution" under applicable Canadian securities laws (generally a sale by a person or a group of persons holding 20% or more of our outstanding voting securities) must be qualified by a prospectus filed with Canadian securities regulatory authorities or, in the alternative, made in reliance on an applicable prospectus exemption. The sale of common shares pursuant to the use of a prospectus exemption will generally result in the sold common shares being subject to a four month hold period.

Other Canadian Laws Affecting U.S. Shareholders

There are no governmental laws, decrees or regulations in Canada relating to restrictions on the export or import of capital, or affecting the remittance of interest, dividends or other payments by us to non-residents of Canada. Dividends paid by the Company to residents of the United States of America within the meaning of the Canada-United States Tax Convention (1980) (the "Treaty") are subject to a 15% withholding tax on the gross amount of the dividends (or a 5% withholding tax if the beneficial shareholder is a company which owns at least 10% of the outstanding voting common shares of the Company) pursuant to Article X of the Treaty. Dividends paid by the Company to other non-residents of Canada are subject to a 25% withholding tax on the amount of the dividends, unless reduced by an applicable tax treaty.

There are no limitations specific to the rights of non-residents of Canada to hold or vote our common shares under the laws of Canada, or in our articles of continuance or by-laws, other than those imposed by the Investment Canada Act (Canada) as discussed below.

Non-Canadian investors who acquire a controlling interest in us may be subject to the Investment Canada Act (Canada), which governs the basis on which non-Canadians may invest in Canadian businesses. Under the Investment Canada Act (Canada), the acquisition of a majority of the voting interests of an entity (or of a majority of the undivided ownership interests in the voting common shares of an entity that is a corporation) is deemed to be an acquisition of control of that entity. The acquisition of less than a majority but one-third or more of the voting common shares of a corporation (or of an equivalent undivided ownership interest in the voting common shares of the corporation) is presumed to be acquisition of control of that corporation unless it can be established that, on the acquisition, the corporation is not controlled in fact by the acquirer through the ownership of the voting common shares. The acquisition of less than one-third of the voting common shares of a corporation (or of an equivalent undivided ownership interest in the voting common shares of the corporation) is deemed not to be acquisition of control of that corporation.

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES.

During the period beginning on January 1, 2018 through August 20, 2018, we granted to certain of our employees, directors and consultants 3,936,000 stock options and no DSUs. During the year ended December 31, 2017, we granted to certain of our employees, directors and consultants 2,552,689 stock options and no DSUs. During the year ended December 31, 2016, we granted to certain of our employees, directors and consultants 2,775,000 stock options and 375,000 DSUs. During the year ended December 31, 2015, we granted to certain of our employees, directors and consultants 4,404,000 stock options and no DSUs. These securities were issued under our equity incentive plans without registration under the Securities Act in reliance on the exemptions afforded by Section 4(a)(2) of the Securities Act and Rule 701 promulgated thereunder.

Set forth below is information regarding additional securities issued by us within the past three years that were not registered under the Securities Act. The offers, sales and issuances of the securities described below were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) (or Regulation D promulgated thereunder), in that the issuance of securities to the accredited investors did not involve a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited investor under Rule 501 of Regulation D. No underwriters were involved in these transactions.

1. On March 29, 2018, we completed, in two tranches, a brokered and non-brokered private placement of 26,489,284 units at a price of $0.245 per unit for aggregate gross proceeds of approximately $6.3 million. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 at any time prior to expiration on March 19, 2020 and March 29, 2020 for tranche 1 and tranche 2, respectively. The warrants are subject to early expiration under certain conditions.

   In connection with the offering, we paid an aggregate cash fee of approximately $384,000 to brokers and finders and issued an aggregate of approximately 1.6 million compensation options. Each compensation option entitles the holder to purchase one common share at $0.245, the offering price, for a period of two years from the closing of the offering, subject to acceleration on the same terms as the warrants issued to the investors.

2. On December 18, 2017, we completed a non-brokered private placement of 3,624,408 units at a price of $0.26 per unit for aggregate gross proceeds of approximately $944,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 at any time prior to expiration on December 19, 2019, subject to early expiration under certain conditions.

3. On April 17, 2017, we completed a non-brokered private placement of 10,526,315 units at a price of $0.19 per unit for aggregate proceeds of approximately $2,000,000. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.23 at any time prior to expiration on April 17, 2019. The warrant expiration date can be accelerated at our option in the event that the volume-weighted average trading price of our common shares exceeds $0.30 per common share for any 10 consecutive trading days.

4. During the year ended December 31, 2017, 50,000 common shares were issued on the exercise of warrants for gross proceeds of $9,913 and 60,000 common shares were issued on the exercise of options for gross proceeds of $6,749.

5. On September 8, 2016, we completed the second tranche of a non-brokered private placement of 15,000,000 common shares at a price of $0.20 per share for aggregate gross proceeds of $3,000,000.

6. On August 22, 2016, we completed the first tranche of a non-brokered private placement of 5,000,000 common shares at a price of $0.20 per share for aggregate gross proceeds of $1,000,000.

7. On April 22, 2016, we issued 50,000 common shares for settlement of a debt to a vendor at an issue price of CAD$0.20 per common share.

8. On February 25, 2016, we completed the second tranche of a non-brokered private placement of 875,000 units at a price of $0.117 per unit for aggregate gross proceeds of approximately $101,710. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share at a price of CAD$0.25 at any time prior to expiration of two years from the closing date.

9. On February 18, 2016, we completed the first tranche of a non-brokered private placement of 3,812,500 units at a price of $0.117 per unit for aggregate gross proceeds of approximately $445,544. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share at a price of CAD$0.25 at any time prior to expiration of two years from the closing date.

10. During the year ended December 31, 2016, 25,880 common shares were issued on the redemption of deferred share units and 3,482,150 common shares were issued on the exercise of warrants for gross proceeds of $617,212.

11. On November 25, 2015, we announced the completion of a non-brokered private placement of 4,500,000 units at an issue price of $0.075 per unit for aggregate gross proceeds of $337,686. Each unit was comprised of one common share and one common share purchase warrant with each warrant entitling the holder thereof to acquire an additional common share at an exercise price of CAD$0.20 per share at any time prior to expiry on November 25, 2016.

ITEM 11. DESCRIPTION OF REGISTRANT'S SECURITIES TO BE REGISTERED.

The following description of our equity securities does not purport to be complete and is subject, and qualified in its entirety by reference to, our articles of continuance and by-laws, each as amended, and applicable corporate and securities laws.

Authorized Equity Securities

We have an authorized share capital consisting of an unlimited number of voting common shares. As of August 20, 2018, there were 156,733,515 voting common shares issued and outstanding.

Certain Rights of the Common Shares

Dividends

Holders of our voting common shares are entitled to share pro rata in such dividends as may be declared by our Board of Directors. Pursuant to the provisions of the Canada Business Corporations Act, we may not declare or pay a dividend if there are reasonable grounds for believing that (1) we are, or would after the payment be, unable to pay our liabilities as they become due or (2) the realizable value of our assets would thereby be less than the aggregate of our liabilities and stated capital of all classes. We may pay a dividend by issuing fully paid shares, or in money or property.

Liquidation, Dissolution or Winding-Up

In the event of a voluntary or involuntary liquidation, dissolution or winding up of the Company or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs, holders of voting common shares are entitled to share pro rata in our assets available for distribution after we pay our creditors.

Voting Rights and Shareholders' Meetings

Holders of our voting common shares are entitled to receive notice of and to attend and vote at all meetings of our shareholders. Each holder of our voting common shares is entitled to one vote, either in person or by proxy, on all matters submitted to shareholders.

Our Board of Directors must call an annual meeting of shareholders to be held not later than 15 months after the last preceding annual meeting of shareholders but no later than six months after the end of our preceding financial year end and may, at any time, call a special meeting of shareholders. For purposes of determining the shareholders who are entitled to receive notice of or to vote at a meeting of shareholders, the Board of Directors may, in accordance with the CBCA and National Instrument 54-101—Communications with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators, fix in advance a date as the record date for that determination of shareholders, but that record date may not be more than 60 days or less than 30 days before the date on which the meeting is to be held.

The CBCA provides that notice of the time and place of a meeting of shareholders must be sent to each shareholder entitled to vote at the meeting, each director and to our auditors, not more than 60 days and not less than 21 days prior to the meeting. Under our by-laws, the presence at a shareholder meeting, in person or represented by proxy, of at least one shareholder holding not less than 10% of the outstanding voting common shares shall constitute a quorum for the purpose of transacting business at the shareholder meeting. A shareholder may participate in a meeting by means of telephone or other communication facilities that permit all persons participating in the meeting to communicate adequately with each other during the meeting

In the case of joint shareholders, one of the holders present at a meeting may, in the absence of the other holder(s) of the shares, vote the shares. If two or more joint shareholders are present in person or by proxy, then they are to vote as one on the shares held jointly by them.

No Preemption Rights; Limited Restrictions on Directors' Authority to Issue Common Shares

Existing holders of our voting common shares have no rights of preemption or first refusal under our articles of continuance, by-laws or the CBCA with respect to future issuances of our voting common shares. The voting common shares do not have conversion rights, are not subject to redemption and do not have the benefit of any sinking fund provisions. Subject to the rules and policies of The Nasdaq Stock Market and the TSX Venture Exchange and applicable corporate and securities laws, our Board of Directors has the authority to issue additional voting common shares.

Amendments to our Articles of Continuance and By-laws

Our articles of continuance, our by-laws and the CBCA govern the rights of holders of our shares.

Our shareholders can authorize the alteration of our articles of continuance to create additional classes of shares or to vary the rights or restrictions attached to any class of our shares by passing a special resolution approved by the holders of at least two-thirds of each class of affected shares represented in person or by proxy at a duly convened meeting of shareholders. Such a special resolution will not be effective until articles of amendment are filed with the Director appointed pursuant to the CBCA.

Our Board of Directors may, by resolution, make, amend or repeal any by-laws that regulate our business or affairs; provided that the Board of Directors shall submit a by-law, or an amendment or a repeal of a by-law, to the shareholders at the next meeting of the shareholders, and the shareholders may, by ordinary resolution, confirm, reject or amend the by-law, amendment or repeal. A by-law, or an amendment or a repeal of a by-law, is effective from the date of the resolution of the Board of Directors until it is confirmed, confirmed as amended or rejected by the shareholders.

Fundamental Changes

Pursuant to the CBCA, we may not effect any of the following fundamental changes without the consent of the holders of at least two-thirds of each class of our outstanding shares represented in person or by proxy and voting separately as a class at a duly convened meeting of our shareholders:

- any proposed amalgamation involving our company in respect of which the CBCA requires that the approval of our shareholders be obtained;
- any proposed plan of arrangement pursuant to the CBCA involving our company in respect of which the CBCA or any order issued by an applicable court requires that the approval of our shareholders be obtained;
- any proposed sale, lease or exchange of all or substantially all our assets or property; and
- any dissolution, liquidation or winding-up of our company.

Election and Removal of Directors

At each annual meeting of shareholders, our shareholders are required to elect directors to hold office for a term expiring not later than the close of the next annual meeting of shareholders. In accordance with our by-laws, any director who receives more "withhold" than "for" shareholder votes will be deemed to have tendered his or her resignation as a director. Our Board of Directors may fill vacancies among the Board.

Since shareholders do not have cumulative voting rights, holders of more than 50% of our outstanding common shares can elect all of our directors if they choose to do so. In such event, holders of the remaining shares will be unable to elect any director.

Under the CBCA, at least one quarter of our directors must be resident Canadians.

Anti-takeover Laws

In Canada, takeover bids are governed by provincial corporate and securities laws and the rules of applicable stock exchanges. The following description of the rules relating to acquisitions of securities and takeover bids to which Canadian corporate and securities laws apply does not purport to be complete and is subject, and qualified in its entirety by reference, to applicable corporate and securities laws, which may vary from province to province.

A party (the "acquiror") who acquires beneficial ownership of, or control or direction over, more than 10% of the voting or equity securities of any class of a reporting issuer will generally be required to file with applicable provincial regulatory authorities both a news release and a report containing the information prescribed by applicable securities laws. Subject to the below, the acquiror (including any party acting jointly or in concert with the acquiror) will be prohibited from purchasing any additional securities of the class of the target company previously acquired for a period commencing on the occurrence of an event triggering the aforementioned filing requirement and ending on the expiry of one business day following the filing of the report. This filing process and the associated restriction on further purchases also apply in respect of subsequent acquisitions of 2% or more of the securities of the same class. The restriction on further purchases does not apply to an acquiror that beneficially owns, or controls or directs, 20% or more of the outstanding securities of that class.

In addition to the foregoing, certain other Canadian legislation may limit a Canadian or non-Canadian entity's ability to acquire control over or a significant interest in us, including the *Competition Act* (Canada) and the *Investment Canada Act* (Canada). Issuers may also approve and adopt shareholder rights plans or other defensive tactics designed to be triggered upon the commencement of an unsolicited bid and make the company a less desirable takeover target.

Shareholder Rights Plan

We adopted a shareholder rights plan agreement (the "Rights Plan"). The Rights Plan is designed to provide adequate time for the Board of Directors and the shareholders to assess an unsolicited takeover bid for DiaMedica, to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, and to provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares. The Rights Plan was renewed at the Company's annual meeting of shareholders in December 2017 and is set to expire at the close of the Company's annual meeting of shareholders in 2020.

The rights issued under the Rights Plan will initially attach to and trade with the common shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding common shares without complying with the "Permitted Bid" provisions of the Rights Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase common shares at a 50% discount to the market price at the time.

Under the Rights Plan, a Permitted Bid is a bid made to all holders of the common shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50% of the outstanding common shares, other than those owned by the offeror and certain related parties have been tendered, the offeror may take up and pay for the common shares but must extend the bid for a further 10 days to allow other shareholders to tender.

The issuance of common shares upon the exercise of the rights is subject to receipt of certain regulatory approvals.

Listing; Exchange, Transfer Agent and Registrar

Our common shares currently trade in Canada on the TSX Venture Exchange under the trading symbol "DMA" and in the United States on the OTCQB Market under the trading symbol "DMCAF." We have applied to list our common shares on Nasdaq under the trading symbol "DMAC."

The transfer agent and registrar for our common shares is Computershare Trust Company.

Other Canadian Laws Affecting U.S. Shareholders

There are no governmental laws, decrees or regulations in Canada relating to restrictions on the export or import of capital, or affecting the remittance of interest, dividends or other payments by us to non-residents of Canada.

Dividends paid by the Company to residents of the United States of America within the meaning of the Canada-United States Tax Convention (1980) (the "Treaty") are subject to a 15% withholding tax on the gross amount of the dividends (or a 5% withholding tax if the beneficial shareholder is a company which owns at least 10% of the outstanding voting common shares of the Company) pursuant to Article X of the Treaty. Dividends paid by the Company to other non-residents of Canada are subject to a 25% withholding tax on the amount of the dividends, unless reduced by an applicable tax treaty.

There are no limitations specific to the rights of non-residents of Canada to hold or vote our common shares under the laws of Canada, or in our articles of continuance or by-laws, other than those imposed by the *Investment Canada Act* (Canada) as discussed below.

Non-Canadian investors who acquire a controlling interest in us may be subject to the *Investment Canada Act* (Canada), which governs the basis on which non-Canadians may invest in Canadian businesses. Under the *Investment Canada Act* (Canada), the acquisition of a majority of the voting interests of an entity (or of a majority of the undivided ownership interests in the voting common shares of an entity that is a corporation) is deemed to be an acquisition of control of that entity. The acquisition of less than a majority but one-third or more of the voting common shares of a corporation (or of an equivalent undivided ownership interest in the voting common shares of the corporation) is presumed to be acquisition of control of that corporation unless it can be established that, on the acquisition, the corporation is not controlled in fact by the acquirer through the ownership of the voting common shares. The acquisition of less than one-third of the voting common shares of a corporation (or of an equivalent undivided ownership interest in the voting common shares of the corporation) is deemed not to be acquisition of control of that corporation.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

We are a corporation organized under the Canada Business Corporations Act. Under Section 124 of the CBCA, a corporation may indemnify a present or former director or officer of the corporation or another individual who acts or acted at the corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the corporation or other entity. A corporation may not indemnify an individual unless the individual (i) acted honestly and in good faith with a view to the best interests of the corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as a director or officer or in a similar capacity at the corporation's request, and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the conduct was lawful. Each of the aforementioned individuals are entitled to the indemnification provided above from a corporation as a matter of right if they were not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done and if the individual fulfills conditions (i) and (ii) above. A corporation may advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding; however, the individual shall repay the moneys if the individual does not fulfill the conditions set out in (i) and (ii) above. The indemnification or the advance of any moneys may be made in connection with a derivative action only with court approval and only if the conditions in (i) and (ii) above are met.

Under the CBCA, a corporation may purchase and maintain insurance for the benefit of any of the aforementioned individuals against any liability incurred by the individual in their capacity as a director or officer of the corporation, or in their capacity as a director or officer, or similar capacity, of another entity, if the individual acted in such capacity at the corporation's request. We have maintained, and expect to continue to maintain, such an insurance policy covering our directors and officers with respect to certain liabilities.

We intend to enter into indemnification agreements with all of our directors and officers. The indemnification agreements are governed exclusively by and construed according to the substantive laws of the Canada, without regard to conflicts-of-laws principles that would require the application of any other law and provide, among other things, for indemnification to the fullest extent permitted by law and our by-laws against any and all expenses (including attorneys' fees) and liabilities, judgments, fines and amounts paid in settlement that are paid or incurred by the executive or on his or her behalf in connection with such action, suit or proceeding. We will be obligated to pay these amounts only if the executive acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of our company. The indemnification agreements provide that the executive will not be indemnified and expenses advanced with respect to an action, suit or proceeding initiated by the executive unless (i) so authorized or consented to by our Board of Directors or the company has joined in such action, suit or proceeding or (ii) the action, suit or proceeding is one to enforce the executive's rights under the indemnification agreement. Our indemnification and expense advance obligations are subject to the condition that an appropriate person or body not party to the particular action, suit or proceeding shall not have determined that the executive is not permitted to be indemnified under applicable law. The indemnification agreements also set forth procedures that apply in the event an executive requests indemnification or an expense advance.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

See the financial statements and notes beginning on page F-1 of this registration statement.

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS.[1]

(a) Financial Statements

See the index to consolidated financial statements set forth on page F-1.

(b) Exhibits

The following documents are filed as exhibits hereto.

Exhibit No.	Exhibit	Method of Filing
3.1	Certificate of Continuance of DiaMedica Therapeutics Inc. dated April 11, 2016	Filed herewith
3.2	Certificate of Amendment of DiaMedica Therapeutics Inc. dated December 28, 2016	Filed herewith
3.3	Certificate of Amendment of DiaMedica Therapeutics Inc. to reflect reverse stock split	*
3.4	By-Law No. 1A of DiaMedica Therapeutics Inc. as amended and restated on July 24, 2014	Filed herewith
4.1	Investment Agreement between Hermeda Industrial Co., Ltd. and DiaMedica Inc. dated July 16, 2017	Filed herewith
4.2	Shareholder Rights Plan Agreement dated December 21, 2017 by and between DiaMedica Therapeutics Inc. and Computershare Investor Services Inc.	Filed herewith
4.3	Voting Agreement between Rick Pauls and DiaMedica Inc. dated July 2016	Filed herewith
4.4	Voting Agreement between Werner Pauls and DiaMedica Inc. dated July 2016	Filed herewith
4.5	Voting Agreement between Chris Pauls and DiaMedica Inc. dated July 2016	Filed herewith

[1] Fox to work with the company to compile required exhibits.

Exhibit No.	Exhibit	Method of Filing
4.6	Voting Agreement between Michael Giuffre, M.D. and DiaMedica Inc. dated July 2016	Filed herewith
4.7	Voting Agreement between Stephen Mullie and DiaMedica Inc. dated July 20, 2016	Filed herewith
4.8	Voting Agreement between J. Roderick Matheson and DiaMedica Inc. dated July 20, 2016	Filed herewith
4.9	Form of Investor Warrant issued in connection with the March 2018 private placement	Filed herewith
4.10	Form of Broker Warrant issued in connection with the March 2018 private placement	Filed herewith
4.11	Form of Investor Warrant issued in connection with the December 2017 private placement	Filed herewith
4.12	Form of Investor Warrant issued in connection with the April 2017 private placement	Filed herewith
4.13	Form of Investor Warrant issued in connection with the February 2016 private placement	Filed herewith
4.14	Form of Broker Warrant issued in connection with the February 2016 private placement	Filed herewith
10.1	DiaMedica Therapeutics Inc. Stock Option Plan Amended and Restated December 21, 2017	Filed herewith
10.2	Form of Option Agreement under the DiaMedica Therapeutics Inc. Stock Option Plan Amended and Restated December 21, 2017	Filed herewith
10.3	DiaMedica Therapeutics Inc. Deferred Share Unit Plan	Filed herewith
10.4	Form of Indemnification Agreement	Filed herewith
10.5	Employment Agreement by and between DiaMedica Therapeutics Inc. and Rick Pauls	*
10.6	Employment Agreement by and between DiaMedica Therapeutics Inc. and Todd Verdoorn, Ph.D.	*
10.7	Two Carlson Parkway Office Lease between One Two Holdings LLC and DiaMedica USA Inc. dated September 18, 2015	Filed herewith
10.8	Supplemental to Lease Agreement between One Two Holdings LLC and DiaMedica USA Inc. dated December 16, 2015	Filed herewith
10.9	First Amendment to Lease between One Two Holdings LLC and DiaMedica USA Inc. dated May 3, 2017	Filed herewith
10.10	Second Amendment to Lease between One Two Holdings LLC and DiaMedica USA Inc. dated September 5, 2017	Filed herewith
21.1	Subsidiaries of DiaMedica Therapeutics Inc.	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm	*

* To be filed by amendment.

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this registration statement on Form 10 to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: , 2018

DIAMEDICA THERAPEUTICS INC.

By: _____
Rick Pauls
President and Chief Executive Officer

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Audited Consolidated Financial Statements

Unaudited Condensed Consolidated Financial Statements for the Three Months Ended March 31, 2018 and 2017

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
DiaMedica Therapeutics Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of DiaMedica Therapeutics Inc. and Subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of operations and comprehensive loss, stockholders' deficit, and cash flows for each of the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has recurring losses and negative cash flows from operations that raise substantial doubt about its ability to continue as a going concern. Management's evaluations of the events and conditions and management's plans regarding those matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board of the United States of America ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Baker Tilly Virchow Krause, LLP

We have served as the Company's auditors since 2016.

Minneapolis, MN
August 24, 2018

DiaMedica Therapeutics Inc.
Consolidated Balance Sheets
(In thousands, except share amounts)

	December 31,	
	2017	**2016**
ASSETS		
Current assets:		
Cash	$ 1,353	$ 1,736
Amounts receivable	80	53
Prepaid expenses	61	67
Total current assets	1,494	1,856
Deposit	271	—
Property and equipment, net	37	19
Total non-current assets	308	19
Total assets	$ 1,802	$ 1,875
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 919	$ 671
Warrant liability	84	93
Total current liabilities	1,003	764
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common shares, no par value; unlimited authorized; 127,413,262 and 110,520,960 shares issued and outstanding, as of December 31, 2017 and 2016, respectively	—	—
Additional paid-in capital	41,033	37,085
Accumulated deficit	(40,234)	(35,974)
Total stockholders' equity	799	1,111
Total liabilities and stockholders' equity	$ 1,802	$ 1,875

See accompanying notes to consolidated financial statements.

DiaMedica Therapeutics Inc.
Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)

	Year Ended December 31, 2017	2016
Operating expenses:		
Research and development	$ 3,206	$ 1,728
General and administrative	1,313	598
Operating loss	(4,519)	(2,326)
Other (income) expense:		
Governmental assistance - research incentives	(244)	—
Other (income) expense	(6)	82
Change in fair value of warrant liability	(9)	(188)
Total other income	(259)	(106)
Loss before income tax expense	(4,260)	(2,220)
Income tax expense	—	—
Net loss and comprehensive loss	$ (4,260)	$ (2,220)
Basic and diluted net loss per share	$ (0.04)	$ (0.02)
Weighted average shares outstanding – basic and diluted	118,715,801	94,715,025

See accompanying notes to consolidated financial statements.

DiaMedica Therapeutics Inc.
Consolidated Statements of Stockholders' Equity (Deficit)
(In thousands except share amounts)

	Common Shares	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
Balances at December 31, 2015	82,275,430	$ 32,576	$ (33,754)	$ (1,178)
Issuance of common shares and warrants, net of offering costs of $395	20,000,000	3,605	—	3,605
Issuance of common shares and warrants, net of offering costs of $311	4,687,500	237	—	237
Issuance of common shares in settlement of debt	50,000	8	—	8
Exercise of common share warrants	3,482,150	442	—	442
Issuance of common shares, deferred stock unit redemption	25,880	—	—	—
Share-based compensation expense	—	217	—	217
Net loss	—	—	(2,220)	(2,220)
Balances at December 31, 2016	110,520,960	$ 37,085	$ (35,974)	$ 1,111
Issuance of common shares and warrants, net of offering costs of $292	14,150,723	2,917	—	2,917
Exercise of common share purchase warrants	2,681,579	615	—	615
Exercise of common share options	60,000	7	—	7
Share-based compensation expense	—	409	—	409
Net loss	—	—	(4,260)	(4,260)
Balances at December 31, 2017	127,413,262	$ 41,033	$ (40,234)	$ 799

See accompanying notes to consolidated financial statements.

DiaMedica Therapeutics Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,	
	2017	**2016**
Cash flows from operating activities:		
Net loss	$ (4,260)	$ (2,220)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	409	217
Change in fair value of warrant liability	(9)	(188)
Depreciation	4	2
Changes in operating assets and liabilities:		
Amounts receivable	(27)	(44)
Prepaid expenses	6	(33)
Deposits	(271)	—
Accounts payable and accrued liabilities	248	(510)
Deferred revenue	—	(39)
Other liabilities	—	(172)
Net cash used in operating activities	(3,900)	(2,987)
Cash flows from investing activities:		
Purchase of property and equipment	(22)	(7)
Net cash used in financing activities	(22)	(7)
Cash flows from financing activities:		
Proceeds from issuance of common shares and warrants, net of offering costs	2,917	517
Proceeds from issuance of common shares, net of offering costs	—	3,605
Proceeds from the exercise of common share purchase warrants	615	442
Proceeds from the exercise of stock options	7	—
Net cash provided by financing activities	3,539	4,564
Net (decrease) increase in cash	(383)	1,570
Cash at beginning of year	1,736	166
Cash at end of year	$ 1,353	$ 1,736
Supplemental disclosure of non-cash transactions:		
Common share purchase warrants issued as agent consideration	$ —	$ 24
Common shares issued in settlement of debt	$ —	$ 8

See accompanying notes to consolidated financial statements.

**DiaMedica Therapeutics Inc.
Notes to Consolidated Financial Statements**

1. Business

DiaMedica Therapeutics Inc. and its wholly-owned subsidiaries, DiaMedica USA, Inc. and DiaMedica Australia Pty Ltd. (collectively "we," "us," "our" and the "Company"), exist for the primary purpose of advancing the clinical and commercial development of a proprietary recombinant KLK1 protein for the treatment of acute ischemic stroke and chronic kidney disease.

The Company is a listed company incorporated under the Canada Business Corporations Act and domiciled in British Columbia, Canada, whose shares are publicly traded on the TSX Venture Exchange in Canada under the symbol "DMA" and the OTCQB in the United States under the symbol "DMCAF." The Company's registered office is at 301 – 1665 Ellis Street, Kelowna, British Columbia V1Y 2B3. DiaMedica USA Inc. was incorporated under the laws of the State of Delaware on May 15, 2012. DiaMedica Australia Pty Ltd. was established on July 11, 2016 and incorporated under the laws of Australian Securities and Investments Commission.

2. Risks and Uncertainties

The Company operates in a highly regulated and competitive environment. The development, manufacturing and marketing of pharmaceutical products require approval from, and are subject to ongoing oversight by, the Food and Drug Administration ("FDA") in the United States, the Therapeutic Goods Administration ("TGA") in Australia, the European Medicines Agency ("EMA") in the European Union, and comparable agencies in other countries. Obtaining approval for a new pharmaceutical product is never certain, may take many years, and is normally expected to involve substantial expenditures.

As of December 31, 2017, we have incurred losses of $40.2 million since our inception in 2000. For the year ended December 31, 2017, we incurred a net loss and negative cash flows from operating activities of $4.3 million and $3.9 million, respectively. We expect to incur substantial losses for the foreseeable future, which will continue to generate negative net cash flows from operating activities, as we continue to pursue research and development activities and the clinical development of our primary product candidate, DM199. As of December 31, 2017, we had cash of $1.4 million, working capital of $491,000 and stockholders' equity of $799,000. The Company's principal sources of cash have included the issuance of equity securities.

The accompanying Consolidated Financial Statements have been prepared assuming that we will continue as a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business and do not include any adjustments relating to the recoverability or classification of assets or the amounts of liabilities that might result from the outcome of these uncertainties. Our ability to continue as a going concern, realize the carrying value of our assets and discharge our liabilities in the ordinary course of business is dependent upon a number of factors, including our ability to obtain additional financing, the success of our development efforts, our ability to obtain marketing approval for our initial product candidate, DM199, in the United States, Australia, the European Union or other markets and ultimately our ability to market and sell our initial product candidate. These factors, among others, raise substantial doubt about our ability to continue operations as a going concern. See Note 3 titled "Liquidity, Management's Plans and Going Concern."

3. Liquidity, Management Plans and Going Concern

As of December 31, 2017 and March 31, 2018, the Company has an accumulated deficit of $40.2 million and $40.9 million, respectively, and the Company has not generated positive cash flow from operations since its inception.

Additional funding will be required to continue the Company's research and development and other operating activities. In the next 12 months we will likely seek to raise additional funds through various sources, such as equity and debt financings, or through strategic collaborations and license agreements. We can give no assurances that we will be able to secure additional sources of funds to support our operations, or if such funds are available to us, that such additional financing will be sufficient to meet our needs or on terms acceptable to us. This risk would increase if our clinical data is not positive or economic and market conditions deteriorate.

During March 2018, the Company completed a brokered and non-brokered private placement of 26,489,284 units at a price of $0.245 per unit for aggregate gross proceeds of approximately $6.3 million. In addition, during February 2018, 2,425,125 common shares were issued on the exercise of warrants for gross proceeds of approximately $484,000. See Note 14 titled "Subsequent Events" for further details.

If we are unable to obtain additional financing when needed, we would need to scale back our operations taking actions that may include, among other things, reducing use of outside professional service providers, reducing staff or staff compensation, significantly modify or delay the development of our DM199 product candidate, license to third parties the rights to commercialize our DM199 product candidate for acute ischemic stroke, chronic kidney disease or other applications that we would otherwise seek to pursue, or cease operations.

Our future success is dependent upon our ability to obtain additional financing, the success of our development efforts, our ability to demonstrate clinical progress for our DM199 product candidate in the United States or other markets, our ability to obtain required governmental approvals of our product candidate and ultimately our ability to license or market and sell our DM199 product candidate. If we are unable to obtain additional financing when needed, if our clinical trials are not successful, if we are unable to obtain required governmental approvals, we would not be able to continue as a going concern and would be forced to cease operations and liquidate our company.

There can be no assurances that we will be able to obtain additional financing on commercially reasonable terms, or at all. The sale of additional equity securities would likely result in dilution to our current stockholders.

4. Summary of Significant Accounting Policies

Basis of presentation

We have prepared the accompanying Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. Our fiscal year ends on December 31.

Principles of consolidation

The accompanying Consolidated Financial Statements include the assets, liabilities and expenses of DiaMedica Therapeutics Inc. and our wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Functional currency

The United States dollar is the functional currency that represents the economic effects of the underlying transactions, events and conditions and various other factors including the currency of historical and future expenditures and the currency in which funds from financing activities are mostly generated by the Company. A change in the functional currency occurs only when there is a material change in the underlying transactions, events and condition. A change in functional currency could result in material differences in the amounts recorded in the consolidated statement of loss and comprehensive loss for foreign exchange gains and losses. All amounts in the accompanying Consolidated Financial Statements are in U.S. dollars unless otherwise indicated.

Use of estimates

The preparation of Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk

Financial instruments that potentially subject the company to significant concentrations of credit risk consist primarily of cash. Cash is deposited in demand accounts at commercial banks. At times, such deposits may be in excess of insured limits. The Company has not experienced any losses on its deposits of cash.

Fair value of financial instruments

Carrying amounts of certain of the Company's financial instruments, including amounts receivable, prepaid expenses and other current assets, accounts payable and accrued liabilities approximate fair value due to their short maturities. Certain of the Company's common share purchase warrants are required to be reported at fair value. The fair value of common share purchase warrants is disclosed in Note 9 titled "Warrant Liability."

Fair value measurements

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The authoritative guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The categorization of financial assets and financial liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The hierarchy is broken down into three levels defined as follows:

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

- Level 2—Quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or model-derived valuations for which all significant inputs are observable, either directly or indirectly.

- Level 3—Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

Our cash and equivalents consist of bank deposits. As of December 31, 2017, the Company believes that the carrying amounts of its other financial instruments, including amounts receivable, accounts payable and accrued liabilities, approximate their fair value due to the short-term maturities of these instruments.

Common share warrant liability

The common share warrants that were issued in connection with the February 2016 private placements of common shares are classified as a liability in the consolidated balance sheets, as the common share warrants have an exercise price stated in Canadian dollars, which is different than the functional currency, and thus these warrants qualify as a derivative instruments. The fair value of these common share warrants is re-measured at each financial reporting period and immediately before exercise, with any changes in fair value being recognized as a component of other income (expense) in the consolidated statements of operations.

Long-lived assets

Property and equipment are stated at purchased cost less accumulated depreciation. Depreciation of property and equipment is computed using the straight-line method over their estimated useful lives of three to ten years for office equipment and four years for computer equipment. Upon retirement or sale, the cost and related accumulated depreciation are removed from the consolidated balance sheets and the resulting gain or loss is reflected in the consolidated statements of operations. Repairs and maintenance are expensed as incurred.

Long-lived assets are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the asset or related group of assets may not be recoverable. If the expected future undiscounted cash flows are less than the carrying amount of the asset, an impairment loss is recognized at that time. Measurement of impairment may be based upon appraisal, market value of similar assets or discounted cash flows.

Research and development costs

Research and development costs include expenses incurred in the conduct of human clinical trials, for third-party service providers performing various testing and accumulating data related to non-clinical studies; sponsored research agreements; developing the manufacturing process necessary to produce sufficient amounts of the DM199 compound for use in our non-clinical studies and human clinical trials; consulting resources with specialized expertise related to execution of our development plan for our DM199 product candidate; and personnel costs, including salaries, benefits and share-based compensation.

We charge research and development costs, including clinical trial costs, to expense when incurred. Our human clinical trials are performed at clinical trial sites and are administered jointly by us with assistance from contract research organizations ("CROs"). Costs of setting up clinical trial sites are accrued upon execution of the study agreement. Expenses related to the performance of clinical trials are accrued based on contracted amounts and the achievement of agreed upon milestones, such as patient enrollment, patient follow-up, etc. We monitor levels of performance under each significant contract, including the extent of patient enrollment and other activities through communications with the clinical trial sites and CROs, and adjust the estimates, if required, on a quarterly basis so that clinical expenses reflect the actual work performed at each clinical trial site and by each CRO.

Patent costs

Costs associated with prosecuting and maintaining patents are expensed as incurred given the uncertainty of patent approval and, if approved, resulting in probable future economic benefit to the Company. Patent-related costs, including legal expenses, included in research and development costs were $160,000 and $45,000 for the years ended December 31, 2017 and 2016, respectively.

Share-based compensation

The cost of employee and non-employee services received in exchange for awards of equity instruments is measured and recognized based on the estimated grant date fair value of those awards. Compensation cost is recognized ratably using the straight-line attribution method over the vesting period, which is considered to be the requisite service period. We record forfeitures in the periods in which they occur.

The fair value of share-based awards is estimated at the date of grant using the Black-Scholes option pricing model. The determination of the fair value of share-based awards is affected by our stock price, as well as assumptions regarding a number of complex and subjective variables. Risk free interest rates are based upon Canadian Government bond rates appropriate for the expected term of each award. Expected volatility rates are based on the on historical volatility equal to the expected life of the option. The assumed dividend yield is zero, as we do not expect to declare any dividends in the foreseeable future. The expected term of options is estimated considering the vesting period at the grant date, the life of the option and the average length of time similar grants have remained outstanding in the past.

Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the Consolidated Financial Statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted rates, for each of the jurisdictions in which the Company operates, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amount that is more likely than not to be realized. The Company has provided a full valuation allowance against the gross deferred tax assets as of December 31, 2017 and 2016. See Note 13, "Income Taxes" for additional information. The Company's policy is to classify interest and penalties related to income taxes as income tax expense in the Consolidated Statements of Operations and Comprehensive Loss.

Government assistance

Government assistance relating to research and development performed by DiaMedica Australia Pty Ltd. is recorded as a component of Other (Income) Expense. Government assistance is initially recognized when reasonable assurance exists that the Company will comply with the conditions attached to the incentive program and that the incentive payments will be received. In subsequent periods, the government assistance is recognized when the related expenditures are incurred.

Net loss per share

We compute net loss per share by dividing our net loss (the numerator) by the weighted-average number of common shares outstanding (the denominator) during the period. Shares issued during the period and shares reacquired during the period, if any, are weighted for the portion of the period that they were outstanding. The computation of diluted earnings per share, or diluted EPS, is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. Our diluted EPS is the same as basic EPS due to common equivalent shares being excluded from the calculation, as their effect is anti-dilutive.

The following table summarizes our calculation of net loss per common share for the periods (in thousands, except share and per share data):

	December 31,	
	2017	**2016**
Net loss	$ (4,260)	$ (2,220)
Weighted average shares outstanding—basic and diluted	118,715,801	94,715,025
Basic and diluted net loss per share	$ (0.04)	$ (0.02)

The following outstanding potential common shares were not included in the diluted net loss per share calculations as their effects were not dilutive:

	Year Ended December 31,	
	2017	**2016**
Employee and non-employee stock options	9,600,689	8,557,000
Common shares issuable under common share purchase warrants	4,324,254	2,562,050
Common shares issuable under deferred share unit plan	423,676	423,676
	14,348,619	11,542,726

Recently issued accounting pronouncement

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, Leases. The guidance in ASU 2016-02 supersedes the lease recognition requirements in the Accounting Standards Codification Topic 840, Leases. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. The new standard requires the immediate recognition of all excess tax benefits and deficiencies in the income statement and requires classification of excess tax benefits as an operating activity as opposed to a financing activity in the statements of cash flows. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Management is evaluating the standard's impact on the Consolidated Financial statements.

In June 2018, the FASB issued ASU 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, which simplifies several aspects of the accounting for nonemployee share-based payment transactions resulting from expanding the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. This ASU is effective for the Company for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted, but no earlier than an entity’s adoption date of Topic 606. The Company is currently evaluating the impact of the new guidance on our Consolidated Financial Statements.

Recently adopted accounting pronouncements

In March 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting. The guidance in ASU 2016-09 is intended to simplify aspects of the accounting for employee share-based payments, including the accounting for income taxes, forfeitures, statutory withholding requirements, and classification on the statement of cash flows. The standard is effective for interim and annual periods beginning after December 15, 2016, with early adoption permitted. The adoption of ASU 2016-09 during the year ended December 31, 2016 did not have a material impact on the Consolidated Financial Statements and related disclosures.

In July 2017, the FASB issued ASU 2017-11, Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815): I. Accounting for Certain Financial Instruments with Down Round Features; and II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Non-controlling Interests with a Scope Exception. Part I of this update addresses the complexity of accounting for certain financial instruments with down round features. Down round features are features of certain equity-linked instruments (or embedded features) that result in the strike price being reduced on the basis of the pricing of future equity offerings. Current accounting guidance creates cost and complexity for entities that issue financial instruments (such as warrants and convertible instruments) with down round features that require fair value measurement of the entire instrument or conversion option. Part II of this update addresses the difficulty of navigating Topic 480, Distinguishing Liabilities from Equity, because of the existence of extensive pending content in the FASB Accounting Standards Codification. This pending content is the result of the indefinite deferral of accounting requirements about mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable non-controlling interests. The amendments in Part II of this update do not have an accounting effect. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted. The Company adopted ASU 2017-11 during the year ended December 31, 2017. Due to the adoption, the December 2017 warrants were not accounted for as derivative instruments. There was no activity in prior years which fall under this guidance. As such, early adoption has no effect on prior years.

5. AMOUNTS RECEIVABLE

Amounts receivable consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Sales-based taxes receivable	80	53
Total amounts receivable	$ 80	$ 53

6. DEPOSIT

Deposit consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Advances to vendor	$ 271	$ —
Total Deposit	$ 271	$ —

We have advanced funds to a vendor engaged to support the performance of the REMEDY Phase 2 clinical trial. The funds advanced will be held, interest free, by this vendor until the completion of the trial and applied to final trial invoices or refunded. This deposit is classified as non-current as the trial is not expected to be completed during 2018.

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Furniture and equipment	$ 40	$ 22
Computer equipment	23	20
	63	42
Less accumulated depreciation	(26)	(23)
Property and equipment, net	$ 37	$ 19

8. ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Trade and other payables	$ 513	$ 250
Accrued compensation and related	355	142
Accrued research and other professional fees	45	255
Other accrued liabilities	6	24
Total accrued liabilities	$ 919	$ 671

9. Warrant Liability

In February 2016, the Company completed, in two tranches, a non-brokered private placement of 4,687,500 units with each unit consisting of one common share and one half of one common share purchase warrant. The Company issued 2,343,750 warrants. Each warrant entitles the holder to purchase one common share at a price of $0.25 Canadian dollars at any time prior to expiry on February 18 or 25, 2018 for Tranche 1 and Tranche 2, respectively.

As the warrant exercise price is stated in Canadian dollars and the Company's functional currency is the U.S. dollar, the warrants are deemed to be a derivative, with their estimated fair value classified as a liability on the Company's balance sheet. The initial estimated fair value of the warrants was recorded as a warrant liability with subsequent changes in the estimated fair value recognized in the Consolidated Statements of Operations and Comprehensive Loss. The Company allocated $257,000 of the net proceeds to the warrant liability and the balance of the proceeds to the common shares (Note 9). The initial fair value of the warrants was determined using a Black-Scholes pricing model with the following assumptions: expected volatilities of 191.8 – 225.0%, risk-free interest rates of 0.43 – 0.49%, and expected life of 2 years.

In connection with the offering, the Company issued an aggregate of 218,300 compensation warrants. Each compensation warrant entitles the holder to purchase one common share at $0.25 Canadian dollars for a period of 2 years from the date of issuance, subject to acceleration on the same terms as the common share purchase warrants. The Company estimated the value of these warrants at $24,000, which was included in the issuance costs. The initial fair value of the warrants was determined using a Black-Scholes pricing model with the following assumptions: expected volatilities of 191.8 – 225.0%, risk-free interest rates of 0.43 – 0.49%, and expected life of 2 years.

The fair value of the Company's common share purchase warrant liability, for both investor warrants and compensation warrants, is calculated using a Black-Scholes valuation model and is classified as Level 3 in the fair value hierarchy. The fair values were estimated using the following valuation assumptions:

	Unit Warrants December 31,		Compensation Warrants December 31,	
	2017	2016	2017	2016
Common share fair value	$0.26 – $0.42	$0.16 – $0.24	$0.26 – $0.42	$0.16 – $0.24
Risk-free interest rate	0.75% – 1.67%	0.43% – 0.76%	0.75% – 1.67%	0.43% – 0.76%
Expected dividend yield	0%	0%	0%	0%
Expected life (years)	0.13 – 0.89	1.1 – 2.0	0.13 – 0.89	1.1 – 2.0
Expected stock price volatility	20.8% – 105.3%	89.6% – 191.8%	20.8% – 105.3%	89.6% – 191.8%

The following is a rollforward of the fair value of Level 3 warrants (in thousands):

	Warrant Liability
Warrant issuance – February 2016	$ 281
Change in fair value	(188)
Ending balance December 31, 2016	93
Change in fair value	(9)
Ending balance December 31, 2017	$ 84

10. Commitments and Contingencies

Clinical trials and product development

In the normal course of business, the Company incurs obligations to make future payments as it executes its business plan. These contracts relate to preclinical, clinical and development activities, including the clinical research organization conducting our Phase II clinical trial for acute ischemic stroke. These commitments are subject to significant change and the ultimate amounts due may be materially different as these obligations are affected by, among other factors, the number and pace of patients enrolled, the number of clinical study sites, amount of time to complete study enrollments and the time required to finalize the analysis and reporting of study results. Clinical research agreements are generally cancelable upon 30 days notice, with the Company's obligation then limited to costs incurred up to that date. Cancelation terms for product development contracts vary and are generally dependent upon timelines for sourcing research materials and reserving laboratory time. As of December 31, 2017, the Company estimates that its outstanding commitments including research and development contracts are approximately $2.2 million over the next 12 months and approximately $700,000 in the following 12 months.

On September 11, 2017, the Company announced the initiation of REMEDY, a 60-patient Phase II clinical trial evaluating DM199 in patients with acute ischemic stroke ("AIS"). The study drug (DM199 or placebo) will be administered as an intravenous ("IV") infusion within 24 hours of stroke symptom onset, followed by subcutaneous (under the skin) injections once every 3 days for 21 days. The study is designed to measure safety and tolerability along with multiple tests designed to investigate DM199's therapeutic potential including plasma-based biomarkers and standard functional stroke measures assessed at 90 days post-stroke (Modified Rankin Scale ("MRS"), National Institutes of Health Stroke Scale (NIHSS), Barthel Index (BI), and CRP, a measure of inflammation).

Additional clinical trials will be subsequently required if the results of the Phase II are positive. However, at this time, we are unable to reasonably estimate the total costs of future trials. Such costs are dependent upon and subject to change depending on the results of current and future clinical trials as well as developments in the regulatory requirements. Clinical trial costs are expensed as incurred.

Technology license

The Company has entered into a research, development, and license agreement whereby the Company receives research services and rights to proprietary technologies. Milestone and royalty payments that may become due under this agreement with such payments dependent upon, among other factors, clinical trials, regulatory approvals and ultimately the successful development of a new drug, the outcome and timing of which is uncertain. There were no amounts due or payable under this agreement during 2017 and 2016.

Indemnification of directors and officers

The Company, as permitted under laws of the Canada and in accordance with its by-laws, will indemnify and advance expenses to its directors and officers to the fullest extent permitted by law or, if applicable, pursuant to indemnification agreements. They further provide that we may choose to indemnify other employees or agents of our Company from time to time. The Company has secured insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in connection with their services to the Company. As of December 31, 2017, there was no pending litigation or proceeding involving any director or officer of the Company as to which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company, the Company has been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

The Company believes the fair value of these indemnification agreements is minimal. Accordingly, the Company had not recorded any liabilities for these obligations as of December 31, 2017 or 2016.

Future minimum lease payments

The Company leases certain office space under a non-cancelable operating lease. On May 3, 2017, the Company amended the lease agreement to extend its lease term by 42 months, for an expiration date of August 31, 2022, and increase its leased space. Rent is expensed on a straight-line basis.

Future minimum lease payment under this operating lease are as follows (in thousands):

2018	$ 62
2019	64
2020	66
2021	68
2022	45
	$ 305

11. Stockholders' Deficit

Authorized capital stock

The Company has authorized share capital of an unlimited number of common voting shares and the shares have no stated par value.

Common shareholders are entitled to receive dividends as declared by the Company, if any, and are entitled to one vote per share at the Company's annual general meeting and any extraordinary general meeting.

Shareholders rights plan

The Company adopted a shareholder rights plan agreement (the "Rights Plan"). The Rights Plan is designed to provide adequate time for the Board of Directors and the shareholders to assess an unsolicited takeover bid for DiaMedica, to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, and to provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares. The Rights Plan was renewed at the Company's annual meeting of shareholders in December 2017 and is set to expire at the close of the Company's annual meeting of shareholders in 2020.

The rights issued under the Rights Plan will initially attach to and trade with the common shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20 percent (20%) or more of the outstanding common shares without complying with the "Permitted Bid" provisions of the Rights Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase common shares at a 50 percent (50%) discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the common shares and which is open for acceptance for not less than sixty (60) days. If at the end of sixty (60) days at least 50 percent (50%) of the outstanding common shares, other than those owned by the offeror and certain related parties have been tendered, the offeror may take up and pay for the common shares but must extend the bid for a further ten (10) days to allow other shareholders to tender.

The issuance of common shares upon the exercise of the rights is subject to receipt of certain regulatory approvals.

Private placements during 2017

On December 18, 2017, the Company completed a non-brokered private placement of 3,624,408 units at a price of $0.26 per unit for aggregate gross proceeds of approximately $944,000, or $934,000 net of issuance costs. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 at any time prior to expiry on December 19, 2019. Warrants are subject to early expiry, at the option of the Company, if on any date the volume-weighted average closing trading price of the common shares on any recognized Canadian stock exchange equals or exceeds $0.60 for a period of 21 consecutive trading days.

On April 17, 2017, the Company completed a non-brokered private placement of 10,526,315 units at a price of $0.19 per unit for aggregate gross proceeds of approximately $2,000,000, or $1,983,000 net of issuance costs. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.23 at any time prior to expiry on April 17, 2019. Warrants are subject to early expiry, at the option of the Company, if on any date the volume-weighted average closing trading price of the common shares on any recognized Canadian stock exchange equals or exceeds $0.30 for a period of 10 consecutive trading days.

During the year ended December 31, 2017, 2,681,579 common shares were issued on the exercise of warrants for gross proceeds of $615,000 and 60,000 common shares were issued on the exercise of options for gross proceeds of $7,000.

Private placements during 2016

On August 22, 2016 and September 8, 2016, the Company completed a non-brokered private placement of 15,000,000 and 5,000,000 common shares, respectively, at a price of $0.20 per share for aggregate gross proceeds of $4,000,000, or $3,605,000 net of issuance costs.

On April 22, 2016, the Company issued 50,000 common shares for settlement of a debt to a vendor at an effective issue price of approximately $0.16 per common share.

On February 25, 2016, the Company completed the second tranche of a non-brokered private placement of 875,000 units at a price of $0.117 per unit for aggregate gross proceeds of approximately $102,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of CAD$0.25 at any time prior to expiry of February 25, 2018. In connection with the financing, the Company issued 70,000 compensation warrants and paid a finder's fee of 8% of the aggregate gross proceeds. Each compensation warrant entitles the holder to acquire one common share at an exercise price of CAD$0.25 prior to expiry on February 25, 2018.

The proceeds from the sale were allocated first to the warrants as a derivative liability and the remainder to the common shares. As a result, approximately $52,000 of the proceeds were allocated to the warrant derivative liability and the remaining proceeds of approximately $50,000, before offering costs, were allocated to the common shares.

On February 18, 2016, the Company completed the first tranche of a non-brokered private placement of 3,812,500 units at a price of $0.117 per unit for aggregate gross proceeds of approximately $446,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of CAD$0.25 at any time prior to expiry on February 18, 2018. In connection with the financing, the Company issued 148,300 compensation warrants and paid a net finder's fee of 4% of the aggregate gross proceeds. Each compensation warrant entitles the holder to acquire one common share at an exercise price of CAD$0.25 prior to expiry on February 18, 2018.

The proceeds from the sale were allocated first to the warrants as a derivative liability and the remainder to the common shares. As a result, approximately $205,000 of the proceeds were allocated to the warrant derivative liability and the remaining proceeds of approximately $240,000, before offering costs, were allocated to the common shares.

During the year ended December 31, 2016, 25,880 common shares were issued on the redemption of deferred share units and 3,482,150 common shares were issued on the exercise of warrants for gross proceeds of $442,000, and 10,891,087 warrants expired unexercised.

Shares reserved

Shares of common stock reserved for future issuance are as follows:

	December 31, 2017
Stock options outstanding	9,600,689
Deferred share units outstanding	423,676
Shares available for grant under the DiaMedica Stock Option Plan	4,324,254
Common shares issuable under common stock purchase warrants	3,140,637
Total	17,489,256

12. Share-based Compensation

Deferred share unit plan

The 2012 Deferred Share Unit Plan (the "2012 DSU Plan") promotes greater alignment of long-term interests between non-executive directors and executive officers of the Company and its shareholders through the issuance of deferred share units ("DSUs"). Since the value of DSUs increases or decreases with the market price of the common shares, DSUs reflect a philosophy of aligning the interests of directors and executive officers by tying compensation to share price performance. For the years ended December 31, 2017 and 2016, there were zero and 375,000 shares issued, respectively, with an intrinsic value of zero and $53,000, respectively, for payment of directors' fees. The Company has reserved for issuance up to 2,000,000 common shares under the 2012 DSU Plan and 423,676 DSUs were outstanding at December 31, 2017 and 2016.

Stock option plan

DiaMedica has adopted a Stock Option Plan (the "Option Plan") where the Board of Directors may from time to time, in their sole discretion, and in accordance with the requirements of the Toronto (TSX) Venture Exchange, grant to directors, officers, management company employees, investor relations consultants and Consultants (as such terms are used in the Stock Option Plan) to DiaMedica, non-transferable options to purchase common shares. The shareholders approved the adoption of an Option Plan on September 22, 2011, and as amended and restated on October 23, 2015 and December 21, 2017, reserving for issuance up to 10% of the Company's issued and outstanding common shares. Options granted vest at various rates and have terms of up to 10 years. As of December 31, 2017, options to purchase 9,600,689 common shares were outstanding. As the TSX Venture Exchange is the principle trading market for the Company's shares, all options have been priced in Canadian dollars.

The aggregate number of common shares reserved as of December 31, 2017 was 12,741,000, which includes both the Option Plan and the 2012 DSU Plan.

We recognize share-based compensation based on the fair value of each award as estimated using the Black-Scholes option valuation model. Ultimately, the actual expense recognized over the vesting period will only be for those shares that actually vest.

A summary of option activity is as follows:

	Shares Underlying Options	Weighted Average Exercise Price Per Share (CAD$)	Aggregate Intrinsic Value (CAD$)
Balances at December 31, 2015	6,412,000	$ 0.49	$ 60,000
Shares Reserved	—	—	
Granted	2,775,000	0.24	
Exercised	—	—	
Expired / cancelled	(480,000)	0.72	
Forfeited	(150,000)	1.31	
Balances at December 31, 2016	8,557,000	$ 0.38	$ 187,120
Granted	2,552,689	0.31	
Exercised	(60,000)	0.15	
Expired / cancelled	(1,449,000)	0.66	
Forfeited	—	—	
Balances at December 31, 2017	9,600,689	$ 0.32	$ 674,481

A summary of the status of our unvested shares during the year ended and as of December 31, 2017 is as follows:

	Shares Under Option	Weighted Average Grant-Date Fair Value
Unvested at December 31, 2016	298,400	$ 9.47
Granted	54,000	9.48
Vested	(217,200)	8.79
Forfeitures	—	—
Unvested at December 31, 2017	135,200	$ 9.31

Information about stock options outstanding, vested and expected to vest as of December 31, 2017, is as follows:

	Outstanding, Vested and Expected to Vest			Options Vested and Exercisable	
Per Share Exercise Price (CAD$)	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (CAD$)	Options Exercisable	Weighted Average Remaining Contractual Life (Years)
$0.10-$0.13	1,100,000	7.73	$ 0.10	1,091,667	7.74
$0.14-$0.16	2,670,000	7.92	0.15	1,780,000	7.92
$0.17-$0.26	2,689,355	8.96	0.26	1,022,688	8.99
$0.27-$0.51	2,138,334	9.46	0.32	367,502	9.45
$0.52-$1.70	1,003,600	4.87	1.21	1,003,000	4.87
	9,600,689	8.21	$ 0.32	5,264,857	7.61

The cumulative grant date fair value of employee options vested during the years ended December 31, 2017 and 2016 was $63,000 and $122,000, respectively. Total proceeds received for options exercised during the years ended December 31, 2017 and 2016 were $7,000 and $0, respectively.

As of December 31, 2017 and 2016, total compensation expense related to unvested employee stock options not yet recognized was $551,000 and $353,000, respectively, which is expected to be allocated to expenses over a weighted-average period of 1.97 and 2.46 years, respectively.

The assumptions used in calculating the fair value under the Black-Scholes option valuation model are set forth in the following table for options issued by the Company for the years ended December 31, 2017 and 2016:

	2017	2016
Common share fair value	$0.26 – $0.42	$ 0.16 – 0.24
Risk-free interest rate	1.1%	0.8%
Expected dividend yield	0%	0%
Expected option life	4.5	4.6
Expected stock price volatility	84.7 – 156.8%	92.0 – 185.1%

Nonemployee share-based compensation

We account for stock options granted to nonemployees in accordance with FASB ASC 505. In connection with stock options granted to nonemployees, we recorded $308,000 and $184,000 for nonemployee share-based compensation during the years ended December 31, 2017 and 2016, respectively. These amounts were based upon the fair values of the vested portion of the grants. Amounts expensed during the remaining vesting period will be determined based on the fair value at the time of vesting.

13. Income Taxes

We have incurred net operating losses since inception. We have not reflected the benefit of net operating loss carryforwards in the accompanying financial statements and have established a full valuation allowance against our deferred tax assets.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes as well as operating losses and tax credit carryforwards.

The significant components of our deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2017	2016
Deferred tax assets (liabilities):		
Non-capital losses carried forward	$ 7,233	$ 6,917
Research and development expenditures	887	697
Share issue costs	117	191
Patents and other	319	211
Property and equipment	(4)	1
Total deferred tax asset, net	8,552	8,017
Valuation allowance	(8,552)	(8,017)
Net deferred tax asset	$ —	$ —

Realization of the future tax benefits is dependent on our ability to generate sufficient taxable income within the carry-forward period. Because of our history of operating losses, management believes that the deferred tax assets arising from the above-mentioned future tax benefits are currently not likely to be realized and, accordingly, we have provided a full valuation allowance.

The reconciliation of the Canadian statutory income tax rate applied to the net loss for the year to the income tax expense is as follows:

	Year Ended December 31,	
	2017	**2016**
Statutory income tax rate	27.0%	27.0%
Income tax recovery based on statutory rate	(1,160)	(594)
Share-based compensation	110	70
Gain on revaluation of warrant liability	(2)	—
Australian research and development incentive	314	—
Share issue costs	(94)	(88)
Other	298	(280)
Change in unrecognized temporary differences	534	892
Income tax expense	—	—

Net operating losses and tax credit carryforwards as of December 31, 2017, are as follows:

	Amount (In thousands)	Expiration Years
Non-capital income tax losses, net	$ 29,943	Beginning 2026
Research and development expense carry forwards	3,284	Indefinitely
Tax credits	525	Beginning 2020

The Company is subject to taxation in the Canada, the United States and Australia. Tax returns, since the inception of DiaMedica Therapeutics Inc. are subject to examinations by Canadian tax authorities and may change upon examination. Tax returns of DiaMedica USA, Inc., since its inception in 2012 and thereafter, are subject to examination by the U.S. federal and state tax authorities. Tax returns of DiaMedica Therapeutics Australia Pty Ltd., since its inception in 2016 and thereafter, are subject to examination by the Australian tax authorities.

14. Subsequent Events

Sale of common shares and stock purchase warrants

On March 29, 2018, the Company completed, in two tranches, a brokered and non-brokered private placement of 26,489,284 units at a price of $0.245 per unit for aggregate gross proceeds of approximately $6.3 million. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 at any time prior to expiry on March 19, 2020 and March 29, 2020 for Tranche 1 and Tranche 2, respectively. The warrants are subject to early expiry under certain conditions. The warrant expiry date can be accelerated at the option of the Company, in the event that the volume-weighted average trading price of the Company's common shares exceeds $0.60 per common share for any 21 consecutive trading days. In connection with this offering, the Company paid aggregate finder's fees of approximately $384,000 and issued an aggregate of 1,610,174 compensation warrants. Each compensation warrant entitles the holder to purchase one common share at $0.245 for a period of 2 years from the closing of this offering, subject to acceleration on the same terms as the common share purchase warrants.

Issuance of common shares on the exercise of stock purchase warrants

During February 2018, 2,425,125 common shares were issued on the exercise of warrants for gross proceeds of approximately $484,000.

Issuance of stock options

On April 17, 2018, the Compensation Committee of the Board of Directors awarded 3,336,000 stock options to various officers, directors and employees of the Company. The options were issued at CAD$0.56 per common share, the closing price of the Company's common shares on the date of grant and have a ten-year term.

DiaMedica Therapeutics Inc.
Condensed Consolidated Balance Sheets
(In thousands, except share amounts)

	March 31, 2018 (unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash	$ 6,710	$ 1,353
Amounts receivable	789	80
Prepaid expenses	48	61
Total current assets	7,547	1,494
Deposit	271	271
Property and equipment, net	65	37
Total non-current assets	336	308
Total assets	$ 7,883	$ 1,802
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,135	$ 919
Warrant liability	—	84
Total current liabilities	1,135	1,003
Commitments and contingencies		
Stockholders' equity:		
Common shares, no par value; unlimited authorized; 156,297,671 and 127,413,262 shares issued and outstanding, as of March 31, 2018 and December 31, 2017, respectively	—	—
Additional paid-in capital	47,632	41,033
Accumulated deficit	(40,884)	(40,234)
Total stockholders' equity	6,748	799
Total liabilities and stockholders' equity	$ 7,883	$ 1,802

See accompanying notes to the condensed consolidated financial statements.

DiaMedica Therapeutics Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2018	**2017**
Operating expenses:		
Research and development	$ 791	$ 1,072
General and administrative	515	283
Operating loss	(1,306)	(1,355)
Other (income) expense:		
Governmental assistance - research incentives	(731)	—
Other expense	35	10
Change in fair value of warrant liability	39	132
Total other (income) expense	(657)	142
Loss before income tax expense	(649)	(1,497)
Income tax expense	1	—
Net loss and comprehensive loss	$ (650)	$ (1,497)
Basic and diluted net loss per share	$ (0.01)	$ (0.01)
Weighted average shares outstanding – basic and diluted	130,935,594	110,526,293

See accompanying notes to the condensed consolidated financial statements.

DiaMedica Therapeutics Inc.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands except share amounts)

	Common Shares	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
Balances at December 31, 2017	127,413,262	$ 41,033	$ (40,234)	$ 799
Issuance of common shares and warrants, net of offering costs of $529	26,459,284	5,840	—	5,840
Exercise of common share purchase warrants	2,425,125	606	—	606
Share-based compensation expense	—	153	—	153
Net loss	—	—	(650)	(650)
Balances at March 31, 2018	156,297,671	$ 47,632	$ (40,884)	$ 6,748

See accompanying notes to the condensed consolidated financial statements.

DiaMedica Therapeutics Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2018	**2017**
Cash flows from operating activities:		
Net loss	$ (650)	$ (1,497)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	153	97
Change in fair value of warrant liability	39	132
Depreciation	4	1
Changes in operating assets and liabilities:		
Amounts receivable	(709)	1
Prepaid expenses	13	13
Accounts payable and accrued liabilities	215	436
Net cash used in operating activities	(935)	(817)
Cash flows from investing activities:		
Purchase of property and equipment	(32)	—
Net cash used in financing activities	(32)	—
Cash flows from financing activities:		
Proceeds from issuance of common shares and warrants, net of offering costs	5,840	—
Proceeds from the exercise of common share purchase warrants	484	—
Proceeds from the exercise of stock options	—	7
Net cash provided by financing activities	6,324	7
Net increase (decrease) in cash	5,357	(810)
Cash at beginning of year	1,353	1,736
Cash at end of year	$ 6,710	$ 926

See accompanying notes to the condensed consolidated financial statements.

**DiaMedica Therapeutics Inc.
Notes to the Condensed Consolidated Financial Statements**

1. Business

DiaMedica Therapeutics Inc. and its wholly-owned subsidiaries DiaMedica USA, Inc. and DiaMedica Australia Pty Ltd. (collectively "we," "us," "our" and the "Company") exist for the primary purpose of advancing the clinical and commercial development of a proprietary recombinant KLK1 protein for the treatment of acute ischemic stroke and chronic kidney disease. The Company is a listed company incorporated under the Canada Business Corporations Act and domiciled in British Columbia, Canada, whose shares are publicly traded on the TSX Venture Exchange in Canada under the symbol "DMA" and the OTCQB in the United States under the symbol "DMCAF".

2. Risks and Uncertainties

The Company operates in a highly regulated and competitive environment. The development, manufacturing and marketing of pharmaceutical products require approval from, and are subject to ongoing oversight by, the Food and Drug Administration ("FDA") in the United States, the Therapeutic Goods Administration ("TGA") in Australia, the European Medicines Agency ("EMA") in the European Union, and comparable agencies in other countries. Obtaining approval for a new pharmaceutical product is never certain, may take many years, and is normally expected to involve substantial expenditures.

As of March 31, 2018, we have incurred losses of $40.9 million since our inception in 2000. For the three months ended March 31, 2018, we incurred a net loss of $650,000, and incurred negative cash flows from operating activities of $935,000 for this period. We expect to incur substantial losses for the foreseeable future, which will continue to generate negative net cash flows from operating activities, as we continue to pursue research and development activities and the clinical development of our primary product candidate, DM199. As of March 31, 2018, we had cash of $6.7 million, working capital of $6.4 million and stockholders' equity of $6.7 million. The Company's principal sources of cash have included the issuance of equity securities.

The accompanying Consolidated Financial Statements have been prepared assuming that we will continue as a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business and do not include any adjustments relating to the recoverability or classification of assets or the amounts of liabilities that might result from the outcome of these uncertainties. Our ability to continue as a going concern, realize the carrying value of our assets and discharge our liabilities in the ordinary course of business is dependent upon a number of factors, including our ability to obtain additional financing, the success of our development efforts, our ability to obtain marketing approval for our initial product candidate, DM199, in the United States, Australia, the European Union or other markets and ultimately our ability to market and sell our initial product candidate. These factors, among others, raise substantial doubt about our ability to continue operations as a going concern. See Note 3 titled "Liquidity, Management's Plans and Going Concern."

3. Liquidity, Management Plans and Going Concern

As of December 31, 2017 and March 31, 2018, the Company has an accumulated deficit of $40.2 million and $40.9 million, respectively, and the Company has not generated positive cash flow from operations since its inception.

Additional funding will be required to continue the Company's research and development and other operating activities. In the next 12 months we will likely seek to raise additional funds through various sources, such as equity and debt financings, or through strategic collaborations and license agreements. We can give no assurances that we will be able to secure additional sources of funds to support our operations, or if such funds are available to us, that such additional financing will be sufficient to meet our needs or on terms acceptable to us. This risk would increase if our clinical data is not positive or economic and market conditions deteriorate.

During March 2018, the Company completed a brokered and non-brokered private placement of 26,489,284 units at a price of $0.245 per unit for aggregate gross proceeds of approximately $6.3 million. In addition, during February 2018, 2,425,125 common shares were issued on the exercise of warrants for gross proceeds of approximately $484,000.

If we are unable to obtain additional financing when needed, we would need to scale back our operations taking actions that may include, among other things, reducing use of outside professional service providers, reducing staff or staff compensation, significantly modify or delay the development of our DM199 product candidate, license to third parties the rights to commercialize our DM199 product candidate for acute ischemic stroke, chronic kidney disease or other applications that we would otherwise seek to pursue, or cease operations.

Our future success is dependent upon our ability to obtain additional financing, the success of our development efforts, our ability to demonstrate clinical progress for our DM199 product candidate in the United States or other markets, our ability to obtain required governmental approvals of our product candidate and ultimately our ability to license or market and sell our DM199 product candidate. If we are unable to obtain additional financing when needed, if our clinical trials are not successful, if we are unable to obtain required governmental approvals, we would not be able to continue as a going concern and would be forced to cease operations and liquidate our company.

There can be no assurances that we will be able to obtain additional financing on commercially reasonable terms, or at all. The sale of additional equity securities would likely result in dilution to our current stockholders.

4. Basis of presentation

We have prepared the accompanying interim condensed Consolidated Financial Statements in accordance with accounting principles general accepted in the United States ("US GAAP") for interim financial information and with the instructions to Form 10-Q and Regulation S-X of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. These interim condensed Consolidated Financial Statements reflect all adjustments consisting of normal recurring accruals, which, in the opinion of management, are necessary to present fairly our consolidated financial position, consolidated results of operations, consolidated statement of stockholders' equity and consolidated cash flows for the periods and as of the dates presented. Our fiscal year ends on December 31. The condensed consolidated balance sheet as of December 31, 2017 was derived from audited Consolidated Financial Statements but does not include all disclosures required by U.S. GAAP. These interim condensed Consolidated Financial Statements should be read in conjunction with the annual Consolidated Financial Statements and the notes thereto. The nature of our business is such that the results of any interim period may not be indicative of the results to be expected for the entire year. Certain prior year amounts have been reclassified to conform to the current basis of presentation.

Recently issued accounting pronouncement

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases. The guidance in ASU 2016-02 supersedes the lease recognition requirements in the Accounting Standards Codification Topic 840, Leases. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. The new standard requires the immediate recognition of all excess tax benefits and deficiencies in the income statement and requires classification of excess tax benefits as an operating activity as opposed to a financing activity in the statements of cash flows. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Management is evaluating the standard's impact on the Consolidated Financial Statements.

In June 2018, the FASB issued ASU 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, which simplifies several aspects of the accounting for nonemployee share-based payment transactions resulting from expanding the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. This ASU is effective for the Company for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. The Company is currently evaluating the impact of the new guidance on our Consolidated Financial Statements.

5. Summary of Significant Accounting Policies

Principles of consolidation

The accompanying condensed Consolidated Financial Statements include the assets, liabilities and expenses of DiaMedica Therapeutics Inc., and our wholly-owned subsidiaries DiaMedica USA, Inc. and DiaMedica Australia Pty Ltd. All significant intercompany transactions and balances have been eliminated in consolidation.

Functional currency

The United States dollar is the functional currency that represents the economic effects of the underlying transactions, events and conditions and various other factors including the currency of historical and future expenditures and the currency in which funds from financing activities are mostly generated by the Company. A change in the functional currency occurs only when there is a material change in the underlying transactions, events and condition. A change in functional currency could result in material differences in the amounts recorded in the consolidated statement of loss and comprehensive loss for foreign exchange gains and losses. All amounts in the accompanying Consolidated Financial Statements are in U.S. dollars unless otherwise indicated.

Use of estimates

The preparation of Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk

Financial instruments that potentially subject the company to significant concentrations of credit risk consist primarily of cash. Cash is deposited in demand accounts at commercial banks. At times, such deposits may be in excess of insured limits. The Company has not experienced any losses on its deposits of cash.

Fair value of financial instruments

Carrying amounts of certain of the Company's financial instruments, including amounts receivable, prepaid expenses and other current assets, accounts payable and accrued liabilities approximate fair value due to their short maturities. Certain of the Company's common share purchase warrants are required to be reported at fair value. The fair value of common share purchase warrants is disclosed in Note 9 titled "Warrant Liability."

Fair value measurements

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The authoritative guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The categorization of financial assets and financial liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The hierarchy is broken down into three levels defined as follows:

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

- Level 2—Quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or model-derived valuations for which all significant inputs are observable, either directly or indirectly.

- Level 3—Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

Our cash and equivalents consist of bank deposits. As of March 31, 2018, the Company believes that the carrying amounts of its other financial instruments, including amounts receivable, accounts payable and accrued liabilities, approximate their fair value due to the short-term maturities of these instruments.

Common share warrant liability

The common share warrants that were issued in connection with the February 2016 private placements of common shares are classified as a liability in the consolidated balance sheets, as the common share warrants have an exercise price stated in Canadian dollars, which is different than the functional currency, and thus these warrants qualify as a derivative instruments. The fair value of these common share warrants is re-measured at each financial reporting period and immediately before exercise, with any changes in fair value being recognized as a component of other income (expense) in the consolidated statements of operations. These warrants were exercised in February 2018, see Note 9 titled “Warrant Liability.”

Long-lived assets

Property and equipment are stated at purchased cost less accumulated depreciation. Depreciation of property and equipment is computed using the straight-line method over their estimated useful lives of three to ten years for office equipment and four years for computer equipment. Upon retirement or sale, the cost and related accumulated depreciation are removed from the consolidated balance sheets and the resulting gain or loss is reflected in the consolidated statements of operations. Repairs and maintenance are expensed as incurred.

Long-lived assets are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the asset or related group of assets may not be recoverable. If the expected future undiscounted cash flows are less than the carrying amount of the asset, an impairment loss is recognized at that time. Measurement of impairment may be based upon appraisal, market value of similar assets or discounted cash flows.

Research and development costs

Research and development costs include expenses incurred in the conduct of human clinical trials, for third-party service providers performing various testing and accumulating data related to non-clinical studies; sponsored research agreements; developing the manufacturing process necessary to produce sufficient amounts of the DM199 compound for use in our non-clinical studies and human clinical trials; consulting resources with specialized expertise related to execution of our development plan for our DM199 product candidate; and personnel costs, including salaries, benefits and share-based compensation.

We charge research and development costs, including clinical trial costs, to expense when incurred. Our human clinical trials are performed at clinical trial sites and are administered jointly by us with assistance from contract research organizations (“CROs”). Costs of setting up clinical trial sites are accrued upon execution of the study agreement. Expenses related to the performance of clinical trials are accrued based on contracted amounts and the achievement of agreed upon milestones, such as patient enrollment, patient follow-up, etc. We monitor levels of performance under each significant contract, including the extent of patient enrollment and other activities through communications with the clinical trial sites and CROs, and adjust the estimates, if required, on a quarterly basis so that clinical expenses reflect the actual work performed at each clinical trial site and by each CRO.

Share-based compensation

The cost of employee and non-employee services received in exchange for awards of equity instruments is measured and recognized based on the grant date fair value of those awards. Compensation cost is recognized ratably using the straight-line attribution method over the vesting period, which is considered to be the requisite service period. We record forfeitures in the periods in which they occur.

The fair value of share-based awards is estimated at the date of grant using the Black-Scholes option pricing model. The determination of the fair value of share-based awards is affected by our stock price, as well as assumptions regarding a number of complex and subjective variables. Risk free interest rates are based upon Canadian Government bond rates appropriate for the expected term of each award. Expected volatility rates are based on the on historical volatility equal to the expected life of the option. The assumed dividend yield is zero, as we do not expect to declare any dividends in the foreseeable future. The expected term of options is estimated considering the vesting period at the grant date, the life of the option and the average length of time similar grants have remained outstanding in the past.

Government assistance

Government assistance relating to research and development performed by DiaMedica Australia Pty Ltd. is recorded as a component of Other Income (Expense). Government assistance is initially recognized when reasonable assurance exists that the Company will comply with the conditions attached to the incentive program and that the incentive payments will be received. In subsequent periods, the government assistance is recognized when the related expenditures are incurred.

Net loss per share

We compute net loss per share by dividing our net loss (the numerator) by the weighted-average number of common shares outstanding (the denominator) during the period. Shares issued during the period and shares reacquired during the period, if any, are weighted for the portion of the period that they were outstanding. The computation of diluted earnings per share, or EPS, is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. Our diluted EPS is the same as basic EPS due to common equivalent shares being excluded from the calculation, as their effect is anti-dilutive.

The following table summarizes our calculation of net loss per common share for the periods (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2018	**2017**
Net loss	$ (650)	$ (1,497)
Weighted average shares outstanding—basic and diluted	130,935,594	110,526,293
Basic and diluted net loss per share	$ (0.01)	$ (0.01)

The following outstanding potential common shares were not included in the diluted net loss per share calculations as their effects were not dilutive:

	Three Months Ended March 31,	
	2018	**2017**
Employee and non-employee stock options	$ 9,600,689	$ 7,461,334
Common shares issuable under common share purchase warrants	16,652,026	2,562,050
Common shares issuable under deferred share unit plan	423,676	423,676
	$ 26,676,391	$ 10,447,060

6. AMOUNTS RECEIVABLE

Amounts receivable consisted of the following (in thousands):

	March 31, 2018	December 31, 2017
Research and development incentives	$ 731	$ —
Sales-based taxes receivable	58	80
Total amounts receivable	$ 789	$ 80

7. DEPOSIT

Deposit consisted of the following (in thousands):

	March 31, 2018	December 31, 2017
Advances to vendor	$ 271	$ 271
Total deposit	$ 271	$ 271

We have advanced funds to a vendor engaged to support the performance of the REMEDY Phase 2 clinical trial. The funds advanced will be held, interest free, by this vendor until the completion of the trial and applied to final trial invoices or refunded. This deposit is classified as non-current as the trial is not expected to be completed during 2018

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following (in thousands):

	March 31, 2018	December 31, 2017
Furniture and equipment	$ 53	$ 40
Computer equipment	42	23
	95	63
Less accumulated depreciation	(30)	(26)
Property and equipment, net	$ 65	$ 37

9. ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following (in thousands):

	March 31, 2018	December 31, 2017
Trade and other payables	$ 483	$ 513
Accrued compensation and related	409	356
Offering costs	186	—
Accrued research and other professional fees	45	45
Other accrued liabilities	12	5
Total accrued liabilities	$ 1,135	$ 919

10. Warrant Liability

In February 2016, the Company completed, in two tranches, a non-brokered private placement of 4,687,500 units with each unit consisting of one common share and one half of one common share purchase warrant. The Company issued 2,343,750 warrants. Each warrant entitles the holder to purchase one common share at a price of $0.25 Canadian dollars at any time prior to expiry on February 18 or 25, 2018 for Tranche 1 and Tranche 2, respectively.

As the warrant exercise price is stated in Canadian dollars and the Company's functional currency is the U.S. dollar, the warrants are deemed to be a derivative, with their estimated fair value classified as a liability on the Company's balance sheet. The initial estimated fair value of the warrants was recorded as a warrant liability with subsequent changes in the estimated fair value recognized in the Consolidated Statements of Operations and Comprehensive Loss. The Company allocated $281,000 of the net proceeds to the warrant liability and the balance of the proceeds to the common shares (Note 9). The initial fair value of the warrants was determined using a Black-Scholes pricing model with the following assumptions: expected volatilities of 191.8 – 225.0%, risk-free interest rates of 0.43 – 0.49%, and expected life of 2 years.

In connection with the offering, the Company issued an aggregate of 218,300 compensation warrants. Each compensation warrant entitles the holder to purchase one common share at $0.25 Canadian dollars for a period of 2 years from the date of issuance, subject to acceleration on the same terms as the common share purchase warrants. The Company estimated the value of these warrants at $24,000, which was included in the issuance costs. The initial fair value of the warrants was determined using a Black-Scholes pricing model with the following assumptions: expected volatilities of 191.8 – 225.0%, risk-free interest rates of 0.43 – 0.49%, and expected life of 2 years.

During February 2018, 2,425,125 common shares were issued on the exercise of warrants for gross proceeds of approximately $483,000 and the remaining 86,925 warrants expired.

The fair value of the Company's common share purchase warrant liability, for both investor warrants and compensation warrants, is calculated using a Black-Scholes valuation model and is classified as Level 3 in the fair value hierarchy. The fair values at the time of exercise of the warrants were estimated using the following valuation assumptions:

	Warrant Valuation
Common share fair value	$0.31
Risk-free interest rate	1.84%
Expected dividend yield	0%
Expected life (years)	0.01 – 0.03
Expected stock price volatility	16.7%

The following is a rollforward of the fair value of Level 3 warrants (in thousands):

	Warrant Liability
Ending balance December 31, 2017	$ 84
Change in fair value	39
Exercises	(123)
Ending balance March 31, 2018	$ —

11. Stockholders' Deficit

Authorized capital stock

The Company has authorized share capital of an unlimited number of common voting shares and the shares have no stated value.

Common shareholders are entitled to receive dividends as declared by the Company, if any, and are entitled to one vote per share at the Company's annual general meeting and any extraordinary general meeting.

Private placements during 2018

On March 29, 2018, the Company completed, in two tranches, a brokered and non-brokered private placement of 26,489,284 units at a price of $0.245 per unit for aggregate gross proceeds of approximately $6.3 million. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 at any time prior to expiry on March 19, 2020 and March 29, 2020 for Tranche 1 and Tranche 2, respectively. The warrants are subject to early expiry under certain conditions. The warrant expiry date can be accelerated at the option of the Company, in the event that the volume-weighted average trading price of the Company's common shares exceeds $0.60 per common share for any 21 consecutive trading days. In connection with this offering, the Company paid aggregate finder's fees of approximately $384,000 and issued an aggregate of 1,610,174 compensation warrants. Each compensation warrant entitles the holder to purchase one common share at $0.245 for a period of 2 years from the closing of this offering, subject to acceleration on the same terms as the common share purchase warrants.

During the three months ended March 31, 2018, 2,425,125 common shares were issued on the exercise of warrants for gross proceeds of $484,000.

Private placements during 2017

On December 18, 2017, the Company completed a non-brokered private placement of 3,624,408 units at a price of $0.26 per unit for aggregate gross proceeds of approximately $944,000, or $934,000 net of issuance costs. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 at any time prior to expiry on December 19, 2019. Warrants are subject to early expiry, at the option of the Company, if on any date the volume-weighted average closing trading price of the common shares on any recognized Canadian stock exchange equals or exceeds $0.60 for a period of 21 consecutive trading days.

On April 17, 2017, the Company completed a non-brokered private placement of 10,526,315 units at a price of $0.19 per unit for aggregate gross proceeds of approximately $2,000,000, or $1,983,000 net of issuance costs. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.23 at any time prior to expiry on April 17, 2019. Warrants are subject to early expiry, at the option of the Company, if on any date the volume-weighted average closing trading price of the common shares on any recognized Canadian stock exchange equals or exceeds $0.30 for a period of 10 consecutive trading days.

During the year ended December 31, 2017, 50,000 common shares were issued on the exercise of warrants for gross proceeds of $9,913 and 60,000 common shares were issued on the exercise of options for gross proceeds of $6,749.

Shares reserved

Shares of common stock reserved for future issuance are as follows:

	March 31, 2018
Stock options outstanding	9,600,689
Deferred share units outstanding	423,676
Shares available for grant under the DiaMedica Stock Option Plan	6,029,078
Common shares issuable under common stock purchase warrants	16,652,026
Total	32,705,469

12. Share-based Compensation

Deferred share unit plan

The 2012 Deferred Share Unit Plan (the "2012 DSU Plan") promotes greater alignment of long-term interests between non-executive directors and executive officers of the Company and its shareholders through the issuance of deferred share units ("DSUs"). Since the value of DSUs increases or decreases with the market price of the common shares, DSUs reflect a philosophy of aligning the interests of directors and executive officers by tying compensation to share price performance. For the three months ended March 31, 2018 and 2017, there were no shares issued. The Company has reserved for issuance up to 2,000,000 common shares under the 2012 DSU Plan and 423,676 DSUs were outstanding at March 31, 2018.

Stock option plan

DiaMedica has adopted a Stock Option Plan (the "Option Plan") where the Board of Directors may from time to time, in their sole discretion, and in accordance with the requirements of the Toronto (TSX) Venture Exchange, grant to directors, officers, management company employees, investor relations consultants and Consultants (as such terms are used in the Stock Option Plan) to DiaMedica, non-transferable options to purchase common shares. The shareholders approved the adoption of a Option Plan on September 22, 2011, and as amended and restated on October 23, 2015 and December 21, 2017, reserving for issuance up to 10% of the Company's issued and outstanding common shares. Options granted vest at various rates and have terms of up to 10 years. As of March 31, 2018, options to purchase 9,600,689 common shares were outstanding. As the TSX Venture Exchange is the principle trading market for the Company's shares, all options have been priced in Canadian dollars.

The aggregate number of common shares reserved as of March 31, 2018 was 15,629,767, which includes both the Option Plan and the 2012 DSU Plan.

Share-based compensation expense for each of the periods presented is as follows (in thousands):

	Three Months Ended	
	March 31, 2018	March 31, 2017
Research and development	$ 22	$ 9
General and administrative	131	88
Total share-based compensation	$ 153	$ 97

We recognize share-based compensation based on the fair value of each award as estimated using the Black-Scholes option valuation model. Ultimately, the actual expense recognized over the vesting period will only be for those shares that actually vest.

A summary of option activity is as follows:

	Shares Underlying Options	Weighted Average Exercise Price Per Share (CAD$)	Aggregate Intrinsic Value (CAD$)
Balances at December 31, 2017	9,600,689	$ 0.32	$ 674,000
Granted	—	—	
Exercised	—	—	
Expired / cancelled	—	—	
Forfeited	—	—	
Balances at March 31, 2018	9,600,689	$ 0.32	$ 1,901,000

Information about stock options outstanding, vested and expected to vest as of March 31, 2018, is as follows:

	Outstanding, Vested and Expected to Vest			Options Vested and Exercisable	
Per Share Exercise Price (CAD$)	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (CAD$)	Options Exercisable	Weighted Average Remaining Contractual Life (Years)
$0.10-$0.13	1,100,000	7.48	$ 0.10	1,100,000	7.48
$0.14-$0.16	2,670,000	7.67	0.15	2,002,500	7.67
$0.17-$0.26	2,689,355	8.71	0.26	1,295,606	8.75
$0.27-$0.51	2,138,334	9.21	0.32	544,584	9.21
$0.52-$1.70	1,003,000	4.62	1.21	1,003,000	4.62
	9,600,689	7.97	$ 0.32	5,945,690	7.50

The cumulative grant date fair value of employee options vested during the three months ended March 31, 2018 and 2017 was $418,000 and $278,000, respectively. Total proceeds received for options exercised during the three months ended March 31, 2018 and 2017 were $0 and $7,000, respectively.

Nonemployee share-based compensation

We account for stock options granted to nonemployees in accordance with FASB ASC 505. In connection with stock options granted to nonemployees, we recorded $125,000 and $93,000 for nonemployee share-based compensation during the three months ended March 31, 2018 and 2017, respectively. These amounts were based upon the fair values of the vested portion of the grants. Amounts expensed during the remaining vesting period will be determined based on the fair value at the time of vesting.

Exhibit 3.1

**CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83**

Certificate of Continuance

Canada Business Corporation Act

Certificat de prorogation

Loi canadienne sur les sociétés par actions

DiaMedica Inc.

Corporate name / Dénomination sociale

970609-7

Corporation number / Numéro de société

I HEREBY CERTIFY that the above-named corporation, the articles of continuance of which are attached, is continued under section 187 of the *Canada Business Corporations Act* (CBCA).

JE CERTIFIE que la société susmentionnée, dont les clauses de prorogation sont jointes, est prorogée en vertu de l'article 187 de la *Loi canadienne sur les sociétés par actions* (LCSA).

/s/ Viginie Ethier

Viginie Ethier

Director / Directeur

2016-04-11

Date of Continuance (YYYY-MM-DD)
Date de prorogation (AAAA-MM-JJ)

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

Form 11	FORM 11 ARTICLES OF CONTINUANCE (Section 187)	FORMULAIRE 11 CLAUSES DE PROROGATION (ARTICLE 187)

1 – Name of the Corporation — Dénomination sociale de la société

DiaMedica Inc.

2 – The province or territory in Canada where the registered office is situated (do not indicate the full address) — La province ou le territoire au Canada où est situé le siège social (n'indiquez pas l'addresse complète)

Manitoba

3 – The classes and any maximum number of shares that the corporation is authorized to issue — Categoriés et tout nombre maximal d'actions que la société est autorisée a émettre

The Corporation is authorized to issue one class of shares: Voting Common Shares. Voting Common Shares may be issued in unlimited numbers, for unlimited consideration.

See attached Schedule "I".

4 - Restrictions, if any on share transfers — Restrictions sur le transfert des actions, s'il y a lieu

None

5 – Minimum and maximum number of directors (for a fixed number of directors, please indicate the same number in both boxes) — Nombre minimal et maximal d'administrateurs (pour un nombre fixe, veuillez indiquer le même nombre dans les deux cases)

Minimum: 1 Maxiumum: 10 — Minimal: Maximal:

6 - Restrictions, if any, on business the corporation may carry on — Limites imposées à l'activité commerciale de la société, s'il y a lieu

Not applicable

7 - (1) If change of name effected, previous name — (1) S'il y a changement de dénomination sociale, indiquer la dénomination sociale antérieure

Not applicable

(2) Details of incorporation — (2) Détails de la constitution

Incorporated in Manitoba on January 21, 2000

8 - Other provisions, if any — Autres dispositions, s'il y a lieu
None

9 - **Declaration**: I hereby certify that I am a director or an officer of the corporation. — **Déclaration**: J'atteste que je suis un administrateur ou un dirigeant de la société

Signature	Printed name – Nom en lettres moulées
/s/ Rick Pauls	Rick Pauls

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5,000.00 or to imprisonment for a term no exceeding six months or both (subsection 250(1) of the CBCA).	Nota: Faire un fausse déclaration consitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5,000 $ ou d'un emprisonment, maximal de six mois, ou de ces deux peines (paragraph 250(1)de la LCSA).

Canada

Schedule / Annexe
Description of Classes of Shares / Description des categories d'action

The Corporation is authorized to issue one class of shares: Voting Common Shares. The shares may be issued in unlimited numbers, for unlimited consideration.

See attached Schedule "I"

SCHEDULE "I"
to Article 3 of the Articles of Continuance of
DIAMEDICA INC.

1. In these Articles of Continuance, unless the context otherwise requires:

"Articles" means the articles of continuance of the Corporation, as shall be in force from time to time.

2. The Voting Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) The holders of the Voting Common Shares shall in each financial year of the Corporation be entitled to receive, if declared by the Directors of the Corporation out of the monies or other property of the Corporation properly applicable to the payment of dividends, non-cumulative dividends in an amount to be determined by and in the discretion of the Directors of the Corporation. If in any year the Directors of the Corporation in their discretion decide to declare a dividend, the same amount of dividend must be declared on each such share, without preference or distinction. If in any year the Directors in their discretion do not declare any dividend, then the rights of the holders of the Voting Common Shares to any dividend for the year shall forever be extinguished.

(b) It shall be in the sole discretion of the Directors of the Corporation whether in any financial year of the Corporation any dividend is declared on the shares of the Corporation, provided that the provisions of paragraphs 2(a) shall always be complied with. For purposes of greater certainty, it is herewith stated that a dividend may be paid in money or property or by issuing fully paid shares of the Corporation.

(d) The holders of Voting Common Shares shall be entitled to one vote for each Voting Common Share held by them at all meetings of Shareholders except meetings at which, pursuant to the *Canada Business Corporations Act,* only holders of a specified class of shares are entitled to vote.

3. A holder of fractional shares issued by the Corporation shall be entitled proportionately to all the rights and privileges attaching to a whole share of the same class, including, without limiting the generality of the foregoing, the right to receive the appropriate portion of dividend, to receive the appropriate portion of the redemption amount if such class of shares are otherwise redeemable, and to exercise voting rights in respect of the fractional share if such class of shares is otherwise entitled to vote.

Exhibit 3.2

CONFIDENTIAL TREATMENT REQUESTED BY DIAMEDICA THERAPEUTICS INC. PURSUANT TO 17 C.F.R. SECTION 200.83

Certificate of Amendment

Canada Business Corporation Act

Certificat de modification

Loi canadienne sur les sociétés par actions

DiaMedica Therapeutics Inc.

Corporate name / Dénomination sociale

970609-7

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 178 of the *Canada Business Corporations Act* as set out in the attached articles of amendment.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 178 de la *Loi canadienne sur les sociétés par actions*, tel qui'il est indiqué dans les clauses modificatrices ci-jointes.

/s/ Viginie Ethier

Viginie Ethier

Director / Directeur

2016-12-28

Date of Amendment (YYYY-MM-DD)
Date de modification (AAAA-MM-JJ)

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

Government of Canada	**Gouvernement du Canada**	**Form 4** **Articles of Amendment** *Canada Business Corporations Act (CBCA) (s. 27 or 177)*	**Formulaire 4** **Clauses modificatrices** *Loi canadienne sur le société par actions (LCSA) (art. 27 ou 177)*

1 Corporate name
Dénomination sociale
DiaMedica Inc.

2 Corporation number
Numéro de la société
970609-7

3 The articles are amended as follows
Les statuts sont modifiés de la façon suivante

The corporation changes its name to:
Le dénomination sociale est modifiée pour:
DiaMedica Therapeutics Inc.

The corporation changes the province or territory in Canada where the registered office is situated to:
La province ou le territoire au Canada où est situé le siège social est modifié pour:
BC

4 Declaration: I certify that I am a director or an officer of the corporation.
Déclaration: J'atteste que je suis un administrateur ou un dirigeant de la société.

Original signed by / Original signé par
Rick Pauls

Rick Pauls
763-270-0603

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procedure sommaire, est passible d'une amende maximale de 5000$ et d'un emprisonment maximal de six mois, ou l'une de ces (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exiges par la LCSA. Il est à noter que la LCSA et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgues au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.

Canada

Exhibit 3.4

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

BY-LAW NO. 1A

A by-law relating generally to the conduct of the affairs of DiaMedica Inc.

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of DiaMedica Inc. (hereinafter referred to as the "Corporation").

SECTION ONE

I. Interpretation

1 . 0 1 Definitions — In this by-law and all other by-laws and special resolutions of the Corporation unless the context otherwise requires:

(a) "Act" means The Corporations Act (Manitoba) or shall mean the Canada Business Corporations Act and any statute that may be substituted therefor, as from time to time amended, if the Corporation is continued as a federal corporation;

(b) "articles" means the articles of incorporation of the Corporation dated January 21, 2000, as from time to time amended, supplemented or restated and as the term "articles" is more particularly defined In the Act;

(c) "board" means the board of directors of the Corporation and includes a single director;

(d) "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

(e) "recorded address" means, in the case of a shareholder, his or its address as recorded in the register of shareholders and, in the case of a director, officer, auditor or member of a committee of the board, his address as recorded in the records of the Corporation; and

(f) "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation pursuant to the provisions of this by-law or by a resolution passed pursuant thereto.

Words and expressions defined in the Act have the same meanings when used herein.

1.02 In all bylaws of the Corporation, where the context so requires or permits, the singular shall include the plural and the singular; the word "person" shall include an individual, partnership, corporation, executor, administrator and legal representative, and the masculine shall include the feminine.

SECTION TWO

II. Business of the Corporation

2.01 Registered Office — Until changed in accordance with the Act, the registered office of the Corporation shall be in the City of Winnipeg, in the Province of Manitoba and at such location therein as determined by the board.

2.02 Execution of Instruments — Any contract, document or other instrument in writing requiring execution by the Corporation shall be executed by:

(a) the Chairman and Secretary; or

(b) one of the Chairman or the Secretary together with any one other officer or director of the Corporation,

and all contracts, documents or other instruments in writing so executed shall be binding upon the Corporation without any further authorization or formality. The board is authorized from time to time by resolution to appoint any other officer or officers or any other person or persons on behalf of the Corporation to execute, either manually or by facsimile signature, and deliver either contracts, documents or other instruments in writing generally or specific contracts, documents or other instruments in writing. The term "contracts, documents or either instruments in writing" as used in this by-law shall include, specifically but without limitation, deeds, mortgages, charges, security agreements, conveyances, releases, receipts and discharges for the payment of money or other obligations, transfers and assignments of property of all kinds, including, specifically but without limitation, transfers and assignments of shares, warrants, bonds, debentures or other securities and all paper writings.

2.03 Banking Arrangements — The banking business of the Corporation shall be transacted with such chartered banks, trust companies, credit unions or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

2.04 Voting Rights in Other Bodies Corporate — The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board may from time to time direct the manner in which, and the person or persons by whom, any particular voting rights or class of voting rights may or shall be exercised.

2.05 Withholding Information from Shareholders — Subject to the provisions of the Act, and applicable laws, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which, in the opinion of the board, it would be inexpedient in the interests of the shareholders or the Corporation to communicate to the public. The board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of the shareholders, and no shareholder shall have any right of inspecting any account, record or document of the Corporation except as conferred by the Act or authorized by the board or by resolution passed at a general meeting of shareholders.

SECTION THREE

III. Borrowing

3.01 The board may, without the authorization of the shareholders:

(a) borrow money upon the credit of the Corporation;

(b) issue, reissue, sell or pledge debt obligations of the Corporation, including bonds, debentures, notes or other evidences of indebtedness or guarantees, whether secured or unsecured;

(c) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and

(d) mortgage. hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

SECTION FOUR

IV. Directors

4 . 0 1 Number of Directors. Residency and Quorum — The articles of the Corporation provide that the Corporation shall have a board consisting of a minimum and maximum number of directors. Subject to the Act, at least 25% of the directors must be residents of Canada and the Corporation must have at least one director who is a resident of Canada if the number of directors of the Corporation is less than four. The exact number of directors to form the board (the "Designated Number") shall be determined from time to time by the directors of the Corporation entitled to vote at regular directors' meetings. A quorum of the board shall be a majority of the Designated Number of the board. No business shall be transacted at a meeting unless a quorum is present and, subject to the Act, at least 25% of the directors are residents of Canada or at least one director is a resident of Canada if the Corporation has less than 4 directors at the time of the transaction of such business. Notwithstanding a vacancy among the directors, a quorum of directors may exercise all the powers of the board.

4.02 Qualification — A director is not required to be a shareholder however a director shall otherwise be qualified to be a director of the Corporation provided that such person is not otherwise disqualified pursuant to the provisions of the Act.

4.03 Election and Term — The election of directors shall take place at each annual meeting of shareholders and all directors then in office shall retire but, if qualified, shall be eligible for re-election. The election of directors shall be by ordinary resolution of the shareholder. If an election of the directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected. No election or appointment of a person as a director shall be effective unless:

(a) he consents in writing to act as a director before his election or appointment or within ten (10) days thereafter, or

(b) he was present at the meeting when he was elected or appointed and did not refuse at that meeting to act as a director.

4.04 Removal of Director — Subject to the provisions of the Act, the shareholders of the Corporation may by ordinary resolution at a special meeting remove any director or directors from office and may elect any qualified person or persons in his or their stead for the remainder of the term of the removed director or directors.

4.05 Vacation of Office — The office of a director shall be vacated upon the occurrence of any one of the following events:

(a) disqualification pursuant to the provisions of the Act;

(b) removal pursuant to the provisions of this by-law; or

(c) if by notice in writing to the Corporation he resigns his office and such resignation, if not effective immediately, becomes effective in accordance with its terms.

4.06 Vacancies — Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the minimum number of directors or from a failure of the shareholders to elect the minimum number of directors. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the minimum number of directors, the board shall forthwith call a special meeting of shareholders to fill the vacancy. If the board fails to call such meeting, or if there are no such directors then in office, any shareholder may call the meeting.

4.07 Place of Meetings — Meetings of the board may be held at any place.

4.08 Calling of Meetings — Meetings of the board may be called upon 48 hours' notice in writing or by telephone by either the Chairman or any two directors of the Corporation. Any meeting of directors may be held at any place and time without such notice if all the directors are present or if a quorum is present and those directors who are absent have signified their consent to the holding of the meeting by an instrument in writing or subsequently thereto signify their consent in writing. Any resolution passed or proceeding had or action taken at such meeting shall be as valid and effectual as if it had been passed or taken at a meeting duly called. Notice of any meeting or irregularity in any meeting or the notice thereof may be waived by any director.

4.09 Meetings by Telephone — A director may participate in a meeting of the board or of a committee of the board by means of such telephone or other communications facilities as permit all persons participating in the meeting to hear each other and a director participating in such a meeting by such means is deemed to be present at the meeting.

4.10 Meeting of Board Without Notice — For the first meeting of the board to be held immediately following the election of directors at an annual or general meeting of shareholders or for a meeting of the board at which a director is appointed to fill a vacancy in the board, no notice of such meeting shall be necessary to the newly elected or appointed director or directors in order for the meeting to be duly constituted, provided that a quorum of directors is present.

4.11 Voting at Meetings — Questions arising in any meeting of directors shall be decided by majority vote of such directors. Provided he is a director, the chairman at all directors meetings may move, second or vote upon any resolution, by-law or any other matter or thing and may act in any matter whatsoever as if he were a director only and not chairman of the meeting. If the chairman is not a director, he shall not move, second or vote upon any resolution, by-law or on any other matter or thing. In case of an equality of votes, the chairman at the meeting shall not have a second or casting vote.

4.12 Chairman — The Chairman of the Board, if such an officer has been elected and is present, shall be the chairman of any meetings of the board. If no such officer is present at any meeting of the board, the directors present shall choose one of their number to act as chairman of such meeting.

4.13 Conflict of Interest — A director shall not be disqualified by reason of his office from contracting with the Corporation or a subsidiary thereof. Subject to the provisions of the Act, a director shall not by reason only of his office be accountable to the Corporation or its shareholders for any profit or gain realized from a contract or transaction in which he has an interest. Such contract or transaction shall not be voidable by reason only of such interest, or by reasons only of the presence of a director so interested at a meeting, or by reason only of his presence being counted in determining a quorum at a meeting of the directors at which such a contract or transaction is approved, provided that a declaration and disclosure of such interest shall have been made at the time and in the manner prescribed by the Act, and the director so interested shall have refrained from voting as a director on the resolution approving the contract or transaction (except as permitted by the Act) and such contract shall have been reasonable and fair to the Corporation and shall have been approved by the directors or shareholders of the Corporation as required by the Act.

4.14 Remuneration and Expenses — The board shall have the power to fix the remuneration to be paid to directors and officers for their services to the Corporation, which remuneration paid to a director may be in addition to the salary or remuneration he receives as an officer or employee of the Corporation. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

4.15 One Director Meeting — Where the Corporation has only one director, that director may constitute a meeting.

4.16 Resolution in Lieu of Meeting — A resolution in writing, signed by all of the directors entitled to vote thereon at a meeting of directors or committee of directors, is as valid as if it had been passed at a meeting of directors or committee of directors and is effective from the date specified in the resolution, but that date shall not be prior to the date on which the first director signed the resolution.

4.17 Delegation — The board may appoint from their number a Managing Director who is a resident of Canada or a committee of directors and, subject to the Act, delegate to such Managing Director or committee any of the powers of the directors. If the board appoints a committee of directors, subject to the Act, the majority of the members of the committee must be residents of Canada.

4.18 Appointment of Additional Director — Subject to the Act, a quorum of the board may at any time, in its discretion, appoint one additional director to the board to serve until the next annual meeting of shareholders.

SECTION FIVE

V. Officers

5.01 Election or Appointment — From time to time, the board shall elect or appoint a Chairman of the Board, and may appoint such other officers, including a Chief Executive Officer, President, Vice-President and Secretary and such other officers as the board may determine. An officer may, but need not be, a director and two or more offices may be held by the same person.

5.02 Chairman of the Board — The Chairman of the board, if any, who shall be a director of the Corporation, shall attend and be chairman of all meetings of the board of directors or committees of the board and, in the absence of, disability or refusal to act of the Chief Executive Officer of the Corporation, the Chairman of the board shall have all the powers and authority and shall perform all the duties of the Chief Executive Officer.

5.03 Chief Executive Officer — The Chief Executive Officer shall be the chief executive and operating officer of the Corporation and, subject to the authority of the board shall have general supervision of the business of the Corporation.

5.04 Secretary — The Secretary, if any, shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation (if any) and of all books, papers, records, documents and instruments belonging to the Corporation except when some other officer or person has been appointed for that purpose.

5.05 Variation of Duties — From time to time, the board may vary, add to, or limit the powers and duties of any officer.

5.06 Duties of officers may be delegated — In case of the absence or inability to act of any officer of the Corporation or for any other reason that the board may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to any director for the period of time of such absence or inability to act.

5.07 Term of Office — The board may remove at its pleasure any officer of the Corporation without prejudice to any officer's rights under any employment contract. Otherwise each officer elected or appointed by the board shall hold office until his successor is elected or appointed.

5.08 Terms of Employment and Remuneration — The terms of employment and the remuneration of officers elected or appointed by the board shall be settled by it from time to time.

5.09 Agents and Attorneys — The board shall have power from time to time to appoint agents or attorneys for the Corporation with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

SECTION SIX

VI. Protection of Directors, Officers and Others

6.01 Indemnification of directors and officers — The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives to the extent permitted by the Act.

6.02 Indemnity of others — Except as otherwise required by paragraphs 6.01 and 6.03, the Corporation may from time to time indemnify and save harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving, at the request of the Corporation, as a director, officer, employee, agent of or participant in another corporation, partnership, joint venture, trust or other enterprise, against expenses (including legal fees), judgments, fines and any amount actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted honestly and in good faith with a view to the best interests of the Corporation, and with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct was lawful. The termination of any action, suit or proceeding by judgment, order, settlement, or conviction, shall not, of itself, create a presumption that the person did not act honestly and in good faith with a view to the best interests of the Corporation, or, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had no reasonable grounds for believing that this conduct was lawful

6.03 Successful defense — To the extent that a person who is or was an employee or agent of the Corporation has achieved complete or substantial success as a defendant in any action, suit or proceeding referred to in section six hereof, he shall be indemnified against all costs, charges and expenses actually and reasonably incurred by him in connection therewith.

6.04 Right of indemnity not exclusive — The provisions for indemnification contained in the by-laws of the Corporation shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be director, officer, employee or agent and shall ensure to the benefit of the heirs, executors and administrators of such a person.

6.05 No liability of directors or officers for certain acts, etc. — To the extent permitted by law, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults or any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation with whom or which any moneys, securities or affects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happened in the execution of the duties of his respective office in relation thereto unless the same shall happen by or through his failure to act honestly and in good faith with a view to the best interests of the Corporation and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation except such as shall have been submitted to and authorized or approved by the board of directors of the Corporation. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a company which is employed by or performs services for the Corporation, the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

6.06 Insurance — The Corporation may as permitted under the Act, purchase and maintain insurance for the benefit of any person referred to in paragraph 6.01.

VII. Shares

7.01 Allotment — The board may from time to time issue securities to such persons and for such consideration as the board may determine, in accordance with the provisions of applicable laws.

7.02 Options & Other Securities — The board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation or warranties or such other securities convertible or exchangeable into shares at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as prescribed by the Act, subject always to the provisions, if any, of the articles respecting the allotment of shares.

7.03 Shares and Share Certificates — The shares of the Corporation shall be represented by certificates or, where allowed for or required by applicable law, shall be electronically issued without a certificate. Every holder of one or more shares of the Corporation is entitled, at the option of the holder, to a share certificate, or a non-transferable written certificate of acknowledgment of the right to obtain a share certificate, stating the number and class or series of shares held as shown on the securities registers. Any certificate shall be signed in accordance with these by-laws and need not be under corporate seal. Certificates shall be manually countersigned by at least one director or officer of the Corporation or by or on behalf of a registrar or transfer agent of the Corporation. Subject to the Act, the signature of any signing director, officer, transfer agent or registrar may be printed or mechanically reproduced on the certificate. Every printed or mechanically reproduced signature is deemed to be the signature of the person whose signature it reproduces and is binding upon the Corporation. A certificate executed as set out in this section is valid even if a director or officer whose printed or mechanically reproduced signature appears on the certificate no longer holds office at the date of issue of the certificate.

7.04 Transfer Agent and Registrar — Subject to the provisions of the Act, the directors may from time to time by resolution appoint or remove one or more transfer agents and/or branch transfer agents and/or registrars and/or branch registrars (which may or may not be the same individual or corporation) for the shares of the Corporation, and may provide for transfer any registration of transfers of the shares of the Corporation in one or more places within Canada or elsewhere. Such transfer agents and/or branch transfer agents and/or registrars, and/or branch registrars and/or the Corporation shall keep all necessary books and registrars of the Corporation for transferring and registering the transfers of the shares of the Corporation. All share certificates, if any, issued by the Corporation shall in the event of any such appointment be counter-signed by or on behalf of one of the said transfer agents and/or branch transfer agents and/or registrars and/or branch registrars, if any.

7.05 Registration of Transfers — Subject to the Act, a transfer of a share may only be registered in the Corporation's securities register upon:

(a) presentation of the certificate representing such share with an endorsement which complies with the Act, made on the certificate or delivered with the certificate, duly executed by an appropriate person as provided by the Act, together with reasonable assurance that the endorsement is genuine and effective, upon payment of all applicable taxes and any reasonable fees prescribed by the board; or

(b) in the case of shares electronically issued without a certificate, upon receipt of proper transfer instructions from the registered holder of the shares, a duly authorized attorney of the registered holder of the shares or an individual presenting proper evidence of succession, assignment or authority to transfer the shares.

7.06 Non-recognition of Trusts — Subject to the provisions of the Act, the Corporation shall treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership irrespective of any indication to the contrary through knowledge or notice or description in the Corporation records or on the share certificate.

7.07 Replacement of Share Certificates — The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate that has been lost, apparently destroyed or wrongfully taken, on such terms as to indemnity, reimbursement of expense (including legal and transfer agent fees and expenses) and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

7.08 Joint Shareholders — If two or more persons are registered as joint shareholders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

7.09 Deceased Shareholder — In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the register of shareholders in respect thereof as to make any payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and/or its transfer agent

7.10 Dividends — The board may from time to time by resolution declare dividends in money, or property, or by issuing fully paid shares of the Corporation, provided that there are funds, property, or shares properly available for the purpose in accordance with the provisions of the Act.

7.11 Commission for Sale of Shares — The board may authorize the Corporation to pay a commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for the shares.

SECTION EIGHT

VIII. Meetings of Shareholders

8.01 Annual Meeting — Subject to the provisions of the Act, the annual meeting of the shareholders shall be at such place within Canada and on such date in each year as the board of directors may determine.

8.02 Special Meetings — Subject to the provisions of the Act, special meetings of the shareholders may be convened at any time and for any place by order of the Chairman or by the board on their own motion or on the requisition of shareholders as provided for in the Act.

8.03 Notice — Notice of the time and place of each meeting of shareholders shall be given in the manner provided in paragraph 9.01 not less than 21 nor more than 50 days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date, if any, for notice is entered in the securities register as the holder of one or more shares carrying in the right to vote or having the right to be notified of the meeting.

8.04 Meetings Without Notice — Notwithstanding the provisions of the Act relating to the notice, a meeting of shareholders may be held without notice at any time and at any place permitted by the Act or the articles provided a waiver of notice is obtained in accordance with the Act and provided all other applicable laws are complied with.

8.05 Quorum — The quorum for the transaction of business at meetings of the shareholders shall consist of not less than one shareholder present or represented by proxy and holding in all not less than 10% of the issued capital of the Corporation carrying voting rights.

8.06 Chairman — The Chairman of the Board, or, in his absence, if such officer has been elected and is present otherwise the Chief Executive Officer, failing whom the Secretary shall be the chairman of any meeting of the shareholders. If no such officer is present at any meeting of the shareholders, the shareholders present shall choose one of their members to act as chairman of such meeting.

8.07 Votes to Govern — At any meeting of shareholders, every question shall, unless otherwise required by the articles or by-laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a ballot, the chairman of the meeting shall not be entitled to a second or casting vote.

8.08 Right to Vote — At any meeting of shareholders, every person shall be entitled to vote who, at the time of the taking of a vote (or, if there is a record date for voting, at the close of business on such record date) is entered in the register of shareholders as the holder of one or more shares carrying the right to vote at such meeting, subject to the provisions of the Act.

8.09 Proxies — Every shareholder entitled to vote at meetings of shareholders may, by means of a proxy, appoint a proxy holder or one or more alternative proxy holders, who are not required to be shareholders, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy. A proxy shall be executed by the shareholder or by his attorney authorized in writing. A proxy is valid only at the meeting in respect of which it is given or any adjournment thereof. A shareholder may revoke a proxy in accordance with the provisions of the Act.

8.10 Deposit of Proxies — The directors may specify in a notice calling a meeting of shareholders a time not exceeding 48 hours, excluding Saturdays and holidays, preceding the meeting or an adjournment thereof before which time proxies to be used at the meeting must be deposited with the Corporation or its agents.

8.11 Form of Proxy — Subject to applicable securities laws, an instrument appointing a proxy may be substantially in the following form:

"The undersigned shareholder of _____ hereby appoints _____ of _____ whom failing _____ of _____ as the proxy of the undersigned in vote and act for the undersigned on behalf of the undersigned at the meeting of the shareholders of the said corporation to be held on the ____ day of _____, 20__, and at any adjournment thereof.

DATED the _____ day of _____, 20__."

8.12 Show of Hands — Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to the effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question and the result of the vote taken shall be the decision of the shareholders upon the said question.

8.13 Ballots — On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxy-holder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

8.14 Adjournment — The Chairman may, with the consent of any meeting, adjourn such meeting from time to time and if a meeting is adjourned for less than 30 days, no notice of such adjournment need be given to the shareholders. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given in the same manner as for an original meeting. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

8.15 Joint Shareholders — If shares are held jointly by two or more persons, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote thereon; but if more than one of them shall be present in person or represented by proxy, they shall vote together as one on the shares jointly held by them.

8.16 One Shareholder Meeting — If the Corporation has, from time to time, only one shareholder or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

8.17 Resolution in Writing — A resolution in writing signed by all of the shareholders entitled to vote thereon at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditors in accordance with the Act.

SECTION NINE

IX. Notices

9.01 Method of Giving Notices — Any notice (which term includes any communication or document), to be given, sent, delivered or served pursuant to the Act, the regulations thereunder, articles, by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid air or ordinary mail, or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or at the recorded address as aforesaid; any notice so mailed shall be deemed to have been given when deposited in any post office or public letter box; any notice sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer or auditor in accordance with any information believed by him to be reliable.

9.02 Notice to Joint Shareholders — If two or more persons are registered as joint holders of any share, notice to one of such persons shall be sufficient notice to all of them. Any notice shall be addressed to all of such joint holders and the address to be used for the purposes of paragraph 9.01 hereof shall be the address appearing on the register of shareholders in respect of such joint holding, or the first address so appearing if there are more than one.

9.03 Signature to Notices — The signature or signatures to any notice to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

9.04 Computation of Time — In computing a date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

9.05 Omissions and Errors — The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board, of the non-receipt of any notice by any such person or any error in any notice shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

9.06 Persons Entitled by Death or Operation of Law — Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share which shall have been duly given to a person from whom he derives his title to such share previously to his name and address being entered on the register of shareholders, whether such notice was given before or after the happening of the event upon which he became so entitled.

9.07 Waiver of Notice — Any shareholder (or his duly appointed proxy holder), director, officer, auditor or member of a committee of the board may waive any notice required to be given to him under the provisions of the Act, the articles, the by-laws or otherwise, and such waiver whether given before or after the meeting or other event of which notice is required to be given shall cure any default in giving such notice.

9.08 Undelivered Notices — If any notice given to a shareholder pursuant to paragraph 9.01 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

9.09 Proof of service — A certificate of the Secretary or other duly authorized officer of the Corporation in office at the time of the making of the certificate or the transfer officer or any transfer agent or registrar of the shares of any class of the Corporation as to facts in relation to the mailing or delivery of any notice to any shareholder, director, auditor or officer or publication of any notice shall be conclusive evidence thereof and shall be binding on every shareholder, director, auditor or officer of the Corporation as the case may be.

SECTION TEN

X. Meetings of Shareholders

10.01 Appointing Corporate Shareholder Representative — If a shareholder is a corporation, such corporate shareholder may appoint one or more persons to represent and to attend all meetings of shareholders and to act and vote thereat on behalf of such corporate shareholder as its proxy and representative. The corporate shareholder appointing such a representative shall deposit with the Corporation a written Appointment in a form acceptable to the directors of the Corporation and the appointment of the representative shall be valid until revoked in writing by the corporate shareholder appointing such representative.

10.02 Form of Appointment — An instrument appointing a representative may be substantially in the following form:

> "The undersigned corporate shareholder of _____ (the "Corporation") hereby appoints _____ as its true and lawful attorney and representative to attend all meetings of shareholders of the Corporation and any adjournments thereof, with authority to exercise the same powers on behalf of the undersigned as the undersigned could exercise if it were an individual shareholder of the Corporation inclusive of all voting rights.
>
> DATED the ____ day of _____, 20__
>
> _____
> (Signature of Corporate Shareholder)

SECTION ELEVEN

Xl. Miscellaneous

11.01 Invalidity of any provision of this by-law — The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

MADE by the board of directors the 19th day of May, 2008.

CONFIRMED by the shareholders in accordance with the Act the 25th day of June 2008.

AS AMENDED AND RESTATED on July 24, 2014.

/s/ Rick Pauls
Mr. Rick Pauls
President & CEO

/s/ John Savage
John Savage
Chief Financial Officer

Exhibit 4.1

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

THIS INVESTMENT AGREEMENT is made effective on the 16th day of July, 2016 **BETWEEN:**

HERMEDA INDUSTRIAL CO., LTD., a corporation existing under the laws of Hong Kong (the "**Investor**")

- and -

DIAMEDICA INC., a corporation existing under the laws of Canada (the "**Corporation**")

(collectively, the "**Parties**" and each of them a "**Party**").

RECITALS:

A. The Parties are desirous of consummating a transaction whereby the Investor would subscribe for, in two separate tranches, common shares in the capital of the Corporation on a private placement basis (the "**Financing**").

B. The Parties have entered into this agreement to set out the terms of the Financing described above and to record their understanding regarding other elements of the Financing.

THEREFORE, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following terms will have the respective meanings hereinafter set forth:

"**Affiliate**" has the meaning ascribed to "Affiliation" in Section 1(2) of the Securities Act;

"**Agreement**" means this agreement and all amendments or restatements as permitted hereunder, and references to "Article" or "Section" mean the specified Article or Section of this Agreement;

"**Applicable Law**" means all governmental laws (statutory or common), rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature, having application, directly or indirectly, to the Parties to this Agreement and their respective Subsidiaries and other Affiliates, or the transactions contemplated by this Agreement, and includes the rules and policies of any stock exchange or securities market upon which a Party or any of its Subsidiaries or other Affiliates has securities listed or quoted;

"**Approvals**" has the meaning ascribed to it in Section 6.1(a);

"**Anti-Bribery Laws**" means any Applicable Law that relates to bribery or corruption or both, including the *Criminal Code* (R.S.C. 1985, c. C-46), the *Corruption of Foreign Public Officials Act* (S.C. 1998, c. 34), the *US Foreign Corrupt Practices Act* 1977 and the *UK Bribery Act* 2010 or any similar legislation, in each case as amended or recodified from time to time, including (unless the context otherwise requires) any rules or regulations promulgated thereunder;

"**Beneficially Own**" shall mean direct or indirect ownership of a security by a Person or any Affiliate of such Person and shall include additional securities over which such Person has control or direction, and "**Beneficial Owner**" and "**Beneficial Ownership**" shall have correlative meanings;

"**Board**" means the board of directors of the Corporation;

"**Business Day**" means any day,

(a) which is not a Saturday, a Sunday or a day observed as a statutory or civic holiday under Applicable Law in Winnipeg, Manitoba and the City of Hong Kong; and

(b) on which the principal commercial banks are generally open for business in the City of Winnipeg, Manitoba and the City of Hong Kong;

"**Canadian GAAP**" means Canadian Generally Accepted Accounting Principles, which includes International Financial Reporting Standards;

"**Canadian Securities Laws**" means, collectively, the Securities Act and the applicable securities laws of the other provinces and territories of Canada, the regulations made and forms prescribed thereunder together with all applicable published rules, instruments, policy statements and blanket orders and rulings of the Canadian securities regulatory authorities;

"**Canadian securities regulatory authorities**" has the meaning ascribed to it in National Instrument 14101 - *Definitions*;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C.44, as amended, including the regulations promulgated thereunder;

"**Circular**" means the management information circular and proxy statement of the Corporation, to be mailed or otherwise distributed by the Corporation to shareholders of the Corporation in connection with the Meeting;

"**Common Shares**" means the voting common shares in the capital of the Corporation;

"**Confidentiality Agreement**" means the Confidentiality Agreement dated April 20, 2016 between the Corporation and Hermed Equity Investment Management (Shanghai) Co., Ltd.;

"**Constating Documents**" means the charter, the memorandum, the articles of association, the articles of incorporation, the articles of continuance, the articles of amalgamation, the by-laws, or any other instrument pursuant to which an entity is created, incorporated, continued, amalgamated or otherwise established, as the case may be, and/or which governs in whole or in part such entity's affairs, together with any amendments thereto;

"**control**" has the meaning ascribed thereto in the Securities Act;

"**Election of Directors Resolution**" means the ordinary resolution to be considered by shareholders of the Corporation at the Meeting to elect certain individuals to the Board, including the Representative, subject to TSXV approval;

"**Encumbrance**" means any mortgage, charge, pledge, hypothecation, security interest, lien, easement, right-of-way, encroachment, covenant, condition, right-of-entry, lease, license, assignment, option or claim or any other encumbrance, charge against or interest in property to secure payment of a debt or performance of an obligation (including the interest of a vendor or lessor under any conditional sale agreement, or of a lessor under any lease including a capital lease or other title retention agreement), or any title defect of whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising under Applicable Law;

"**Environmental Laws**" has the meaning ascribed to it in Section 3.2(v);

"**Financial Statements**" means, collectively:

(a) the audited consolidated financial statements of the Corporation as at and for the years ended December 31, 2015 and 2014, together with the notes thereto and the auditors' report thereon; and

(b) the unaudited interim comparative consolidated financial statements of the Corporation as at and for the three month periods ended March 31, 2016 and 2015;

"**Financing**" means the subscription of the Investor for the Initial Shares and the Second Shares, and the issuance by the Corporation of the Initial Shares and the Second Shares to the Investor, in each case on the terms and subject to the conditions set forth herein;

"**Governmental Authority**" or "**Governmental Authorities**" means any national, central, federal, provincial, state, municipal, county or other government or regional authority, whether executive, legislative or judicial, and includes any ministry, department, commission, bureau, board, administrative or other agency or regulatory body or instrumentality thereof, and includes any stock exchange or securities market upon which a Party or any of its Affiliates has securities listed or quoted;

"**Indemnified Person**" has the meaning ascribed to it in Section 8.1(c);

"**Indemnifying Party**" has the meaning ascribed to it in Section 8.1(c);

"**Initial Closing**" means the completion of the issuance and sale of the Initial Shares in accordance with the terms and conditions of this Agreement;

"**Initial Closing Date**" means the Business Day on which the Initial Closing occurs;

"**Initial Closing Outside Date**" means the date that is 30 days following the date of this Agreement or such other date as is mutually agreed to by the Parties;

"**Initial Purchase Price**" has the meaning ascribed to it in Section 2.1;

"**Initial Shares**" means the Common Shares to be issued, subject to the terms and conditions of this Agreement, to the Investor at the Initial Closing;

"**Issue Price**" has the meaning ascribed to it in Section 2.1;

"**Material Adverse Change**" or "**Material Adverse Effect**" with respect to the Corporation means any event, fact, circumstance, development, occurrence or state of affairs that is materially adverse to the business, assets (including intangible assets), affairs, operations, liabilities (contingent or otherwise), capital, properties, condition (financial or otherwise) or results of operations of the Corporation and its Subsidiary, taken as a whole, whether or not arising in the ordinary course of business, provided however that in no event shall any of the following (including the effect of any of the following) be taken into account in determining whether there has been or will be a Material Adverse Change or Material Adverse Effect on or in respect of the Corporation and its Subsidiary: (i) any change in applicable laws, any policy of any Governmental Authority or Canadian GAAP or any interpretation thereof, (ii) general economic, political or business conditions or changes therein (including commencement, continuation or escalation of war, armed hostilities or national or international calamity), (iii) any change generally affecting any of the industries in which the Corporation and its Subsidiary operate, (iv) the announcement or the execution of this Agreement or the pendency or consummation of the transactions contemplated by this Agreement, or (v) any acts of terrorism or change in geopolitical conditions; provided, however that to the extent that the effect referred to in (i), (ii), (iii) or (v) above primarily relates only to (or has the effect of primarily relating only to) the Corporation or disproportionately affects the Corporation, compared to other companies of similar size operating in the industries in which the Corporation and its Subsidiary operate, the relevant exclusion from this definition of Material Adverse Change and Material Adverse Effect referred to above shall not be applicable;

"**Meeting**" means the annual meeting of holders of Common Shares to consider, and if deemed advisable, approve (among other things) the Election of Directors Resolution;

"**Money Laundering Laws**" has the meaning ascribed to it in Section 3.2(rr);

"**Notice**" has the meaning ascribed to it in Section 11.1;

"**Party**" and "**Parties**" have the respective meanings ascribed to them in the Recitals to this Agreement;

"**Person**" means any individual, sole proprietorship, limited or unlimited liability corporation, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, body corporate, joint venture, trust, pension fund, union, Governmental Authority, and a natural person including in such person's capacity as trustee, heir, beneficiary, executor, administrator or other legal representative;

"**Public Record**" means all information filed after December 31, 2013 by or on behalf of the Corporation in compliance, or intended compliance, with Canadian Securities Laws, and which is available to the public for review on the Corporation's SEDAR profile at www.sedar.com;

"**Purchased Shares**" means the Common Shares purchased by the Investor pursuant to this Agreement, including the Initial Shares and Second Shares (if applicable);

"**Regulation S**" means Regulation S adopted by the SEC under the U.S. Securities Act; "**Representative**" has the meaning ascribed to it in Section 7.1(a);

"**Second Closing**" means the completion of the issuance and sale of the Second Shares in accordance with the terms and conditions of this Agreement;

"**Second Closing Date**" means the Business Day on which the Second Closing occurs;

"**Second Closing Outside Date**" means the date that is 30 days following the date of the TSXV Approval or such other date as is mutually agreed to by the Parties;

"**Second Purchase Price**" has the meaning ascribed to it in Section 2.3;

"**Second Shares**" means the Common Shares to be issued, subject to the terms and conditions of this Agreement, to the Investor at the Second Closing;

"**SEC**" means the United States Securities and Exchange Commission;

"**Securities Act**" means *The Securities Act* (Manitoba);

"**SEDAR**" has the meaning ascribed to it in Section 6.2(a);

"**Subsidiary**" has the meaning ascribed thereto in the Securities Act, and in the case of the Corporation, means DiaMedica USA Inc., a corporation existing under the laws of Delaware, United States;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Taxes**" includes any taxes, duties, fees, premiums, assessments, imposts, royalties, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and other government pension plan premiums or contributions, and "**Tax**" shall have a corresponding meaning;

"**Threshold Amount**" has the meaning ascribed to it in Section 8.1(f);

"**TSXV**" means the TSX Venture Exchange;

"**TSXV Approval**" means the conditional approval of the Financing (or any part thereof) given by the TSXV pursuant to the TSXV Corporation Finance Manual;

"**U.S. person**" has the meaning ascribed to it in Rule 902(k) of Regulation S under the U.S. Securities Act;

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended;

"**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia; and

"**Voting Agreements**" means the voting and support agreements entered into prior to or on the Initial Closing Date with directors and officers of the Corporation and certain other holders of Common Shares of the Corporation, pursuant to which, among other things, such parties have agreed, subject to the terms and conditions of such agreements, to vote all Common Shares held by them in favour of the Election of Directors Resolution and against any resolution submitted by any Person that is inconsistent with the Election of Directors Resolution.

1.2 Certain Rules of Interpretation

In this Agreement:

(a) Consent - Whenever a provision of this Agreement requires an approval or consent of a Party and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) Currency - Unless otherwise specified, all references to money amounts are to lawful currency of the United States.

(c) Governing Law - This Agreement is a contract made under, and shall be governed by and construed in accordance with, the laws of the Province of Manitoba and the federal laws of Canada applicable in the Province of Manitoba without regard to any conflict of laws or choice of laws principles that would permit or require the application of the laws of any other jurisdiction.

(d) Headings - Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(e) Including - Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

(f) No Strict Construction - The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(g) Number and Gender - Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) Severability - If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of such provision in any other jurisdiction and without affecting its application to other Parties or circumstances.

(i) Statutory References - A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

(j) Time - Time is of the essence in the performance of the Parties' respective obligations.

(k) Time Periods - Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day.

(l) Matters that have been Publicly Disclosed - A matter shall be considered to be publicly disclosed only to the extent such matter is disclosed in the Corporation's Public Record.

(m) Materiality. In determining whether a Material Adverse Change has occurred or whether any event or circumstance is "material" or has a Material Adverse Effect, the occurrence of any single event, or any series of related events, or set of related circumstances, shall be deemed to have caused a Material Adverse Change or Material Adverse Effect or be deemed to be "material" if they proximately cause an actual, direct economic loss to the Corporation or its Subsidiary, taken as a whole, in excess of $250,000.

(n) English Language. This Agreement has been drawn up in this English language at the mutual request of the Parties, and the Parties waive any requirement for this Agreement to be drawn up in any other language.

1.3 Knowledge

For the purposes of any covenant, representation or warranty in this Agreement made to a Party's "knowledge", the term "knowledge" means the knowledge of the executive officers (as such term is defined in Canadian Securities Laws) of the representing Party, and the actual knowledge that such Persons would have if they had conducted a reasonably diligent inquiry into the relevant subject matter.

1.4 Entire Agreement

This Agreement and the other documents required to be delivered pursuant to this Agreement constitute the entire agreement between the Parties and set out all of the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and the other documents required to be delivered pursuant hereto or thereto, and except as expressly set forth herein and therein, supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, including any non-binding term sheet among the Parties. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement and the other documents required to be delivered pursuant hereto or thereto except as specifically set forth in this Agreement, the Confidentiality Agreement and any document required to be delivered pursuant to this Agreement.

ARTICLE 2
FINANCING

2.1 Purchase of the Initial Shares

Subject to the terms and conditions of this Agreement, the Parties agree that on the Initial Closing Date the Investor will purchase from the Corporation, and the Corporation will issue and sell to the Investor an aggregate of 5,000,000 Common Shares at an issue price of $0.20 per share (the "**Issue Price**"), for aggregate cash consideration equal to $1,000,000.00 (such portion of the purchase price payable by the Investor being the "**Initial Purchase Price**") payable to the account of the Corporation that shall be designated in writing to the Investor to this effect at least two (2) Business Days prior to the Initial Closing Date.

2.2 Initial Closing Date

Subject to the terms and conditions of this Agreement,

(a) the Investor shall initiate the wire for the full amount of the Initial Purchase Price not later than two (2) Business Days; and

(b) the Initial Closing will be completed on the day that is not more than ten (10) Business Days,

after the date on which all of the conditions set forth in Sections 4.1 and 4.2 have been satisfied or waived in accordance with the terms contained in Sections 4.1 and 4.2 (except for the conditions to be satisfied at the Initial Closing which shall have been satisfied or waived in accordance with the terms of Sections 4.1 and 4.2 at the Initial Closing) or such other date as the Parties to this Agreement may agree (the "**Initial Closing Date**").

2.3 Purchase of the Second Shares

Subject to the terms and conditions of this Agreement, the Parties agree that on the Second Closing Date the Investor will purchase from the Corporation, and the Corporation will issue and sell to the Investor an aggregate of 15,000,000 Common Shares at the Issue Price for aggregate cash consideration equal to $3,000,000.00 (such portion of the purchase price payable by the Investor being the "**Second Purchase Price**") payable to the account of the Corporation that shall be designated in writing to the Investor to this effect at least two (2) Business Days prior to the Second Closing Date.

2.4 Second Closing Date

Subject to the terms and conditions of this Agreement,

(a) the Investor shall initiate the wire for the full amount of the Second Purchase Price not later than two (2) Business Days; and

(b) the Second Closing will be completed on the day that is not more than ten (10) Business Days,

after the date on which all of the conditions set forth in Sections 4.3 and 4.4 have been satisfied or waived in accordance with the terms contained in Sections 4.3 and 4.4 (except for the conditions to be satisfied at the Second Closing which shall have been satisfied or waived in accordance with the terms of Sections 4.3 and 4.4 at the Second Closing) or such other date as the Parties to this Agreement may agree (the "**Second Closing Date**").

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Investor

The Investor hereby represents and warrants to the Corporation the following matters, and acknowledges that the Corporation is relying upon such representations and warranties in connection with the issue and sale of the Purchased Shares contemplated hereby, the entering into of this Agreement and the other elements of the Financing:

(a) the Investor is a corporation duly incorporated, continued or amalgamated and validly existing and in good standing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated, as the case may be, has all requisite corporate power, authority and capacity to own, lease or operate its properties and assets, and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up, and the Investor has all requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder;

(b) the execution and delivery of this Agreement and the performance by the Investor of its obligations hereunder, does not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), (a) any statute, rule or regulation applicable to such Investor; (b) the Constating Documents or resolutions of the directors or securityholders of such Investor which are in effect at the date hereof; (c) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Investor is a party or by which it is bound; or (d) any judgment, decree or order binding the Investor or the property or assets thereof;

(c) the execution and delivery of this Agreement and the performance of the transactions contemplated hereunder have been duly authorized by all necessary corporate action of the Investor, and this Agreement has been duly executed and delivered by the Investor and constitutes a valid and binding obligation of the Investor, enforceable against the Investor in accordance with its terms, except as enforcement thereof may be limited by (i) applicable bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally, (ii) equitable remedies, including the remedies of specific performance and injunctive relief, being available only in the discretion of the applicable court; (iii) the statutory and inherent powers of a court to grant relief from forfeiture, to stay execution of proceedings before it and to stay executions on judgments; (iv) the Applicable Law regarding limitations of actions; (v) enforceability of provisions which purport to sever any provision which is prohibited or unenforceable under Applicable Law without effecting the enforceability or validity of the remainder of such documents would be determined only in the discretion of the courts; (vi) enforceability of the provisions exculpating a party from liability or duty otherwise owned by it may be limited under Applicable Law; and (vii) that rights to indemnity, contribution and waiver under the documents may be limited or unavailable under Applicable Law;

(d) on the Initial Closing Date and the Second Closing Date, as applicable, it will have sufficient funds on hand to pay in full the Initial Purchase Price and the Second Purchase Price, as applicable;

(e) the Investor is not a "U.S. person" and the Investor is not purchasing the Purchased Shares for the account or benefit of a U.S. person, the offer to purchase the Purchased Shares was not made to, or to an authorized representative of, the Investor in the United States, and this Agreement has not been executed on behalf of the Investor by any Person in the United States;

(f) neither the Investor nor any of its Affiliates owns any Common Shares (or securities convertible, exercisable or exchangeable into Common Shares) as at the date of this Agreement;

(g) neither the Investor nor any of its Affiliates is a party to any contract, agreement or understanding with any Person that would give rise to a valid claim against the Corporation or its Subsidiary for a brokerage commission, finder's fee or like payment in connection with the Financing;

(h) the Investor acknowledges that the Purchased Shares have not been and will not be qualified for distribution or registered under applicable Canadian Securities Laws or under the U.S. Securities Act;

(i) in accordance with Section 2.10 of National Instrument 45-106 - *Prospectus and Registration Exemptions*, published by the Canadian Securities Administrators, the Investor is not an individual, is purchasing as principal, the Purchased Shares have an acquisition cost to the Investor of not less than CDN$150,000 paid in cash at the time of the distribution, and the distribution of the Purchased Shares is of a single issuer;

(j) the Investor is purchasing the Purchased Shares as principal for its own account and not for the benefit of any other Persons, for investment purposes only and not with a view to resale or distribution in violation of Applicable Laws;

(k) none of the funds the Investor is using to acquire the Purchased Shares are proceeds obtained or derived, directly or indirectly, as a result of illegal activities and the funds representing the aggregate subscription amount which will be advanced by the Investor hereunder will not represent proceeds of crime for the purposes of the ***Proceeds of Crime (Money Laundering) and Terrorist Financing Act*** (Canada) or otherwise in violation of Anti-Bribery Laws or Money Laundering Laws and the Investor acknowledges that the Corporation may in the future be required by law to disclose its name and other information relating to this Agreement and its subscription hereunder, on a confidential basis, to regulatory authorities pursuant to the ***Proceeds of Crime (Money Laundering) and Terrorist Financing Act*** (Canada) or any applicable Anti-Bribery Laws or Money Laundering Laws and: (i) none of the subscription funds to be provided by such Investor (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States of America, Hong Kong, China or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to such Investor; and (ii) it shall promptly notify the Corporation if it discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith;

(l) no approval, authorization, consent or other order of, and no filing, registration or recording with, any Governmental Authority or other person is required by the Investor in connection with the execution and delivery of or with the performance by the Investor of this Agreement except: (a) those which have been obtained or those which may be required and shall be obtained prior to the Initial Closing Date or the Second Closing Date, as applicable, under applicable Canadian Securities Laws or the rules of the TSXV, including in compliance with applicable Canadian Securities Laws with regard to the distribution of the Purchased Shares to the Investor, and (b) such post-closing notices, fees and filings with the securities commissions and the TSXV as may be required in connection with the Financing;

(m) all information provided by the Investor to the Corporation for the purpose of preparing the applications to the TSXV for approval of the Financing or the Circular, or for the purpose of disclosure to any Governmental Authority and all information provided by the Investor directly to the TSXV or any Governmental Authority will be complete and accurate as at the time it is provided;

(n) the Investor has complied with the requirements of all Applicable Laws in the jurisdiction of its residence (the " **International Jurisdiction**") and:

(i) it is purchasing the Purchased Shares pursuant to exemptions from the prospectus or registration requirements or equivalent requirements under Applicable Law of the International Jurisdiction or, if such is not applicable, the Investor is permitted to purchase the Purchased Shares under the Applicable Law of the International Jurisdiction without the need to rely on any exemptions;

(ii) the Applicable Law of the International Jurisdiction do not require the Corporation to make any filings or seek any approvals of any kind whatsoever from any securities regulator of any kind whatsoever in the International Jurisdiction in connection with the issue and sale or resale of the Purchased Shares; and

(iii) the delivery of this Agreement, the execution hereof by the Corporation and the Investor, and the issuance of the Purchased Shares to the Investor complies with Applicable Law of the International Jurisdiction, will not cause the Corporation to prepare and file a prospectus or similar document, or any other report with respect to such purchase in the International Jurisdiction, and will not cause the Corporation or any of its officers or directors to become subject to or require any disclosure, prospectus or other reporting requirements.

3.2 Representations and Warranties of the Corporation

The Corporation represents and warrants to the Investor the following matters, and acknowledges that the Investor is relying upon such representations and warranties in connection with the purchase of the Purchased Shares contemplated hereby, the entering into of this Agreement and the other elements of the Financing:

(a) the Corporation and the Subsidiary are corporations duly incorporated, continued or amalgamated and validly existing and in good standing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated, as the case may be, has all requisite corporate power, authority and capacity to own, lease or operate its properties and assets as described in the Public Record and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up, and the Corporation has all requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder;

(b) the Corporation is the registered and beneficial holder of all of the issued and outstanding securities of the Subsidiary free and clear of all Encumbrances whatsoever and no person or other entity has any agreement, option, right or privilege (whether pre-emptive or contractual) to purchase or receive (or capable of becoming an agreement or a right to purchase or receive) from the Corporation or the Subsidiary any issued or unissued securities of the Subsidiary;

(c) the Corporation and the Subsidiary are qualified to carry on business as described in the Public Record under the laws of each jurisdiction in which it carries on its business;

(d) other than the Subsidiary, the Corporation has no investment in any person which is material to the business and affairs of the Corporation;

(e) the Corporation is a "reporting issuer" under Canadian Securities Laws of each of the provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec, is not in default of any requirement of such Canadian Securities Laws, and is not included on a list of defaulting reporting issuers maintained by the securities commissions in such provinces;

(f) the execution and delivery of this Agreement and the performance by the Corporation of its obligations hereunder, including the allotment, reservation, issuance and delivery of the Purchased Shares, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), (a) any statute, rule or regulation applicable to the Corporation, including Canadian Securities Laws and the rules and regulations of the TSXV; (b) the Corporation's Constating Documents or resolutions of the directors or shareholders of the Corporation and the Subsidiary which are in effect at the date hereof; (c) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Corporation or the Subsidiary is a party or by which it is bound; or (d) any judgment, decree or order binding the Corporation or the Subsidiary or the property or assets thereof;

(g) the Corporation is in compliance with its timely and continuous disclosure obligations under applicable Canadian Securities Laws and the rules and regulations of the TSXV and, without limiting the generality of the foregoing, there has not occurred any Material Adverse Change since December 31, 2013 which has not been disclosed on the Public Record, all statements set forth in all documents publicly filed by or on behalf of the Corporation pursuant to applicable Canadian Securities Laws since December 31, 2013, were true, correct, and complete as of the date of such statements in all material respects and did not contain any misrepresentation as of the date of such statements and the Corporation has not filed any confidential material change reports since the date of such statements which remains confidential as at the date hereof;

(h) neither the Corporation nor the Subsidiary is in violation of its Constating Documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or its property may be bound, except in each case as would not have a Material Adverse Effect, and the Constating Documents attached hereto as Appendix "A" are a true and correct copy of the Constating Documents of the Corporation effective the date hereof;

(i) to the knowledge of the Corporation, no counterparty to any obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party is in default in the performance or observance thereof except in each case as would not have a Material Adverse Effect;

(j) except as disclosed in the Public Record, neither the Corporation nor the Subsidiary has approved, or entered into any agreement in respect of: (a) the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by the Corporation or the Subsidiary, whether by asset sale, transfer of shares or otherwise other than in the ordinary course of business; or (b) any change in control of the Corporation (by sale, transfer or other disposition of shares or sale, transfer, lease or other disposition of all or substantially all of the property and assets of the Corporation);

(k) the Financial Statements have been prepared in accordance with Canadian GAAP and present fairly in all material respects, the consolidated financial condition of the Corporation and the Subsidiary as at the dates thereof and the consolidated results of the operations and cash flows of the Corporation and the Subsidiary for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation, as applicable, and there has been no material change in accounting policies or practices of the Corporation since December 31, 2013;

(l) since December 31, 2013, except as disclosed in the Public Record: (a) there has been no change in the condition (financial or otherwise), or in the properties, capital, affairs, prospects, operations, assets or liabilities of the Corporation, whether or not arising in the ordinary course of business, which would have a Material Adverse Effect; and (b) there have been no material transactions entered into by the Corporation, other than those in the ordinary course of business;

(m) all Taxes due and payable by the Corporation and the Subsidiary have been paid. All tax returns, declarations, remittances and filings required to be filed by the Corporation and the Subsidiary have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of the Corporation, no examination of any tax return of the Corporation or the Subsidiary is currently in progress and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by the Corporation or the Subsidiary;

(n) based upon representations made by the Corporation's auditors to the Corporation, the Corporation's auditors, who audited the audited Financial Statements and who provided their audit report thereon, are independent public accountants as required under Canadian Securities Laws. There has never been a "reportable event" (within the meaning of National Instrument 51-102 - *Continuous Disclosure Obligations*) between the Corporation and the Corporation's auditors;

(o) the Corporation maintains a system of internal accounting controls sufficient to provide reasonable assurances that (a) transactions are executed in accordance with management's general or specific authorization, and (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian GAAP and to maintain accountability for assets;

(p) other than as set forth in the Public Record, no person has any agreement or option, or right or privilege (whether pre-emptive or contractual) to purchase or receive (or capable of becoming an agreement or a right to purchase or receive) from the Corporation any shares or securities of the Corporation;

(q) to the knowledge of the Corporation, there is no agreement in force or effect which in any material manner affects or will affect the voting or control of any of the securities of the Corporation or of the Subsidiary;

(r) since December 31, 2013, none of the directors, officers or employees of the Corporation, any person who owns, directly or indirectly, more than 10% of any class of securities of the Corporation or securities of any person exchangeable for more than 10% of any class of securities of the Corporation, or any associate or Affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including any loan made to or by any such person) with the Corporation which, as the case may be, materially affects, is material to or will materially affect the Corporation;

(s) other than as set forth in the Public Record, there are no actions, suits, judgments, investigations, inquiries or proceedings of any kind whatsoever outstanding (whether or not purportedly on behalf of the Corporation or the Subsidiary), or to the knowledge of the Corporation, pending or threatened against or affecting the Corporation, the Subsidiary or their respective directors or officers (in their capacities as such), at law or in equity or before or by any commission, board, bureau or agency of any kind whatsoever and, to the knowledge of the Corporation, neither the Corporation nor the Subsidiary is subject to any judgment, order, writ, injunction or decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, would have a Material Adverse Effect or would adversely affect the ability of the Corporation to perform its obligations under this Agreement;

(t) no legal or governmental proceedings or inquiries by any Governmental Authority are pending to which the Corporation or the Subsidiary is a party or to which any of its property interests or assets is subject that would result in the revocation or modification of any certificate, authority, permit or license necessary to conduct the business now conducted by the Corporation and the Subsidiary which, if the subject of an unfavourable decision, ruling or finding would have a Material Adverse Effect and, to the knowledge of the Corporation, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to the Corporation or the Subsidiary or with respect to any of their properties and assets;

(u) the Corporation and the Subsidiary have conducted and are conducting their business in compliance with Applicable Law or other lawful requirements of any Governmental Authority applicable to it in each jurisdiction in which they carry on business, except where non-compliance with such laws could not reasonably be expected to have a Material Adverse Effect, and the Corporation and the Subsidiary hold all licenses, registrations, permits, authorities and qualifications in all jurisdictions in which they carry on business which are necessary to carry on their business as now conducted except where the failure to hold such licenses, registrations, permits, authorities and qualifications could not reasonably be expected to have a Material Adverse Effect, and, all such licenses, registrations, permits, authorities and qualifications are valid and existing and in good standing, and there is no proceeding, inquiry or action by any Governmental Authority, actual, potential or, to the knowledge of the Corporation, threatened, against the Corporation relating to the revocation or modification of any such licenses, registrations, permits, authorities or qualifications which if the subject of an unfavourable decision, ruling or finding, would have a Material Adverse Effect;

(v) there are no orders, rulings or directives issued or, to the knowledge of the Corporation, pending or threatened against the Corporation or the Subsidiary under or pursuant to any applicable federal, provincial, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, "**Environmental Laws**") requiring any work, repairs, construction or capital expenditures with respect to the property or assets of the Corporation or the Subsidiary which would reasonably be expected to have a Material Adverse Effect;

(w) no approval, authorization, consent or other order of, and no filing, registration or recording with, any Governmental Authority or other person is required by the Corporation in connection with the execution and delivery of or with the performance by the Corporation of this Agreement except: (a) those which have been obtained or those which may be required and shall be obtained prior to the Initial Closing Date or the Second Closing Date, as applicable, under applicable Canadian Securities Laws or the rules of the TSXV, including in compliance with applicable Canadian Securities Laws with regard to the distribution of the Purchased Shares to the Investor, and (b) such post-closing notices, fees and filings with the securities commissions and the TSXV as may be required in connection with the Financing;

(x) the execution and delivery of this Agreement and the performance of the transactions contemplated hereunder have been duly authorized by all necessary corporate action of the Corporation, and this Agreement has been duly executed and delivered by the Corporation and constitutes a valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, except as enforcement thereof may be limited by (i) applicable bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally, (ii) equitable remedies, including the remedies of specific performance and injunctive relief, being available only in the discretion of the applicable court; (iii) the statutory and inherent powers of a court to grant relief from forfeiture, to stay execution of proceedings before it and to stay executions on judgments; (iv) the Applicable Law regarding limitations of actions; (v) enforceability of provisions which purport to sever any provision which is prohibited or unenforceable under Applicable Law without effecting the enforceability or validity of the remainder of such documents would be determined only in the discretion of the courts; (vi) enforceability of the provisions exculpating a party from liability or duty otherwise owned by it may be limited under Applicable Law; and (vii) that rights to indemnity, contribution and waiver under the documents may be limited or unavailable under Applicable Law;

(y) all necessary corporate action will have been taken by the Corporation to carry out its obligations hereunder and to allot and authorize the issuance of the Purchased Shares, and upon payment therefor, the Purchased Shares will be validly issued as fully paid and non-assessable shares in the capital of the Corporation;

(z) the Common Shares are listed and posted for trading on the TSXV and all necessary notices and filings will be made with and all necessary consents, approvals and authorizations will be obtained by the Corporation from the TSXV to ensure that, subject to the receipt of the TSXV's conditional listing approval and fulfilling the standard listing conditions of the TSXV, the Purchased Shares will be listed and posted for trading on the TSXV upon their issuance, subject to applicable hold periods as provided for by Applicable Law;

(aa) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Corporation, are pending, contemplated or threatened by any regulatory authority;

(bb) the authorized capital of the Corporation consists of an unlimited number of Common Shares, of which, as at the date hereof, 90,331,980 Common Shares were issued and outstanding as fully paid and non-assessable shares in the capital of the Corporation, and except for an aggregate of 6,707,000 options to purchase an equal number of Common Shares (with an average exercise price of CDN$0.44 per option), 7,287,650 common share purchase warrants to purchase an equal number of Common Shares (with an average exercise price of CDN$0.21 per common share purchase warrant) and 74,556 deferred share units and securities issuable pursuant to this Agreement, there are no other securities of the Corporation outstanding or reserved for issuance;

(cc) all of the properties and assets of the Corporation and the Subsidiary and their business and operations are insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, and such coverage is in full force and effect and the Corporation has not failed to promptly give any notice of any material claim thereunder;

(dd) Computershare Investor Services Inc., at its principal office in Toronto, Ontario, has been duly appointed as registrar and transfer agent for the Common Shares;

(ee) the minute books and records of the Corporation and the Subsidiary contain copies of all material proceedings of the shareholders, the directors and all committees of directors of the Corporation and the Subsidiary as at the date hereof and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of the Corporation or any Subsidiary to the date hereof not reflected in such minute books and other records, other than those which are not material to the Corporation and the Subsidiary, taken together as a whole, or such minutes that have not been reviewed and approved by the board of directors (or committee thereof) or minutes that have not yet been prepared;

(ff) the Corporation and the Subsidiary are in compliance with Applicable Law respecting employment and employment practices, terms and conditions of employment, pay equity and wages, including human rights, privacy, employment standards, worker's compensation, occupational health and safety, the calculation and payment of wages, equal employment opportunity, affirmative action and other hiring practices, immigration, unemployment, the payment of social security and other taxes, deductions, employment standards, employment of minors, labor relations, unions, withholding, wages and hours and overtime of any kind, insurance, pay equity, employee classification, family and medical leave and any similar Applicable Law, except where non-compliance with such laws could not reasonably be expected to have a Material Adverse Effect, and has not and is not engaged in any unfair labour practice, and there are not outstanding any actual or threatened claims, complaints, investigations or orders under any such Applicable Law or with any unions except for any claims, complaints, investigations or orders which could not reasonably be expected to have a Material Adverse Effect;

(gg) the Public Record discloses, to the extent required by applicable Canadian Securities Laws, each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by the Corporation for the benefit of any current or former director, officer, employee or consultant of the Corporation (the "**Employee Plans**"), each of which has been maintained in all material respects with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans;

(hh) all information which has been prepared by the Corporation relating to the Corporation, the Subsidiary and the business, property and liabilities thereof and either provided or made available to the Investor, including the Public Record and all financial and operational information provided to the Investor is, as of the date of such information, true and correct in all material respects, taken as a whole, and no fact or facts have been omitted therefrom which would make such information misleading;

(ii) there is no person acting or purporting to act at the request or on behalf of the Corporation that is entitled to any brokerage or finder's fee in connection with the transactions contemplated by this Agreement with the exception of one (1) agreement providing for a finder's fee that is currently being contemplated by the Corporation;

(jj) the books of account and other records of the Corporation and its Subsidiary, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;

(kk) the Corporation is not a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of the Corporation, indemnity agreements and applicable laws, and indemnification provisions under agency agreements, underwriting agreements or transfer agency agreements) or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person (other than between the Corporation and the Subsidiary);

(ll) the Corporation does not have any loans or other indebtedness outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with the Corporation;

(mm) no securities commission or similar regulatory authority, the TSXV or other exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of the Corporation, no such proceeding is, to the knowledge of the Corporation, pending, contemplated or threatened and the Corporation is not in default of any material requirement of Canadian Securities Laws or the applicable securities laws of the United States;

(nn) other than as disclosed in the Public Record or as disclosed in writing by the Corporation to the Investor prior to the date hereof, there are no material contracts or agreements to which the Corporation or the Subsidiary are a party or by which they are bound. For the purposes of this subparagraph, any contract or agreement pursuant to which the Corporation or its Subsidiary is required, or may reasonably be expected to result in a requirement, of the Corporation or its Subsidiary to expend more than an aggregate of $150,000, or receive or be entitled to receive revenue of more than $150,000, in either case in the next 12 months, shall be considered to be material;

(oo) other than as set forth in the Public Record, neither the Corporation nor the Subsidiary is a party to any written consulting contracts or written contracts of employment which may not be terminated on one (1) month's, or less, notice or which provide for payments occurring on a change of control of the Corporation;

(pp) neither the Corporation nor, to its knowledge, any of its shareholders, is a party to any unanimous shareholders agreement, pooling agreement, voting trust, shareholder rights protection plan or other similar type of arrangements in respect of outstanding securities of the Corporation, other than the Shareholder Rights Plan between the Corporation and Computershare Investor Services Inc. dated as of July 24, 2014;

(qq) there is not now, and to the knowledge of the Corporation there has never been, any employment by the Corporation or the Subsidiary of an individual who was, at such time, a governmental or political official in any country in the world. Neither the Corporation nor the Subsidiary nor, to the knowledge of the Corporation, any director, officer, employee or other person acting on behalf of the Corporation or the Subsidiary has (a) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (b) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (c) violated or is in violation of any provision of any applicable laws relating to the bribery or corruption of governmental authorities, representatives of governmental authorities or other public officials, including the *United States Foreign Corrupt Practices Act* of 1977, as amended, and the *Corruption of Foreign Public Officials Act* (Canada) and similar laws of other jurisdictions; or (d) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment;

(rr) the operations of the Corporation and the Subsidiary are and have been conducted at all times in compliance, in all material respects, with applicable financial recordkeeping and reporting requirements and money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Corporation with respect to the Money Laundering Laws is, to the knowledge of the Corporation, pending or threatened;

(ss) neither the Corporation nor the Subsidiary are currently subject to any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of Treasury;

(tt) other than as disclosed in the Public Record, neither the Corporation nor the Subsidiary have entered into any material agreements with their officers and employees;

(uu) as at the date hereof, other than pursuant to the provisions of this Agreement, and other than the 6,707,000 options to purchase an equal number of Common Shares granted to certain officers, directors, employees and consultants of the Corporation, the 7,287,650 common share purchase warrants and the 74,556 deferred share units granted to certain officers and directors of the Corporation, no Person holds any securities convertible or exchangeable into securities of the Corporation or now has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of the Corporation;

(vv) except as disclosed in the Public Record, the Corporation has no material obligations or liabilities of any nature (matured or unmatured, fixed or contingent), other than those disclosed in writing to the Investor, those incurred in the ordinary course of business, consistent with past practice and those incurred in connection with the execution of this Agreement;

(ww) the Corporation and the Subsidiary have operated and are currently in material compliance with all applicable rules, regulations and policies of, as applicable, the United States Food and Drug Administration and Health Canada or any other regulatory or governmental agency having jurisdiction over the Corporation, the Subsidiary and their activities; the research, pre-clinical and clinical validation studies and other studies and tests conducted by or on behalf of or sponsored by the Corporation or its Subsidiary or in which the Corporation or its Subsidiary or their respective products or product candidates have participated that are described in the Public Record or the results of which are referred to in the Public Record were and, if still pending, are being conducted in all material respects in accordance with good clinical practice and medical standard-of-care procedures including in accordance with the protocols submitted to the United States Food and Drug Administration and Health Canada or any other governmental or quasigovernmental body exercising comparable authority; the results of the foregoing described in the Public Record are accurate and complete in all material respects and neither the Corporation nor its Subsidiary has knowledge of any other trials, studies or tests, the results of which reasonably call into question the results described or referred to in the Public Record; and neither the Corporation nor its Subsidiary have received any notices or other correspondence from such regulatory authorities or any other governmental agency or any other person requiring the termination, suspension or material modification of any research, pre-clinical and clinical validation studies or other studies and tests that are described in the Public Record or the results of which are referred to in the Public Record; and

(xx) the Corporation and the Subsidiary own or possess the right to use all material patents, trademarks, trademark registrations, service marks, service mark registrations, trade names, copyrights, licenses, inventions, trade secrets and rights necessary for the conduct of their respective businesses, and, other than as disclosed in the Public Record, the Corporation is not aware of any claim to the contrary or any challenge by any other person to the rights of the Corporation and the Subsidiary with respect to the foregoing. To the knowledge of the Corporation, the Corporation's business, including that of the Subsidiary, as now conducted does not, and as currently proposed to be conducted will not, infringe or conflict with in any material respect patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses or other intellectual property or franchise right of any person. There are no current outstanding claims against the Corporation or the Subsidiary alleging the infringement by the Corporation or the Subsidiary of any patent, trademark, service mark, trade name, copyright, trade secret, license in or other intellectual property right or franchise right of any person.

3.3 Survival of the Representations, Warranties, Covenants and Indemnities

(a) The representations, warranties, covenants, indemnities and other obligations of the Investor contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant hereto shall, except as otherwise provided for herein or therein, survive the closing of the transactions contemplated hereby and may be enforced for a period of eighteen (18) months following the later of the Initial Closing Date and the Second Closing Date (if applicable) and, notwithstanding such closing or any investigation made by or on behalf of the Corporation, shall continue in full force and effect for the benefit of the Corporation during such period, except that a claim for any breach of any of the representations, warranties, covenants or other obligations contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant hereto involving fraud or fraudulent misrepresentation may be made at any time following the Initial Closing Date and Second Closing Date (if applicable), subject only to applicable limitation periods imposed by Applicable Law. In the event that a claim for indemnification is brought under Article 8, the applicable survival period under this Section 3.3(a) with respect to the breach of the representation, warranty, covenant or other obligation shall be deemed to toll, with respect to such claim only, until such claim is ultimately resolved by written instrument executed by each of the applicable Parties or finally resolved by a court of competent jurisdiction.

(b) The representations, warranties, covenants, indemnities and other obligations of the Corporation contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant hereto shall, except as otherwise provided for herein or therein, survive the closing of the transactions contemplated hereby and may be enforced for a period of eighteen (18) months following the later of the Initial Closing Date and the Second Closing Date (if applicable) and, notwithstanding such closing or any investigation made by or on behalf of the Investor, shall continue in full force and effect for the benefit of the Investor during such period, except that a claim for any breach of any of the representations, warranties, covenants or other obligations contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant hereto involving fraud or fraudulent misrepresentation may be made at any time following the Initial Closing Date and Second Closing Date (if applicable), subject only to applicable limitation periods imposed by Applicable Law. In the event that a claim for indemnification is brought under Article 8, the applicable survival period under this Section 3.3(b) with respect to the breach of the representation, warranty, covenant or other obligation shall be deemed to toll, with respect to such claim only, until such claim is ultimately resolved by written instrument executed by each of the applicable Parties or finally resolved by a court of competent jurisdiction.

ARTICLE 4
CONDITIONS OF CLOSINGS

4.1 Conditions of Initial Closing in favour of the Investor

The Corporation acknowledges and agrees that the Investor's respective obligation to purchase the Initial Shares and the Investor's respective obligation to complete the other elements of the Initial Closing are subject to the fulfilment of each of the following conditions, which conditions are for the exclusive benefit of the Investor and may be waived, in whole or in part, by the Investor in its sole discretion:

(a) On or before the Initial Closing Date:

(i) the TSXV shall have given TSXV Approval for the issuance of the Initial Shares in connection with the Initial Closing and shall have approved the listing of the Initial Shares on the TSXV, subject only to confirmation of issuance of the Initial Shares and delivery to the TSXV of such post-closing documents as it may request;

(ii) Governmental Authorities in China shall have approved the Financing;

(iii) the Corporation shall have executed and delivered to the Investor Voting Agreements with holders of Common Shares, collectively holding an aggregate of not less than 10,000,000 Common Shares;

(iv) (A) the representations and warranties of the Corporation set forth in this Agreement which are qualified by materiality or Material Adverse Change or Material Adverse Effect are true and correct in all respects as at the Initial Closing Date, with the same force and effect as if made by the Corporation as at the Initial Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all respects as of such earlier date) and (B) all other representations and warranties of the Corporation set forth in this Agreement are true and correct in all material respects as at the Initial Closing Date, with the same force and effect as if made by the Corporation as at the Initial Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all material respects as of such earlier date);

(v) all covenants of the Corporation set forth in this Agreement to be performed prior to the Initial Closing shall have been duly performed in all material respects;

(vi) from and including the date hereof up to and including the Initial Closing Date, there shall not have occurred (or been publicly disclosed by the Corporation if commencing or occurring prior to the date hereof and not previously publicly disclosed by the Corporation) a Material Adverse Change;

(vii) the Investor shall not have become aware, through their due diligence investigations or otherwise, of any material information with respect to the Corporation or its Subsidiary which had not been disclosed in the Public Record or disclosed in writing by the Corporation to the Investor on or prior to the date hereof which would or could reasonably be expected to have a Material Adverse Effect;

(viii) there shall not be in effect any applicable domestic or foreign federal, national, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, notice, order, injunction, judgment, decree, ruling or other similar requirement enacted, made, issued, adopted, promulgated or applied by a Governmental Authority that makes the consummation of the Initial Closing, or any part thereof, illegal or otherwise prohibits or enjoins any Party from consummating the Initial Closing, or any part thereof, or that is made in connection with the Initial Closing, or any part thereof, and imposes any material restrictions, limitations or conditions on any Party in connection therewith;

(ix) no Governmental Authority shall have commenced any action or proceeding to enjoin the consummation of the Initial Closing, or any part thereof, or to suspend or cease or stop trading of securities of the Corporation, and no Governmental Authority shall have given written notice to any Party of its intention to commence any such action or proceeding;

(x) the Initial Closing shall occur on or before the Initial Closing Outside Date; and

(xi) the Investor shall have received the applicable closing deliveries specified in Section 5.3, in form and substance satisfactory to the Investor, acting reasonably.

The conditions in this Section 4.1 are for the exclusive benefit of the Investor and may be asserted by the Investor regardless of the circumstances or may be waived by the Investor in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Investor may have. If any of the foregoing conditions are not satisfied or waived on or prior to the Initial Closing Outside Date (or such earlier date specified in such condition), the Investor may, in addition to any other remedies it may have at law or equity, terminate this Agreement.

4.2 Conditions of Initial Closing in favour of the Corporation

The Investor acknowledges and agrees that the Corporation's obligation to sell and issue the Initial Shares to the Investor and the Corporation's obligation to complete the other elements of the Initial Closing are subject to the fulfilment of each of the following conditions, which conditions are for the exclusive benefit of the Corporation and may be waived, in whole or in part, by the Corporation in its sole discretion:

(a) On or before the Initial Closing Date:

(i) the TSXV shall have given TSXV Approval for the issuance of the Initial Shares in connection with the Initial Closing and shall have approved the listing of the Initial Shares on the TSXV, subject only to confirmation of issuance of the Initial Shares and delivery to the TSXV of such post-closing documents as it may request;

(ii) (A) the representations and warranties of the Investor set forth in this Agreement which are qualified by materiality or Material Adverse Change or Material Adverse Effect are true and correct in all respects as at the Initial Closing Date, with the same force and effect as if made by the Investor as at the Initial Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all respects as of such earlier date) and (B) all other representations and warranties of the Investor set forth in this Agreement are true and correct in all material respects as at the Initial Closing Date, with the same force and effect as if made by the Investor as at the Initial Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all material respects as of such earlier date);

(iii) all covenants of the Investor set forth in this Agreement to be performed prior to the Initial Closing shall have been duly performed by the Investor in all material respects;

(iv) there shall not be in effect any applicable domestic or foreign federal, national, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, notice, order, injunction, judgment, decree, ruling or other similar requirement enacted, made, issued, adopted, promulgated or applied by a Governmental Authority that makes the consummation of the Initial Closing, or any part thereof, illegal or otherwise prohibits or enjoins any Party from consummating the Initial Closing, or any part thereof, or that is made in connection with the Initial Closing, or any part thereof, and imposes any material restrictions, limitations or conditions on any Party in connection therewith;

(v) no Governmental Authority shall have commenced any action or proceeding to enjoin the consummation of the Initial Closing, or any part thereof, or to suspend or cease or stop trading of securities of the Corporation, and no Governmental Authority shall have given written notice to any Party of its intention to commence any such action or proceeding;

(vi) the Corporation shall have received the closing deliveries specified in Section 5.2, in form and substance satisfactory to the Corporation, acting reasonably;

(vii) the Initial Closing shall occur on or before the Initial Closing Outside Date; and

(viii) the purchase, issue and sale of the Initial Shares shall be exempt from the requirement to file a prospectus or registration statement and the requirement to deliver an offering memorandum under Canadian Securities Laws and Applicable Law in any other jurisdiction relating to the purchase, issue and sale of the Initial Shares.

The conditions in this Section 4.2 are for the exclusive benefit of the Corporation and may be asserted by the Corporation regardless of the circumstances or may be waived by the Corporation in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Corporation may have. If any of the foregoing conditions are not satisfied or waived on or prior to the Initial Closing Outside Date (or such earlier date specified in such condition), the Corporation may, in addition to any other remedies it may have at law or equity, terminate this Agreement.

4.3 Conditions of Second Closing in favour of the Investor

The Corporation acknowledges and agrees that the Investor's respective obligation to purchase the Second Shares and the Investor's respective obligation to complete the other elements of the Second Closing are subject to the fulfilment of each of the following conditions, which conditions are for the exclusive benefit of the Investor and may be waived, in whole or in part, by the Investor in its sole discretion:

(a) On or before the Second Closing Date:

(i) the TSXV shall have given TSXV Approval for the issuance of the Second Shares in connection with the Second Closing and shall have approved the listing of the Second Shares on the TSXV, subject only to confirmation of issuance of the Second Shares and delivery to the TSXV of such post-closing documents as it may request;

(ii) (A) the representations and warranties of the Corporation set forth in this Agreement which are qualified by materiality or Material Adverse Change or Material Adverse Effect are true and correct in all respects as at the Second Closing Date, with the same force and effect as if made by the Corporation as at the Second Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all respects as of such earlier date), and (B) all other representations and warranties of the Corporation set forth in this Agreement are true and correct in all material respects as at the Second Closing Date, with the same force and effect as if made by the Corporation as at the Second Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all material respects as of such earlier date);

(iii) all covenants of the Corporation set forth in this Agreement to be performed prior to the Second Closing shall have been duly performed in all material respects;

(iv) from and including the date hereof up to and including the Second Closing Date, there shall not have occurred (or been publicly disclosed by the Corporation if commencing or occurring prior to the date hereof and not previously publicly disclosed by the Corporation) a Material Adverse Change;

(v) the Investor shall not have become aware, through their due diligence investigations or otherwise, of any material information with respect to the Corporation or its Subsidiary which had not been disclosed in the Public Record or disclosed in writing by the Corporation to the Investor on or prior to the date hereof which would or could reasonably be expected to have a Material Adverse Effect;

(vi) there shall not be in effect any applicable domestic or foreign federal, national, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, notice, order, injunction, judgment, decree, ruling or other similar requirement enacted, made, issued, adopted, promulgated or applied by a Governmental Authority that makes the consummation of the Second Closing, or any part thereof, illegal or otherwise prohibits or enjoins any Party from consummating the Second Closing, or any part thereof, or that is made in connection with the Second Closing, or any part thereof, and imposes any material restrictions, limitations or conditions on any Party in connection therewith;

(vii) no Governmental Authority shall have commenced any action or proceeding to enjoin the consummation of the Second Closing, or any part thereof, or to suspend or cease or stop trading of securities of the Corporation, and no Governmental Authority shall have given written notice to any Party of its intention to commence any such action or proceeding;

(viii) the Second Closing shall occur on or before the Second Closing Outside Date; and

(ix) the Investor shall have received the applicable closing deliveries specified in Section 5.3 in form and substance satisfactory to the Investor, acting reasonably.

The conditions in this Section 4.3 are for the exclusive benefit of the Investor and may be asserted by the Investor regardless of the circumstances or may be waived by the Investor in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Investor may have. If any of the foregoing conditions are not satisfied or waived on or prior to the Second Closing Outside Date (or such earlier date specified in such condition), the Investor may, in addition to any other remedies it may have at law or equity, terminate this Agreement, insofar as it relates to the Second Closing.

4.4 Conditions of Second Closing in favour of the Corporation

The Investor acknowledges and agrees that the Corporation's obligation to sell and issue the Second Shares to the Investor and the Corporation's obligations to complete the other elements of the Second Closing are subject to the fulfilment of each of the following conditions, which conditions are for the exclusive benefit of the Corporation and may be waived, in whole or in part, by the Corporation in its sole discretion:

(a) On or before the Second Closing Date:

(i) the TSXV shall have given TSXV Approval for the issuance of the Second Shares in connection with the Second Closing and shall have approved the listing of the Second Shares on the TSXV, subject only to confirmation of issuance of the Second Shares and delivery to the TSXV of such post-closing documents as it may request;

(ii) (A) the representations and warranties of the Investor set forth in this Agreement which are qualified by materiality or Material Adverse Change or Material Adverse Effect are true and correct in all respects as at the Second Closing Date, with the same force and effect as if made by the Investor as at the Second Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all respects as of such earlier date), and (B) all other representations and warranties of the Investor set forth in this Agreement are true and correct in all material respects as at the Second Closing Date, with the same force and effect as if made by the Investor as at the Second Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all material respects as of such earlier date);

(iii) all covenants of the Investor set forth in this Agreement to be performed prior to the Second Closing shall have been duly performed by the Investor in all material respects;

(iv) there shall not be in effect any applicable domestic or foreign federal, national, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, notice, order, injunction, judgment, decree, ruling or other similar requirement enacted, made, issued, adopted, promulgated or applied by a Governmental Authority that makes the consummation of the Second Closing, or any part thereof, illegal or otherwise prohibits or enjoins any Party from consummating the Second Closing, or any part thereof, or that is made in connection with the Second Closing, or any part thereof, and imposes any material restrictions, limitations or conditions on any Party in connection therewith;

(v) no Governmental Authority shall have commenced any action or proceeding to enjoin the consummation of the Second Closing, or any part thereof, or to suspend or cease or stop trading of securities of the Corporation, and no Governmental Authority shall have given written notice to any Party of its intention to commence any such action or proceeding;

(vi) the Second Closing shall occur on or before the Second Closing Outside Date;

(vii) the Corporation shall have received the closing deliveries specified in Section 5.5, in form and substance satisfactory to the Corporation, acting reasonably; and

(viii) the purchase, issue and sale of the Second Shares shall be exempt from the requirement to file a prospectus or registration statement and the requirement to deliver an offering memorandum under Canadian Securities Laws and Applicable Law in any other jurisdiction relating to the purchase, issue and sale of the Second Shares.

The conditions in this Section 4.4 are for the exclusive benefit of the Corporation and may be asserted by the Corporation regardless of the circumstances or may be waived by the Corporation in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Corporation may have. If any of the foregoing conditions are not satisfied or waived on or prior to the Second Closing Outside Date (or such earlier date specified in such condition), the Corporation may, in addition to any other remedies it may have at law or equity, terminate this Agreement, insofar as it relates to the Second Closing.

ARTICLE 5
CLOSING DELIVERIES

5.1 Initial Closing

The Initial Closing will, subject to the satisfaction or waiver of each of the conditions set forth in Sections 4.1 and 4.2 of this Agreement, take place at 10:00 a.m. (Winnipeg time) at the offices of Fillmore Riley LLP, 1700 - 360 Main Street, Winnipeg, Manitoba, Canada, R3C 3Z3 on the Initial Closing Date or at such other time and date or such other place as may be agreed upon orally or in writing by the Parties.

5.2 Deliverables of the Investor for Initial Closing

The Investor shall deliver or cause to be delivered to the Corporation at or prior to the Initial Closing:

(a) promptly after receiving a request from the Corporation prior to the Initial Closing, all information as may reasonably be required from the Investor in connection with the preparation by the Corporation of: (i) the applications to the TSXV for approval of the Financing; (ii) the Circular; and (iii) the report of exempt distribution in respect of the Financing required pursuant to Section 6.1 of National Instrument 45-106 - *Prospectus and Registration Exemptions*;

(b) a wire transfer in accordance with instructions provided in writing by the Corporation to the Investor in accordance with Section 2.1 in the aggregate amount equal to the Initial Purchase Price; and

(c) a certificate of the Investor signed, without personal liability, by a senior officer of the Investor, addressed to the Corporation and dated the Initial Closing Date certifying that (i) the representations and warranties of the Investor set forth in this Agreement which are qualified by materiality or Material Adverse Change or Material Adverse Effect are true and correct in all respects as at the Initial Closing Date, with the same force and effect as if made by the Investor as at the Initial Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all respects as of such earlier date), (ii) all other representations and warranties of the Investor set forth in this Agreement are true and correct in all material respects as at the Initial Closing Date, with the same force and effect as if made by the Investor as at the Initial Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all material respects as of such earlier date), and (iii) the Investor has performed in all material respects its respective obligations under this Agreement required to be performed on or prior to the Initial Closing Date.

5.3 Deliverables of the Corporation for Initial Closing

The Corporation shall deliver or cause to be delivered to the Investor at or prior to the Initial Closing:

(a) Voting Agreements with holders of Common Shares, collectively holding an aggregate of not less than 10,000,000 Common Shares;

(b) a certificate representing the Initial Shares registered in the name of the Investor or as the Investor may otherwise direct in writing, against payment by the Investor of the Initial Purchase Price;

(c) a certificate of the Corporation signed, without personal liability, by a senior officer of the Corporation, addressed to the Investor and dated the Initial Closing Date certifying that (i) the representations and warranties of the Corporation set forth in this Agreement which are qualified by materiality or Material Adverse Change or Material Adverse Effect are true and correct in all respects as at the Initial Closing Date, with the same force and effect as if made by the Corporation as at the Initial Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all respects as of such earlier date), (ii) all other representations and warranties of the Corporation set forth in this Agreement are true and correct in all material respects as at the Initial Closing Date, with the same force and effect as if made by the Corporation as at the Initial Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all material respects as of such earlier date), (iii) the Corporation has performed in all material respects its obligations under this Agreement required to be performed on or prior to the Initial Closing Date, and (iv) since the date hereof, there has not occurred a Material Adverse Change;

(d) certified copies of (i) all resolutions of the Board approving the entering into of this Agreement and the completion of the Financing, and (ii) the Constating Documents of the Corporation; and

(e) a certificate from Computershare Investor Services Inc., in its capacity as registrar and transfer agent of the Common Shares, as to the number of Common Shares issued and outstanding as at a date no more than one (1) Business Day prior to the Initial Closing Date.

5.4 Second Closing

The Second Closing will, subject to the satisfaction or waiver of each of the conditions set forth in Sections 4.3 and 4.4 of this Agreement, take place at 10:00 a.m. (Winnipeg time) at the offices of Fillmore Riley LLP, 1700 - 360 Main Street, Winnipeg, Manitoba, Canada, R3C 3Z3 on the Second Closing Date or at such other time and date or such other place as may be agreed upon orally or in writing by the Parties.

5.5 Deliverables of the Investor for Second Closing

The Investor shall deliver or cause to be delivered to the Corporation at or prior to the Second Closing:

(a) promptly after receiving a request from the Corporation prior to the Second Closing, all information as may be required from the Investor in connection with the preparation by the Corporation of: (i) any outstanding filings to be made with the TSXV in connection with the Financing and the appointment of the Representatives to the Board (including any information in respect of any Representative); and (ii) the report of exempt distribution in respect of the Second Closing required pursuant to Section 6.1 of National Instrument 45-106 - *Prospectus and Registration Exemptions*;

(b) a wire transfer in accordance with instructions provided in writing by the Corporation to the Investor in accordance with Section 2.3 in the aggregate amount equal to the Second Purchase Price;

(c) a certificate of the Investor signed, without personal liability, by a senior officer of the Investor, addressed to the Corporation and dated the Second Closing Date certifying that (i) the representations and warranties of the Investor set forth in this Agreement which are qualified by materiality or Material Adverse Change or Material Adverse Effect are true and correct in all respects as at the Second Closing Date, with the same force and effect as if made by the Investor as at the Second Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all respects as of such earlier date), (ii) all other representations and warranties of the Investor set forth in this Agreement are true and correct in all material respects as at the Second Closing Date, with the same force and effect as if made by the Investor as at the Second Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all material respects as of such earlier date), and (iii) the Investor has performed in all material respects its respective obligations under this Agreement required to be performed on or prior to the Second Closing Date; and

(d) a consent to act as a director of the Corporation executed by the Representative.

5.6 Deliverables of the Corporation for Second Closing

The Corporation shall deliver or cause to be delivered to the Investor at or prior to the Second Closing:

(a) a certificate representing the Second Shares registered in the name of the Investor or as the Investor may otherwise direct in writing, against payment by the Investor of the Second Purchase Price;

(b) a certificate of the Corporation signed, without personal liability, by a senior officer of the Corporation, addressed to the Investor and dated the Second Closing Date certifying that (i) the representations and warranties of the Corporation set forth in this Agreement which are qualified by materiality or Material Adverse Change or Material Adverse Effect are true and correct in all respects as at the Second Closing Date, with the same force and effect as if made by the Corporation as at the Second Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all respects as of such earlier date), (ii) all other representations and warranties of the Corporation set forth in this Agreement are true and correct in all material respects as at the Second Closing Date, with the same force and effect as if made by the Corporation as at the Second Closing Date (except to the extent that such representations and warranties expressly speak as of an earlier date, in which event, such representations and warranties shall be true and correct in all material respects as of such earlier date), (iii) the Corporation has performed in all material respects its obligations under this Agreement required to be performed on or prior to the Second Closing Date, and (iv) since the date hereof, there has not occurred a Material Adverse Change; and

(c) a certificate from Computershare Investor Services Inc., in its capacity as registrar and transfer agent of the Common Shares, as to the number of Common Shares issued and outstanding as at a date no more than one (1) Business Day prior to the Second Closing Date.

ARTICLE 6
COVENANTS AND ACKNOWLEDGEMENTS

6.1 Mutual Covenants and Acknowledgments

(a) Subject to the terms and conditions of this Agreement, each of the Corporation and the Investor shall use their reasonable commercial efforts, on a cooperative basis, to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under Applicable Law to consummate the Financing as soon as practicable, including:

(i) having the Initial Closing Date 14 days following the date of this Agreement;

(ii) to obtain and maintain all approvals, clearances, consents, registrations, permits, authorizations, notices and other confirmations required to be obtained from any domestic or foreign federal, provincial, state, municipal or other governmental department, court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authority, the TSXV, or any other third party including any Person or entity exercising governmental powers, that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including the TSXV Approval (collectively, the "**Approvals**");

(iii) preparing and filing as promptly as practicable all necessary documents, registrations, statements, petitions, filings, circulars and applications for the Approvals; and

(iv) to oppose, lift or rescind any injunction or restraining or other order or notice seeking to stop, or otherwise adversely affecting its ability to consummate, the Financing or imposing any material restrictions, limitations or conditions on the Parties or the Financing.

(b) Subject to Applicable Law, the Parties shall co-operate in the preparation of any application for the Approvals and any other orders, clearances, consents, notices, rulings, exemptions, certificates, no action letters and approvals (including TSXV Approval) reasonably deemed by a Party to be necessary to discharge their respective obligations under this Agreement or otherwise advisable under Applicable Law in connection with the Financing.

(c) Subject to Applicable Law, the Parties shall cooperate with and keep each other fully informed as to the status of and the processes and proceedings relating to obtaining the Approvals and any other actions or activities pursuant to this Section 6.1, and shall promptly notify each other of any material communication from any Governmental Authority in respect of the Financing or this Agreement, and shall not make any submissions, correspondence or filings, or participate in any communications or meetings with any Governmental Authority in respect of any filings, investigations or other inquiries or proceedings related to the Financing or this Agreement unless it consults with the other Parties in advance and, to the extent not precluded by such Governmental Authority, gives the other Parties the opportunity to review drafts of, and provides final copies of, any submissions, correspondence or filings, and to attend and participate in any such communications or meetings.

6.2 The Investor's Covenants and Acknowledgements

The Investor acknowledges, covenants and agrees that:

(a) in accordance with Applicable Law, the Corporation is required to file a report of trade with all applicable securities regulators in respect of the issuance of the Initial Shares and the Second Shares containing personal information about the Investor. These reports of trade will include the full name, address and telephone number of the Investor, the number and type of purchased securities, the purchase price, the date of the applicable closing and the prospectus and registration exemption relied upon under applicable Canadian Securities Laws to complete such purchases. In the Province of Manitoba, this information is collected indirectly by the Manitoba Securities Commission under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation in the Province of Manitoba. The Corporation will also be required pursuant to applicable Canadian Securities Laws to file reports of trade and this Agreement on the System for Electronic Analysis and Retrieval ("**SEDAR**"). By executing this Agreement, the Investor authorizes the indirect collection of the information described in this Section 6.2(a) by all applicable securities regulators and consents to the disclosure of such information to the public through (i) the filing of reports of trade with all applicable securities regulators and (ii) the filing of this Agreement on SEDAR;

(b) the certificates representing the Purchased Shares will bear (in addition to any other legend as may be required by the TSXV) the following legend:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE **[the date that is four months and a day after the Initial Closing Date/Second Closing Date]**.

(c) the Purchased Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold in the United States or to U.S. persons unless registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available;

(d) the Purchased Shares are being offered on a "private placement" basis;

(e) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Purchased Shares;

(f) there is no government or other insurance covering the Purchased Shares;

(g) the Investor has not been provided with an offering memorandum (as defined in any applicable Canadian Securities Laws) or any similar document in connection with the Financing, and the decision to execute this Agreement and to complete the Financing has not been based upon any verbal or written representations as to fact or otherwise made by or on behalf of the Corporation, other than such written representations as are expressly contained in this Agreement;

(h) the Investor has not become aware of nor has it purchased the Purchased Shares as a result of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display such as the Internet) with respect to the Corporation or the distribution of the Purchased Shares;

(i) except for the representations and warranties expressly set out herein, the Investor has not relied upon any verbal or written representations as to fact or otherwise made by or on behalf of the Corporation and it acknowledges that the Corporation's counsel is acting as counsel to the Corporation and not as counsel to the Investor;

(j) no person has made to the Investor any written or oral representation:

(i) that any person will resell or repurchase the Common Shares; or

(ii) that any person will refund the purchase price of the Common Shares; or

(iii) as to the future price or value of the Common Shares.

(k) there are risks associated with the purchase of the Purchased Shares;

(l) there are restrictions on the Investor's ability to resell the Purchased Shares, and it is the responsibility of the Investor to find out what those restrictions are and to comply with them before selling the Purchased Shares, including, provided the Second Closing occurs, with respect to "control distributions" (as defined National Instrument 45-102 - *Resale of Securities*);

(m) it has been independently advised as to or acknowledges that it is aware of the potential tax consequences to the Investor with respect to the acquisition of the Purchased Shares, and confirms that no representation has been made to it by or on behalf of the Corporation with respect thereto;

(n) the Corporation has advised the Investor that the Corporation is relying on an exemption from the requirements to provide the Investor with a prospectus and to sell the Purchased Shares through a Person registered to sell securities under the Securities Act and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Securities Act, including statutory rights of rescission or damages, will not be available to it;

(o) there are risks associated with the purchase of the Purchased Shares, which securities are a speculative investment that involves a high degree of risk of loss of the Investor's entire investment;

(p) the Investor is purchasing the Purchased Shares for investment purposes only, and not in a transaction or series of transactions involving a purchase and sale or a repurchase and resale in the course of or incidental to a distribution;

(q) in addition to the acknowledgements and consents made by the Investor pursuant to Section 6.2(a), the Investor acknowledges that this Agreement requires the Investor to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Financing, which includes, without limitation, determining the Investor's eligibility to purchase the Purchased Shares under applicable securities legislation, preparing and registering certificates (or other evidences of ownership) representing the Purchased Shares to be issued to the Investor and completing filings required by any stock exchange or securities regulatory authority. The Investor's personal information may be disclosed by the Corporation to: (a) stock exchanges or securities regulatory authorities; (b) the Corporation's registrar and transfer agent; (c) Canada Revenue Agency; and (d) any of the other parties involved in the Financing, including legal counsel, and may be included in record books in connection with the Financing. By executing this Agreement, the Investor is deemed to be consenting to the foregoing collection, use and disclosure of the Investor's personal information. The Investor also consents to the filing of copies or originals of any of the Investor's documents described in this Agreement as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby;

(r) the Investor shall timely file and issue, as the case may be, all forms, reports, press releases and documents required to be filed or issued, as the case may be, under applicable Canadian Securities Laws, including pursuant to National Instrument 55-104 - *Insider Reporting Requirements and Exemptions*, National Instrument 62-103 - *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*, and Multilateral Instrument 62-104 - *Take-Over Bids and Issuer Bids* ("**MI 62-104**"); and

(s) the Investor shall comply with MI 62-104 and other applicable Canadian Securities Laws governing take-over bids in connection with any purchases of securities of the Corporation made by the Investor (or either of them).

6.3 The Corporation's Covenants and Acknowledgements

The Corporation acknowledges, covenants and agrees that:

(a) the Corporation will, within the prescribed time periods, prepare and file any forms or notices required under applicable Canadian Securities Laws in connection with the offer and sale of the Purchased Shares;

(b) forthwith following the Initial Closing and the Second Closing, as the case may be, the Corporation shall provide notice of issuance of the Purchased Shares (as applicable) to the TSXV and do all such other things as are required in order for the listing of the Purchased Shares (as applicable) to become effective on such exchange;

(c) the Corporation shall prepare the Circular and the Corporation shall ensure that the Circular provides the shareholders of the Corporation with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, in all cases ensuring compliance in all material respects with all Applicable Law on the date of issue thereof; in particular, the Circular shall put before the shareholders of the Corporation, among other things:

(i) an ordinary resolution fixing the number of directors at no more than six;

(ii) the Election of Directors Resolution; and

(iii) a unanimous recommendation of the Board and management of the Corporation in support of the Election of Directors Resolution;

(d) within 45 days of the Initial Closing Date, the Corporation shall call and give notice of the Meeting with the Meeting to be held within 105 days of the Initial Closing Date;

(e) the Corporation shall cause the Circular to be mailed to the shareholders of the Corporation, and to be filed with applicable regulatory authorities and other Governmental Authorities in all jurisdictions where the same are required to be mailed and filed;

(f) the Investor shall be given a reasonable opportunity to review and comment on drafts of the Circular and other documents related thereto, and reasonable consideration shall be given to any comments made by the Investor regarding the Investor or the Representative;

(g) subject to compliance with applicable Canadian Securities Laws, during the period commencing on the date hereof and ending on the earlier of the Second Closing Date, the Second Closing Outside Date and the date this Agreement is (or portions thereof are) terminated pursuant to Section 9.1(a) or Section 9.1(b) (as applicable), the Corporation will promptly inform the Investor of the full particulars of:

(i) any material change (actual, anticipated or threatened) in or affecting the business, operations, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation;

(ii) any change in any material fact contained or referred to in the Public Record; and

(iii) the occurrence or discovery of a material fact or event, which, in any such case, is, or may be, of such a nature as to:

(A) render any statement in the Public Record, false or misleading in any material respect;

(B) result in a misrepresentation in the Public Record; or

(C) result in any items in the Public Record not complying in any material respect with Canadian Securities Laws,

provided that if the Corporation is uncertain as to whether a material change, change, occurrence or event of the nature referred to in this Section 6.3(h) has occurred, the Corporation shall promptly inform the Investor of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Investor as to whether the occurrence is of such nature;

(h) during the period ending on the earlier of the Second Closing Date, the Second Closing Outside Date and the date this Agreement is (or portions thereof are) terminated pursuant to Section 9.1(a) or Section 9.1(b) (as applicable), the Corporation will promptly inform the Investor of the full particulars of:

(i) any request of any securities commission or similar regulatory authority for any amendment to any part of the Public Record or for any additional information;

(ii) the issuance by any securities commission or similar regulatory authority, any stock exchange or any other competent authority of any order to cease or suspend trading of any securities of the Corporation or of the institution or threat of institution of any proceedings for that purpose; or

(iii) the receipt by the Corporation of any communication from any securities commission or similar regulatory authority, any stock exchange or any other competent authority relating to the Public Record or the distribution of the Purchased Shares;

(i) subject to compliance with applicable Canadian Securities Laws, during the period commencing on the date hereof and ending on the earlier of the Second Closing Date, the Second Closing Outside Date and the date this Agreement is (or portions thereof are) terminated pursuant to Section 9.1(a) or Section 9.1(b) (as applicable), the Corporation will promptly provide to the Investor for review by the Investor and the Investor's counsel, prior to filing with the securities commissions:

(i) any financial statement of the Corporation;

(ii) any new annual information form, management's discussion and analysis, material change report, interim report or information circular; and

(iii) any press release of the Corporation; and

(j) during the period ending on the earlier of the Second Closing Date, the Second Closing Outside Date and the date this Agreement is (or portions thereof are) terminated pursuant to Section 9.1(a) or Section 9.1(b) (as applicable):

(i) the business of the Corporation and its Subsidiary shall be conducted only in, and the Corporation and its Subsidiary shall not have taken any action except in, the ordinary course of business and consistent with past practice, subject in each case to the exercise of the Board's fiduciary duties; and

(ii) except as disclosed to the Investor, neither the Corporation nor its Subsidiary shall, directly or indirectly: (i) amend the Corporation's Constating Documents or amend, in any material respects, the Constating Documents of its Subsidiary; (ii) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of the Corporation or its Subsidiary; or (iii) authorize, agree, resolve, commit or propose any of the foregoing, or entered into, modify or terminate any contract, agreement, commitment or arrangement with respect to any of the foregoing.

ARTICLE 7
POST-CLOSING COVENANTS

7.1 Board Representation Rights

(a) Subject to Section 7.1(b) hereof, for so long as the Investor Beneficially Owns 10% or more of the then outstanding Common Shares (on a non-diluted basis), the Investor shall have the right, upon notice to the Corporation, to designate one (1) representative (the "**Representative**") which the Corporation shall nominate for election to the Board (or otherwise include in a management slate of directors proposed by the Corporation for election by its shareholders) at any meeting of shareholders of the Corporation following the date upon which such notice is given, and at each meeting thereafter at which directors are to be elected. Where, between meetings of the Corporation's shareholders, the Investor has no Representative on the Board but Beneficially Owns Common Shares representing 10% or more of the then outstanding Common Shares (on a non-diluted basis), and provides notice to the Corporation of its Representative, the Corporation shall take such steps that are necessary for the Board to appoint the Representative as a member of the Board by having the directors fill any vacancy on the Board by the appointment of the Representative or, to the extent that there are no vacancies on the Board, to allow the Representative to attend and observe all meetings of the Board, and partake in discussions at all meetings of the Board. The Representative shall not have the right to vote at meetings of the Board until such time as the Representative is elected to the Board at a meeting of shareholders of the Corporation or otherwise appointed as a director in accordance with this Section 7.1(a). The Investor shall give prior notice to the Corporation of any contemplated transaction that would result in the Investor being the Beneficial Owners of less than 10% of the then outstanding Common Shares.

(b) Any Representative proposed by the Investor shall (i) have consented in writing to serve as a director of the Corporation, and (ii) meet the qualification requirements to serve as a director under the CBCA and the rules of any stock exchange on which the Common Shares are then listed (currently the TSXV). Notwithstanding anything to the contrary contained herein, no Representative may be a person who does not qualify to serve as a director or a person who has been convicted of a felony or a crime involving moral turpitude.

(c) Immediately following the latter of the Second Closing Date and the date the Meeting is held, subject to approval of the TSXV and the shareholders of the Corporation at the Meeting, the Board shall include the Investor's initial Representative.

(d) The Corporation shall indemnify the Representative pursuant to the Corporation's standard form indemnity agreement to be entered into between the Representative and the Corporation. The Corporation further covenants that it will, as soon as reasonably practicable following the appointment of the Representative to the Board, add the Representative as a named insured person under the Corporation's directors' and officers' liability insurance policy.

(e) In the event the Investor is no longer entitled to a Representative to serve as a director of the Corporation as a result of: (i) the Investor no longer holding the requisite number of issued and outstanding Common Shares of the Corporation entitling it to appoint a Representative in accordance with Sections 7.1(a); or (ii) such Representative failing to comply with the requirements set forth in Section 7.1(b)(iii); then in each case the Investor shall cause such Representative to forthwith resign from the Board, provided that, in the case of Section 7.1(e)(ii), the Investor shall be entitled to propose a new Representative in accordance with Section 7.1(a).

(f) For greater certainty, this Section 7.1 shall continue in full force and effect for such period of time as the Investor is entitled to have a Representative on the Board pursuant to Section 7.1(a).

ARTICLE 8
INDEMNIFICATION

8.1 Indemnification

(a) Subject to Section 8.1(b), the Corporation shall indemnify and save the Investor, and the Investor's respective Affiliates, directors, officers and employees, harmless against and from all liabilities, claims, actions, suits, proceedings, demands, losses, costs (including, without limitation, reasonable legal fees and expenses), damages and expenses to which the Investor, or any of the Investor's Affiliates, directors, officers or employees may be subject or which the Investor, or any of the Investor's Affiliates, directors, officers or employees may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising directly or indirectly from or in consequence of any inaccuracy or breach of any of the representations, warranties or covenants of the Corporation contained in this Agreement. The rights to indemnification of the Investor under this Section 8 shall apply notwithstanding any inspection or inquiries made by or on behalf of the Investor, or any knowledge acquired or capable of being acquired by the Investor or facts actually known to the Investor (whether before or after the execution and delivery of this Agreement and whether before or after the Initial Closing Date).

(b) Subject to Section 8.1(a), the Investor will indemnify and save the Corporation, and the Corporation's Affiliates, directors, officers and employees, harmless against and from all liabilities, claims, actions, suits, proceedings, demands, losses, costs (including, without limitation, reasonable legal fees and expenses), damages and expenses to which the Corporation, or any of the Corporation's Affiliates, directors, officers or employees may be subject or which the Corporation, or any of the Corporation's Affiliates, directors, officers or employees may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising directly or indirectly from or in consequence of any inaccuracy or breach of any of the representations, warranties or covenants of the Investor contained in this Agreement. The rights to indemnification of the Corporation under this Section 8 shall apply notwithstanding any inspection or inquiries made by or on behalf of the Corporation, or any knowledge acquired or capable of being acquired by the Corporation or facts actually known to the Corporation (whether before or after the execution and delivery of this Agreement and whether before or after the Initial Closing Date).

(c) If any claim contemplated by Section 8.1(a) shall be asserted against any of the persons or corporations in respect of which indemnification is or might reasonably be considered to be provided for in such paragraph, such person or corporation (the "**Indemnified Person**") shall notify the Corporation (the "**Indemnifying Party**") (provided that failure to so notify the Indemnifying Party of the nature of such claim in a timely fashion shall relieve the Indemnifying Party of liability hereunder only if and to the extent that such failure materially prejudices the Indemnifying Party's ability to defend such claim) as soon as possible of the nature of such claim and the Indemnifying Party shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim, provided however, that the defence shall be through legal counsel selected by the Indemnifying Party and acceptable to the Indemnified Person acting reasonably and that no settlement may be made by the Indemnifying Party or the Indemnified Person without the prior written consent of the other, such consent not to be unreasonably withheld. The Indemnified Person shall have the right to retain separate counsel in any proceeding relating to a claim contemplated by Section 8.1(a) but the fees and expenses of such counsel shall be at the expense of the Indemnified Person, unless:

(i) the Indemnified Person has been advised by counsel that there may be a reasonable legal defense available to the Indemnified Person which is different from or additional to a defense available to an Indemnifying Party and that representation of the Indemnified Person and the Indemnifying Party by the same counsel would be inappropriate due to the actual or potential differing interests between them;

(ii) the Indemnifying Party shall not have taken the defense of such proceedings and employed counsel within ten (10) days after notice has been given to the Indemnifying Party of commencement of such proceedings and, having employed such counsel, has diligently pursued such defense; or

(iii) the employment of such counsel has been authorized by the Indemnifying Party in connection with the defense of such proceedings;

and, in any such event, the reasonable fees and expenses of such Indemnified Person's counsel (on a solicitor and his client basis) shall be paid by the Indemnifying Party, provided that the Indemnifying Party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate law firm (in addition to any local counsel) for all such Indemnified Persons.

(d) If the Indemnifying Party has assumed the defense of any suit brought to enforce a claim hereunder, the Indemnified Person shall provide the Indemnifying Party with copies of all documents and information in its possession pertaining to the claim, take all reasonable actions necessary to preserve its rights to object to or defend against the claim, consult and reasonably cooperate with the Indemnifying Party in determining whether the claim and any legal proceeding resulting therefrom should be resisted, compromised or settled and reasonably cooperate and assist in any negotiations to compromise or settle, or in any defense of, any claim undertaken by the Indemnifying Party.

(e) If the indemnification provided for in this Article 8 is held by a court of competent jurisdiction to be unavailable to an Indemnified Person with respect to any loss, liability, claim, damage, or expense referred to therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Person herein, shall contribute to the amount paid or payable by such proportion as is appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and of the Indemnified Person, on the other, in connection with the matter that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations.

(f) The Indemnifying Party shall not be required to pay any amount to indemnify the Indemnified Person (or any of them) in respect of claims advanced under Article 8 unless and until the aggregate amount that the Indemnified Persons are entitled to receive on account of indemnification in respect of claims advanced under Article 8 exceeds $50,000 (the "**Threshold Amount**"), in which case the Indemnifying Party shall be obligated to indemnify the Indemnified Persons for the full amount, including for greater certainty the Threshold Amount.

(g) Notwithstanding anything to the contrary contained in this Agreement, the aggregate liability of the Corporation to the Investor under this Article 8 shall be limited to the amount actually invested by the Investor (as the case may be) pursuant to the terms of this Agreement to acquire Purchased Shares.

8.2 Exclusive Remedy

The Parties agree that the remedies of an Indemnified Person under this Article 8 shall be the exclusive monetary remedies of an Indemnified Person in respect of any claims for which an Indemnified Person is entitled to seek indemnification pursuant to Section 8.1 and shall be in lieu of any other monetary remedy that may be available to an Indemnified Person in respect of any such claim, including pursuant to applicable statutory or common law.

8.3 Limits on Consequential Damages

Notwithstanding anything else contained in this Article 8, no Indemnified Person shall be entitled to indemnification from or to be compensated by the Indemnifying Party in respect of any consequential damages, including loss of revenue or profits, cost of capital, loss of business opportunity, loss of reputation or failure to realize a return on investment, nor shall any Indemnified Person seek or be entitled to receive punitive damages as to any matter under, relating to, or arising out of this Agreement.

ARTICLE 9
TERMINATION

9.1 Termination

(a) This Agreement may be terminated:

(i) at any time by mutual written consent of the Parties;

(ii) at any time prior to the Initial Closing Date pursuant to Sections 4.1 and 4.2; and

(iii) at any time following the Initial Closing Date but prior to the Second Closing Date pursuant to Sections 4.3 and 4.4 in respect of the Second Closing only.

(b) If this Agreement is terminated in accordance with the provisions of Section 9.1(a)(ii), this Agreement shall forthwith become void and no Party shall have any liability or further obligation to the other Party hereunder except each Party's obligations under the Confidentiality Agreement, which shall survive such termination.

(c) If this Agreement is terminated in accordance with the provisions of Section 9.1(a)(iii), this Agreement, insofar as it relates to the Second Closing, shall forthwith become void and no Party shall have any liability or further obligation to the other Party hereunder in respect of the Second Closing.

ARTICLE 10
CONFIDENTIALITY, USE AND DISCLOSURE OF INFORMATION

10.1 Confidentiality, Use and Disclosure of Information

The Parties acknowledge and agree that the Confidentiality Agreement shall continue to apply to the Parties in accordance with its terms. The Parties agree that any non-public information provided by a Party concerning its respective Affiliates or businesses and operations furnished or made available to the other Parties in the conduct of due diligence or other information, whether before or after the date of this Agreement, is considered by the Parties to be "Evaluation Material" and/or "Transferred Information" for the purposes of the Confidentiality Agreement. Notwithstanding anything to the contrary stated herein, the Corporation shall not be precluded from making all necessary disclosures that may be mandated by applicable Canadian Securities Laws and TSXV rules.

ARTICLE 11
GENERAL

11.1 Notices

Any notice, direction or other communication given pursuant to this Agreement (each a "**Notice**") must be in writing, sent by personal delivery, courier, facsimile or email and addressed:

if to Investor:

Hermed Equity Investment Management (Shanghai) Co., Ltd.
Room 308, Building A, No.1289
Yishan Road, Xuhui District
Shanghai, China

Attention: Yangbin Wu
Email: wuyangbin@hermedcapital.com

with a copy to:

Burnet, Duckworth & Palmer LLP
2400, 525 _ 8th Avenue S.W.
Calgary, Alberta T2P 1G1

Attention: Edward (Ted) Brown
Email: ebb@bdplaw.com
Fax: (403) 260-0298

if to the Corporation:

DiaMedica Inc.
c/o 1700 - 360 Main Street
Winnipeg, Manitoba R3C 3Z3

Attention: Rick Pauls
Email: rpauls@diamedica.com
Fax: (763) 710-4456

with a copy to:

Fillmore Riley LLP
1700 - 360 Main Street
Winnipeg, Manitoba R3C 3Z3

Attention: Peter Davey
Email: pjdavey@fillmoreriley.com
Fax: (204) 957-8338

Any Notice, if personally delivered (including through delivery by courier), shall be deemed to have been validly and effectively given and received on the date of such delivery, if delivered before 5:00 p.m. on a Business Day in the place of delivery, or the next Business Day in the place of delivery, if not delivered on a Business Day or if sent after 5:00 p.m., and if sent by telecopier or other electronic communication with confirmation of transmission, shall be deemed to have been validly and effectively given and received on the Business Day in the place of delivery next following the day it was transmitted. Any Party may at any time change its address for service from time to time by giving notice to the other Parties in accordance with this Section 11.1.

11.2 Assignment

The Parties agree that neither of the Investor nor the Corporation may assign or transfer this Agreement or any of the rights or obligations under it without the prior written consent of the other Parties.

11.3 Announcements and Press Releases

(a) The Parties agree that, upon execution of this Agreement, the Corporation will issue a press release that shall be in a form mutually agreed to by the Parties.

(b) In the event that, during the period commencing on the date hereof and ending upon the completion of the Second Closing, any Party wishes to make any press release or respond to press or other inquiries for information that, in any such case, relates to this Agreement or the Financing, then it shall use its reasonable efforts to provide the other Parties with a draft thereof in sufficient time prior to the release thereof so that each other Party may review the proposed press release or inquiry response to be released and advise the Party that proposes to make such release or provide such response of any comments that such other Party may have in respect thereto. The foregoing shall not apply when the release or disclosure of any information that relates to this Agreement or the Financing is required by Applicable Law or by any Governmental Authority, provided that, in each such case, except where prohibited under Applicable Law, the Party who is required to make such disclosure shall provide each other Party with details of the nature and substance of such release or disclosure as soon as practicable, but in all cases, prior to any public release thereof. Furthermore, the obligations in this Section 11.3(b) shall not apply to general disclosures or releases of information that a Party or its Affiliate may make from time to time relating to its business or property.

11.4 Non-Waiver

No waiver of any condition or other provisions, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

11.5 Arbitration

(a) This agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein.

(b) All disputes arising out of or in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with the said rules. Unless otherwise agreed by the Parties the seat of the arbitration shall be Winnipeg, Manitoba, Canada. The arbitration proceedings shall be conducted in English.

11.6 Amendment

This Agreement may, at any time and from time to time, be amended by written agreement of all of the Parties.

11.7 Expenses

The Parties agree that all reasonable costs and expenses (including the fees and disbursements of legal counsel and other professional advisors) incurred in connection with this Agreement and the transactions contemplated herein shall be paid by the Corporation, provided that the costs and expenses of the Investor to be paid by the Corporation shall not exceed $60,000.00 in the aggregate.

11.8 Enurement

The Parties agree that this Agreement is binding upon and enures to the benefit of the Parties and their respective successors and permitted assigns.

11.9 Further Assurances

Each of the Parties upon the request of the other, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may reasonably be necessary or desirable to complete the transactions contemplated herein.

11.10 Counterparts

The Parties agree that this Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or electronic form and the Parties may rely on delivery by electronic delivery of an executed copy of this Agreement.

[*Remainder of page intentionally left blank*]

IN WITNESS OF WHICH the Parties have executed this Investment Agreement.

DIAMEDICA INC.

By: *"Rick Pauls"*
Name: Rick Pauls
Title: President and Chief Executive Officer

HERMEDA INDUSTRIAL CO., LTD.

By: *"Zhenyu Xiao"*
Name: Zhenyu Xiao
Title: Director

Appendix "A"

Constating Documents of DiaMedica Inc.

**The Corporation Act/
Loi sur les corporation**

MANITOBA

Corporation No. 4135955
N^{O} de la corporation

1-Name of Corporation / Denomination sociale

DIABEX INC.

2-The address in full of the registered office include postal code)

Adresse complete du bureau enregistre (inclure le code postal)

**1700 — 360 Main Street
Winnipeg, Manitoba R3C 3Z3**

3-Number (or minimum and maximum number) of directors

Nombre (ou nombre minimal et maximal) d'administrateurs

Minimum of One (1); Maximum of Ten (10)

4-First directors/Premiers administrateurs

Name in full/ Nom complet	Address in full (include postal code)/Adresse complète (inclure le code postal)
DR. ALBERT D. FRIESEN	**77 Shorecrest Drive Winnipeg, MB R3P 1P4**

5-The classes and any maximum number of shares that the corporation is authorized to issue
Catégories et tout nombre maximal d'actions que la corporation est autorisée a émettre

The Corporation is authorized to issue six classes of shares: Voting Common Shares; Non-voting Common Shares; Class A Shares; Class B Shares; Class C Shares; and Class D Shares. The shares of each class may be issued in unlimited numbers, for unlimited consideration.

6-The rights, privileges, restrictions and conditions attaching to the shares, if any

Droits, privilèges, restrictions et conditions dont les actions sont assorties, s'il y a lieu

As set forth in Schedule "I" attached hereto.

7-Restrictions, if any, on share transfers/ Restrictions au transfer des actions, s'il y a lieu

No share of the Corporation shall be transferred without the consent of a majority of the Directors of the Corporation expressed by written instrument. For purposes of greater certainty, such restriction shall not apply to any redemption by the Corporation of its Class A Shares, Class B Shares, Class C Shares or Class D Shares.

8-Restrictions, if any, on business the corporation may carry on/
Limites imposées quant à l'entreprise que la corporation peut exercer, s'il y a lieu

Not applicable.

9-Other provisions, if any/Autres dispositions, s'il y a lieu

As set forth in Schedule "II" attached hereto.

10-I have satisfied myself that, the proposed name of the corporation is not the same as or similar to the name of any known body corporate, association, partnership, individual or business so as to be likely to confuse or mislead.
Je me suis assuré que la dénomination sociale projetée n'est ni identique ni semblable à la dénomination d'une personne morale, d'une association, d'une société ou d'une entreprise connue ou au nom d'un particulier connu et qu'elle ne saurait preter à confusion ni induire en erreur.

11-Incorporators/Fondateurs

Name in full/ Nom complet	Address in full (include postal code)/ Adresse complète (inclure le code postal)	Signature/ Signature
DR. ALBERT D. FRIESEN	**77 Shorecrest Drive Winnipeg, MB R3P 1P4**	/s/ Albert D. Friesen

Note: If any First Director named in paragraph 4 is not an Incorporator, a Form 3 "Consent to Act as a First Director" must be attached. State the full civic address in paragraphs 2, 4, and 11 – a P.O. box number alone is not acceptable.

Remarque: Si l'un des premiers administrateurs nommés à la rubrique 4 n'est pas un fondateur, joinder la formule 3 intitulée "Consentement à agir en qualité de premier adminstrateur". Indiquer l'adresse complète dans les rubriques 2, 4 et 11; un numéro de case postale seul n'est pas suffisant.

SCHEDULE "I"

to Article 6 of the Articles of Incorporation of

DIABEX INC.

There shall be six classes of shares, the Voting Common Shares, the Non-voting Common Shares, the Class A Shares, the Class B Shares, the Class C Shares and the Class D Shares, which shall have attached thereto the following rights, privileges, restrictions and conditions:

1. "Redemption Amount per Class A Share" shall be the quotient obtained when the fair market value of the net consideration received by the Corporation from the first holder of Class A Shares at the time of the first issuance of Class A Shares for their issuance by the Corporation is divided by the number of Class A Shares issued at such time. The fair market value of the net consideration received by the Corporation upon the first issue of Class A Shares shall be determined by the Directors of the Corporation at the time of the first issuance of Class A Shares, provided that if Canada Customs and Revenue Agency should make any assessment on either the Corporation or a holder of Class A Shares which assessment is based upon the fair market value of the net consideration received by the Corporation upon the first issue of Class A Shares being an amount greater or lesser than the amount determined by the Directors of the Corporation and such assessment or notification of intention to assess is either accepted by the Corporation and the holder of Class A Shares or is appealed to any authority or court of competent jurisdiction and such appeal is settled by agreement between the Corporation, the Shareholder and Canada Customs and Revenue Agency, or, if upon final disposition of the appeal the assessment is upheld in whole or in part by a court of competent jurisdiction, then the Redemption Amount per Class A Share shall be adjusted to reflect the fair market value of the net consideration as finally determined, and such Redemption Amount so adjusted shall be deemed to be and to have always been the Redemption Amount per Class A Share from the time of the first issuance of Class A Shares. If as a result of the adjustment the Redemption Amount has been increased, the Corporation shall pay to any former holders of Class A Shares which had previously been redeemed the amount of the increase, and if as a result of the adjustment the Redemption Amount has been decreased, any former holders of Class A Shares which had previously been redeemed shall reimburse the Corporation the amount of such decrease. If any dividends previously have been paid by the Corporation on the Class A Shares in any financial year at a rate in excess of eight (8%) per cent of the Redemption Amount per Class A Share so adjusted, then the holders of such Class A Shares shall reimburse the Corporation the amount of such excess.

2. "Redemption Amount per Class B Share" shall be the quotient obtained when the fair market value of the net consideration received by the Corporation from the first holder of Class B Shares at the time of the first issuance of Class B Shares for their issuance by the Corporation is divided by the number of Class B Shares issued at such time. The fair market value of the net consideration received by the Corporation upon the first issue of Class B Shares shall be determined by the Directors of the Corporation at the time of the first issuance of Class B Shares, provided that if Canada Customs and Revenue Agency should make any assessment on either the Corporation or a holder of Class B Shares which assessment is based upon the fair market value of the net consideration received by the Corporation upon the first issue of Class B Shares being an amount greater or lesser than the amount determined by the Directors of the Corporation and such assessment or notification of intention to assess is either accepted by the Corporation and the holder of Class B Shares or is appealed to any authority or court of competent jurisdiction and such appeal is settled by agreement between the Corporation, the Shareholder and Canada Customs and Revenue Agency, or, if upon final disposition of the appeal the assessment is upheld in whole or in part by a court of competent jurisdiction, then the Redemption Amount per Class B Share shall be adjusted to reflect the fair market value of the net consideration as finally determined, and such Redemption Amount so adjusted shall be deemed to be and to have always been the Redemption Amount per Class B Share from the time of the first issuance of Class B Shares. If as a result of the adjustment the Redemption Amount has been increased, the Corporation shall pay to any former holders of Class B Shares which had previously been redeemed the amount of the increase, and if as a result of the adjustment the Redemption Amount has been decreased, any former holders of Class B Shares which had previously been redeemed shall reimburse the Corporation the amount of such decrease. If any dividends previously have been paid by the Corporation on the Class B Shares in any financial year at a rate in excess of seven (7%) per cent of the Redemption Amount per Class B Share so adjusted, then the holders of such Class B Shares shall reimburse the Corporation the amount of such excess.

3. "Redemption Amount per Class C Share" shall be the quotient obtained when the fair market value of the net consideration received by the Corporation from the first holder of Class C Shares at the time of the first issuance of Class C Shares for their issuance by the Corporation is divided by the number of Class C Shares issued at such time. The fair market value of the net consideration received by the Corporation upon the first issue of Class C Shares shall be determined by the Directors of the Corporation at the time of the first issuance of Class C Shares, provided that if Canada Customs and Revenue Agency should make any assessment on either the Corporation or a holder of Class C Shares which assessment is based upon the fair market value of the net consideration received by the Corporation upon the first issue of Class C Shares being an amount greater or lesser than the amount determined by the Directors of the Corporation and such assessment or notification of intention to assess is either accepted by the Corporation and the holder of Class C Shares or is appealed to any authority or court of competent jurisdiction and such appeal is settled by agreement between the Corporation, the Shareholder and Canada Customs and Revenue Agency, or, if upon final disposition of the appeal the assessment is upheld in whole or in part by a court of competent jurisdiction, then the Redemption Amount per Class C Share shall be adjusted to reflect the fair market value of the net consideration as finally determined, and such Redemption Amount so adjusted shall be deemed to be and to have always been the Redemption Amount per Class C Share from the time of the first issuance of Class C Shares. If as a result of the adjustment the Redemption Amount has been increased, the Corporation shall pay to any former holders of Class C Shares which had previously been redeemed the amount of the increase, and if as a result of the adjustment the Redemption Amount has been decreased, any former holders of Class C Shares which had previously been redeemed shall reimburse the Corporation the amount of such decrease. If any dividends previously have been paid by the Corporation on the Class C Shares in any financial year at a rate in excess of six (6%) per cent of the Redemption Amount per Class C Share so adjusted, then the holders of such Class C Shares shall reimburse the Corporation the amount of such excess.

4. "Redemption Amount per Class D Share" shall be the amount of $1.00.

5. Subject to the provisions of paragraph 10, the holders of the Class A Shares shall in each financial year of the Corporation be entitled to receive, if declared by the Directors of the Corporation on the Class A Shares out of the monies or other property of the Corporation properly applicable to the payment of dividends, non-cumulative dividends in an amount to be determined by and in the discretion of the Directors of the Corporation, provided such amount shall not in any one financial year be greater than eight (8%) per cent of the Redemption Amount per Class A Share. If in any year the Directors in their discretion do not declare any dividends on the Class A Shares, then the rights of the holders of the Class A Shares to any dividend for the year shall forever be extinguished.

6. Subject to the provisions of paragraph 10, the holders of the Class B Shares shall in each financial year of the Corporation be entitled to receive, if declared by the Directors of the Corporation on the Class B Shares out of the monies or other property of the Corporation properly applicable to the payment of dividends, non-cumulative dividends in an amount to be determined by and in the discretion of the Directors of the Corporation, provided such amount shall not in any one financial year be greater than seven (7%) per cent of the Redemption Amount per Class B Share. If in any year the Directors in their discretion do not declare any dividends on the Class B Shares, then the rights of the holders of the Class B Shares to any dividend for the year shall forever be extinguished.

7. Subject to the provisions of paragraph 10, the holders of the Class C Shares shall in each financial year of the Corporation be entitled to receive, if declared by the Directors of the Corporation on the Class C Shares out of the monies or other property of the Corporation properly applicable to the payment of dividends, non-cumulative dividends in an amount to be determined by and in the discretion of the Directors of the Corporation, provided such amount shall not in any one financial year be greater than six (6%) per cent of the Redemption Amount per Class C Share. If in any year the Directors in their discretion do not declare any dividends on the Class C Shares, then the rights of the holders of the Class C Shares to any dividend for the year shall forever be extinguished.

8. Subject to the provisions of paragraph 10, the holders of the Class D Shares shall in each financial year of the Corporation be entitled to receive, if declared by the Directors of the Corporation on the Class D Shares out of the monies or other property of the Corporation properly applicable to the payment of dividends, non-cumulative dividends in an amount to be determined by and in the discretion of the Directors of the Corporation, provided such amount shall not in any one financial year be greater than five (5%) per cent of the Redemption Amount per Class D Share. If in any year the Directors in their discretion do not declare any dividends on the Class D Shares, then the rights of the holders of the Class D Shares to any dividend for the year shall forever be extinguished.

9. Subject to the provisions of paragraph 10, the holders of the Voting Common Shares and the holders of the Non-voting Common Shares shall in each financial year of the Corporation be entitled to receive, if declared by the Directors of the Corporation out of the monies or other property of the Corporation properly applicable to the payment of dividends, non-cumulative dividends in an amount to be determined by and in the discretion of the Directors of the Corporation. If in any year the Directors of the Corporation in their discretion decide to declare a dividend, the same amount of dividend must be declared on each such share, whether a Voting Common Share or a Non-voting Common Share, without preference or distinction. If in any year the Directors in their discretion do not declare any dividend, then the rights of the holders of the Voting Common Shares and of the holders of the Non-voting Common Shares to any dividend for the year shall forever be extinguished.

10. No dividends shall be paid on any class of shares of the Corporation which will result in the Corporation having net assets (that is, the amount by which the realizable value of its assets exceeds its liabilities) insufficient to redeem all issued and outstanding Class A Shares at the Redemption Amount per Class A Share, all issued and outstanding Class B Shares at the Redemption Amount per Class B Share, all issued and outstanding Class C Shares at the Redemption Amount per Class C Share, and all issued and outstanding Class D Shares at the Redemption Amount per Class D Share, together with all dividends, if any, declared thereon and unpaid.

11. It shall be in the sole discretion of the Directors of the Corporation whether in any financial year of the Corporation any dividend is declared on any class or classes of shares of the Corporation and it shall be in the sole discretion of the Directors on which class or classes of shares, if any, a dividend is declared in a particular financial year of the Corporation, provided that the provisions of paragraphs 5, 6, 7, 8, 9, and 10 shall always be complied with. For purposes of greater certainty, it is herewith stated that a dividend may be paid in money or property or by issuing fully paid shares of the Corporation.

12. In the event of liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among Shareholders for the purposes of winding up its affairs, before any amount is paid or any property or assets of the Corporation are distributed to the holders of any Class D Shares, Voting Common Shares or Non-voting Common Shares, the holders of the Class A Shares, Class B Shares and Class C Shares shall be entitled to receive out of the assets and property of the Corporation the Redemption Amounts for each Class A Share, Class B Share and Class C Share, together with all dividends declared thereon and remaining unpaid. If the property and assets of the Corporation are insufficient to pay the respective Redemption Amounts for each Class A Share, Class B Share and Class C Share, then the property and assets of the Corporation shall be distributed among the holders of the Class A Shares, Class B Shares and Class C Shares in a manner such that the ratio of the amount distributed on each share to its Redemption Amount shall be the same for all such shares. After payment to the holders of the Class A Shares, Class B Shares and Class C Shares of the respective Redemption Amounts for each such share, they shall not be entitled to participate in any further distribution of the property or assets of the Corporation. Thereafter, the holders of the Class D Shares shall be entitled to receive out of the assets and property of the Corporation the Redemption Amount for each Class D Share together with all dividends declared thereon and remaining unpaid, and after such payment to the holders of Class D Shares they shall not be entitled to participate in any further distribution of the property or assets of the Corporation. Thereafter, the holders of the Voting Common Shares and Non-voting Common Shares shall exclusively be entitled to receive rateably, share for share, without preference or distinction, any remaining property or assets of the Corporation.

13. The Corporation shall have the right, at its option at any time, and from time to time, on notice in the manner hereinafter prescribed, or, if all the Shareholders of Class A Shares, Class B Shares, Class C Shares and Class D Shares so agree, without any notice, to redeem all or any portion of the Class A Shares held by any Shareholder for the sum of the Redemption Amount per Class A Share, together with any declared and unpaid dividends thereon. Such redemption may be effected selectively among the holders thereof, such that, for greater certainty, the Class A Shares of one or more Shareholders thereof may be redeemed without any Class A Shares of the other holders (or without any Class B Shares, Class C Shares or Class D Shares) being redeemed concurrently therewith or at all. The prescribed manner of notice of redemption of the Class A Shares shall be sixty (60) or more days notice from date of mailing given by registered letter directed to the registered holder or holders of the Class A Shares to be redeemed at the address of the holders appearing on the books of the Corporation. At the same time the notice of redemption is mailed, a copy of such notice shall be sent by registered mail to all the registered holders of Class A Shares, Class B Shares, Class C Shares and Class D Shares, for their information. By the date specified for redemption (the "Surrender Date") in the said notice, a holder of Class A Shares to be redeemed shall surrender at the registered office of the Corporation the certificate or certificates for the said shares, duly endorsed, and upon surrender of the certificate or certificates, the Corporation shall pay or cause to be paid to or to the order of the holder the sum of the Redemption Amount per Class A Share, together with any declared and unpaid dividends thereon. If by the Surrender Date a holder of Class A Shares to be redeemed has not surrendered the certificate or certificates for such shares, his Class A Shares called for redemption may be redeemed and for all purposes shall be deemed to be redeemed on the Corporation depositing into any chartered bank in Canada for such holder's credit the amount due thereon for redemption as aforesaid without interest, and after such deposit is made, the Class A Shares called for redemption shall cease to be entitled to dividends and the holder thereof shall not be entitled to exercise any of the rights of a holder of shares in respect thereof.

14. The Corporation shall have the right, at its option at any time, and from time to time, on notice in the manner hereinafter prescribed, or, if all the Shareholders of Class A Shares, Class B Shares, Class C Shares and Class D Shares so agree, without any notice, to redeem all or any portion of the Class B Shares held by any Shareholder for the sum of the Redemption Amount per Class B Share, together with any declared and unpaid dividends thereon. Such redemption may be effected selectively among the holders thereof, such that, for greater certainty, the Class B Shares of one or more Shareholders thereof may be redeemed without any Class B Shares of the other holders (or without any Class A Shares, Class C Shares or Class D Shares) being redeemed concurrently therewith or at all. The prescribed manner of notice of redemption of the Class B Shares shall be sixty (60) or more days notice from date of mailing given by registered letter directed to the registered holder or holders of the Class B Shares to be redeemed at the address of the holders appearing on the books of the Corporation. At the same time the notice of redemption is mailed, a copy of such notice shall be sent by registered mail to all the registered holders of Class A Shares, Class B Shares, Class C Shares and Class D Shares, for their information. By the date specified for redemption (the "Surrender Date") in the said notice, a holder of Class B Shares to be redeemed shall surrender at the registered office of the Corporation the certificate or certificates for the said shares, duly endorsed, and upon surrender of the certificate or certificates, the Corporation shall pay or cause to be paid to or to the order of the holder the sum of the Redemption Amount per Class B Share, together with any declared and unpaid dividends thereon. If by the Surrender Date a holder of Class B Shares to be redeemed has not surrendered the certificate or certificates for such shares, his Class B Shares called for redemption may be redeemed and for all purposes shall be deemed to be redeemed on the Corporation depositing into any chartered bank in Canada for such holder's credit the amount due thereon for redemption as aforesaid without interest, and after such deposit is made, the Class B Shares called for redemption shall cease to be entitled to dividends and the holder thereof shall not be entitled to exercise any of the rights of a holder of shares in respect thereof.

15. The Corporation shall have the right, at its option at any time, and from time to time, on notice in the manner hereinafter prescribed, or, if all the Shareholders of Class A Shares, Class B Shares, Class C Shares and Class D Shares so agree, without any notice, to redeem all or any portion of the Class C Shares held by any Shareholder for the sum of the Redemption Amount per Class C Share, together with any declared and unpaid dividends thereon. Such redemption may be effected selectively among the holders thereof, such that, for greater certainty, the Class C Shares of one or more Shareholders thereof may be redeemed without any Class C Shares of the other holders (or without any Class A Shares, Class B Shares or Class D Shares) being redeemed concurrently therewith or at all. The prescribed manner of notice of redemption of the Class C Shares shall be sixty (60) or more days notice from date of mailing given by registered letter directed to the registered holder or holders of the Class C Shares to be redeemed at the address of the holders appearing on the books of the Corporation. At the same time the notice of redemption is mailed, a copy of such notice shall be sent by registered mail to all the registered holders of Class A Shares, Class B Shares, Class C Shares and Class D Shares, for their information. By the date specified for redemption (the "Surrender Date") in the said notice, a holder of Class C Shares to be redeemed shall surrender at the registered office of the Corporation the certificate or certificates for the said shares, duly endorsed, and upon surrender of the certificate or certificates, the Corporation shall pay or cause to be paid to or to the order of the holder the sum of the Redemption Amount per Class C Share, together with any declared and unpaid dividends thereon. If by the Surrender Date a holder of Class C Shares to be redeemed has not surrendered the certificate or certificates for such shares, his Class C Shares called for redemption may be redeemed and for all purposes shall be deemed to be redeemed on the Corporation depositing into any chartered bank in Canada for such holder's credit the amount due thereon for redemption as aforesaid without interest, and after such deposit is made, the Class C Shares called for redemption shall cease to be entitled to dividends and the holder thereof shall not be entitled to exercise any of the rights of a holder of shares in respect thereof.

16. The Corporation shall have the right, at its option at any time, and from time to time, on notice in the manner hereinafter prescribed, or, if all the Shareholders of Class A Shares, Class B Shares, Class C Shares and Class D Shares so agree, without any notice, to redeem all or any portion of the Class D Shares held by any Shareholder for the sum of the Redemption Amount per Class D Share, together with any declared and unpaid dividends thereon. Such redemption may be effected selectively among the holders thereof, such that, for greater certainty, the Class D Shares of one or more Shareholders thereof may be redeemed without any Class D Shares of the other holders (or without any Class A Shares, Class B Shares or Class C Shares) being redeemed concurrently therewith or at all. The prescribed manner of notice of redemption of the Class D Shares shall be sixty (60) or more days notice from date of mailing given by registered letter directed to the registered holder or holders of the Class D Shares to be redeemed at the address of the holders appearing on the books of the Corporation. At the same time the notice of redemption is mailed, a copy of such notice shall be sent by registered mail to all the registered holders of Class A Shares, Class B Shares, Class C Shares and Class D Shares, for their information. By the date specified for redemption (the "Surrender Date") in the said notice, a holder of Class D Shares to be redeemed shall surrender at the registered office of the Corporation the certificate or certificates for the said shares, duly endorsed, and upon surrender of the certificate or certificates, the Corporation shall pay or cause to be paid to or to the order of the holder the sum of the Redemption Amount per Class D Share, together with any declared and unpaid dividends thereon. If by the Surrender Date a holder of Class D Shares to be redeemed has not surrendered the certificate or certificates for such shares, his Class D Shares called for redemption may be redeemed and for all purposes shall be deemed to be redeemed on the Corporation depositing into any chartered bank in Canada for such holder's credit the amount due thereon for redemption as aforesaid without interest, and after such deposit is made, the Class D Shares called for redemption shall cease to be entitled to dividends and the holder thereof shall not be entitled to exercise any of the rights of a holder of shares in respect thereof.

17. Any Shareholder of Class A Shares shall be entitled to require the Corporation to redeem at any time and from time to time all or any portion of the Class A Shares registered in the name of such holder by tendering to the Corporation at its registered office the certificate or certificates representing the Class A Shares which the said holder desires to have the Corporation redeem, together with a request in writing (the "Redemption Request") specifying the desire for redemption, the number of shares which the holder desires to have redeemed and the effective date of such redemption (the "Redemption Date") on which the holder desires to have the Corporation redeem such shares, which Redemption Date (unless otherwise agreed to in writing by the Corporation and by all of the Shareholders of Class A Shares, Class B Shares and Class C Shares) shall not be less than fourteen (14) days after the day on which the request is received by the Corporation. Prior to the tender to the Corporation of the Redemption Request, the holder shall serve notice (the "Shareholder's Notice") of the Redemption Request on each of the other registered holders of Class A Shares, Class B Shares and Class C Shares, which Shareholder's Notice shall be served in the manner provided in subparagraph 20(a) hereof. For greater certainty, no Shareholder's Notice need be served on any holder of Class D Shares, Voting Common Shares or Non-voting Common Shares. Prior to or at the same time that the Redemption Request is tendered to the Corporation, the holder shall provide to the Corporation proof of service of the Shareholder's Notice on each of the other registered holders of Class A Shares, Class B Shares and Class C Shares (or a written waiver of such notice) in the manner provided in subparagraph 20(a) hereof. Upon receipt by the Corporation of the Redemption Request together with the share certificates to be redeemed and of the proof of service of the Shareholder's Notice on each of the other registered holders of Class A Shares, Class B Shares and Class C Shares (or a written waiver of such notice), the Corporation shall on the Redemption Date redeem such shares by paying or causing to be paid to or to the order of such holder, the sum of the Redemption Amount per Class A Share to be redeemed, together with any declared and unpaid dividends thereon. Thereafter, the holder thereof shall not be entitled to exercise any of the rights of a holder of shares in respect thereof. In the event of default of payment of the redemption price on the Redemption Date, the Shareholder shall have the option to rescind the redemption in which event the rights of the holder of such shares shall remain unaffected or to make claim for the redemption price with interest from the Redemption Date at the rate equal to the prime lending rate from time to time of the financial institution used by the Corporation as its banker.

18. Any Shareholder of Class B Shares shall be entitled to require the Corporation to redeem at any time and from time to time all or any portion of the Class B Shares registered in the name of such holder by tendering to the Corporation at its registered office the certificate or certificates representing the Class B Shares which the said holder desires to have the Corporation redeem, together with a request in writing (the "Redemption Request") specifying the desire for redemption, the number of shares which the holder desires to have redeemed and the effective date of such redemption (the "Redemption Date") on which the holder desires to have the Corporation redeem such shares, which Redemption Date (unless otherwise agreed to in writing by the Corporation and by all of the Shareholders of Class A Shares, Class B Shares and Class C Shares) shall not be less than fourteen (14) days after the day on which the request is received by the Corporation. Prior to the tender to the Corporation of the Redemption Request, the holder shall serve notice (the "Shareholder's Notice") of the Redemption Request on each of the other registered holders of Class A Shares, Class B Shares and Class C Shares, which Shareholder's Notice shall be served in the manner provided in subparagraph 20(a) hereof. For greater certainty, no Shareholder's Notice need be served on any holder of Class D Shares, Voting Common Shares or Non-voting Common Shares. Prior to or at the same time that the Redemption Request is tendered to the Corporation, the holder shall provide to the Corporation proof of service of the Shareholder's Notice on each of the other registered holders of Class A Shares, Class B Shares and Class C Shares (or a written waiver of such notice) in the manner provided in subparagraph 20(a) hereof. Upon receipt by the Corporation of the Redemption Request together with the share certificates to be redeemed and of the proof of service of the Shareholder's Notice on each of the other registered holders of Class A Shares, Class B Shares and Class C Shares (or a written waiver of such notice), the Corporation shall on the Redemption Date redeem such shares by paying or causing to be paid to or to the order of such holder, the sum of the Redemption Amount per Class B Share to be redeemed, together with any declared and unpaid dividends thereon. Thereafter, the holder thereof shall not be entitled to exercise any of the rights of a holder of shares in respect thereof. In the event of default of payment of the redemption price on the Redemption Date, the Shareholder shall have the option to rescind the redemption in which event the rights of the holder of such shares shall remain unaffected or to make claim for the redemption price with interest from the Redemption Date at the rate equal to the prime lending rate from time to time of the financial institution used by the Corporation as its banker.

19. Any Shareholder of Class C Shares shall be entitled to require the Corporation to redeem at any time and from time to time all or any portion of the Class C Shares registered in the name of such holder by tendering to the Corporation at its registered office the certificate or certificates representing the Class C Shares which the said holder desires to have the Corporation redeem, together with a request in writing (the "Redemption Request") specifying the desire for redemption, the number of shares which the holder desires to have redeemed and the effective date of such redemption (the "Redemption Date") on which the holder desires to have the Corporation redeem such shares, which Redemption Date (unless otherwise agreed to in writing by the Corporation and by all of the Shareholders of Class A Shares, Class B Shares and Class C Shares) shall not be less than fourteen (14) days after the day on which the request is received by the Corporation. Prior to the tender to the Corporation of the Redemption Request, the holder shall serve notice (the "Shareholder's Notice") of the Redemption Request on each of the other registered holders of Class A Shares, Class B Shares and Class C Shares, which Shareholder's Notice shall be served in the manner provided in subparagraph 20(a) hereof. For greater certainty, no Shareholder's Notice need be served on any holder of Class D Shares, Voting Common Shares or Non-voting Common Shares. Prior to or at the same time that the Redemption Request is tendered to the Corporation, the holder shall provide to the Corporation proof of service of the Shareholder's Notice on each of the other registered holders of Class A Shares, Class B Shares and Class C Shares (or a written waiver of such notice) in the manner provided in subparagraph 20(a) hereof. Upon receipt by the Corporation of the Redemption Request together with the share certificates to be redeemed and of the proof of service of the Shareholder's Notice on each of the other registered holders of Class A Shares, Class B Shares and Class C Shares (or a written waiver of such notice), the Corporation shall on the Redemption Date redeem such shares by paying or causing to be paid to or to the order of such holder, the sum of the Redemption Amount per Class C Share to be redeemed, together with any declared and unpaid dividends thereon. Thereafter, the holder thereof shall not be entitled to exercise any of the rights of a holder of shares in respect thereof. In the event of default of payment of the redemption price on the Redemption Date, the Shareholder shall have the option to rescind the redemption in which event the rights of the holder of such shares shall remain unaffected or to make claim for the redemption price with interest from the Redemption Date at the rate equal to the prime lending rate from time to time of the financial institution used by the Corporation as its banker.

20. (a) The Shareholder's Notice to be served by a Shareholder regarding redemption of his shares under paragraphs 17, 18 or 19 must be effected on each of the other registered Shareholders of Class A Shares, Class B Shares and Class C Shares not less than thirty (30) days prior to the tender of the Redemption Request by the Shareholder to the Corporation. Service of the Shareholder's Notice shall be effected on a Shareholder by registered letter directed to the address of the Shareholder appearing on the books of the Corporation (deemed effective the date of mailing) or by leaving a copy of the Shareholder's Notice at the address of the Shareholder appearing on the books of the Corporation. (If no address of the Shareholder appears on the books of the Corporation, the address for service of an individual shall be deemed to be his place of residence reasonably determined, or in the case of a Corporation, the registered office of the Corporation.) The Shareholder's Notice shall include a copy of the Redemption Request. Proof of service of the Shareholder's Notice on a Shareholder may be made to the Corporation by providing to the Corporation an affidavit of service in the same form as the affidavit of service used for proof of service of a document under the Federal Court Rules of the Federal Court of Canada.

(b) Another Shareholder of Class A Shares, Class B Shares or Class C Shares may in writing waive the requirement to be served with the Shareholder's Notice in which case the Shareholder requesting redemption of his shares shall provide the waiver to the Corporation in lieu of proof of service of the Shareholder's Notice.

(c) Notwithstanding anything contained in paragraphs 17, 18 and 19 hereof, or in subparagraphs 20(a) and 20(b) hereof, another Shareholder of Class A Shares, Class B Shares or Class C Shares (the "Second Preferred Shareholder") who receives a Shareholder's Notice from the Shareholder who is requesting the redemption of his shares (the "First Preferred Shareholder") shall not be required to serve a Shareholder's Notice on the First Preferred Shareholder or on the other registered Shareholders of Class A Shares, Class B Shares or Class C Shares in the event that the Second Preferred Shareholder decides to request the Corporation to redeem on the Redemption Date selected by the First Preferred Shareholder a number of Class A Shares, Class B Shares or Class C Shares, as the case may be, owned by the Second Preferred Shareholder which have aggregate Redemption Amounts less than or equal to the aggregate Redemption Amounts of the shares which the First Preferred Shareholder has requested to have redeemed on the Redemption Date. In such case, notwithstanding paragraphs 17, 18 or 19, the Second Preferred Shareholder shall accordingly not be required to provide the Corporation with proofs of service of the Shareholder's Notice.

21. (a) If less than all of the Class A Shares represented by any certificate or certificates of a holder are to be redeemed as set forth in paragraphs 13 or 17, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the Class A Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be redeemed.

(b) If less than all of the Class B Shares represented by any certificate or certificates of a Shareholder are to be redeemed as set forth in paragraphs 14 or 18, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the Class B Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be redeemed.

(c) If less than all of the Class C Shares represented by any certificate or certificates of a holder are to be redeemed as set forth in paragraphs 15 or 19, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the Class C Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be redeemed.

(d) If less than all of the Class D Shares represented by any certificate or certificates of a holder are to be redeemed as set forth in paragraph 16, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the Class D Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be redeemed.

22. The Class A Shares, Class B Shares, Class C Shares and Class D Shares shall not carry or confer on the holders thereof any further right to participate in profits or assets of the Corporation other than as expressly hereinbefore provided.

23. A holder of fractional shares issued by the Corporation shall be entitled proportionately to all the rights and privileges attaching to a whole share of the same class, including, without limiting the generality of the foregoing, the right to receive the appropriate portion of dividend, to receive the appropriate portion of the redemption amount if such class of shares are otherwise redeemable, and to exercise voting rights in respect of the fractional share if such class of shares is otherwise entitled to vote.

24. The holders of Voting Common Shares shall be entitled to one vote for each Voting Common Share held by them at all meetings of Shareholders except meetings at which, pursuant to *The Corporations Act* (Manitoba), only holders of a specified class of shares are entitled to vote. The holders of Class A Shares shall be entitled to one vote for each Class A Share held by them at all meetings of Shareholders except meetings at which, pursuant to *The Corporations Act* (Manitoba), only holders of a specified class of shares are entitled to vote. The holders of Class D Shares shall be entitled to one vote for each Class D Share held by them at all meetings of Shareholders except meetings at which, pursuant to *The Corporations Act* (Manitoba), only holders of a specified class of shares are entitled to vote. The holders of Non-voting Common Shares shall not be entitled to vote at any meetings of Shareholders, except where otherwise provided by *The Corporations Act* (Manitoba), and, in such case, they shall then be entitled to one vote for each Non-voting Common Share held. The holders of Class B Shares shall not be entitled to vote at any meetings of Shareholders, except where otherwise provided by *The Corporations Act* (Manitoba), and, in such case, they shall then be entitled to one vote for each Class B Share held. The holders of Class C Shares shall not be entitled to vote at any meetings of Shareholders, except where otherwise provided by *The Corporations Act* (Manitoba), and, in such case, they shall then be entitled to one vote for each Class C Share held.

SCHEDULE "II"

to Article 9 of the Articles of Incorporation of

DIABEX INC.

Other Provisions:

1 The number of Shareholders of the Corporation, exclusive of persons who are employed by the Corporation and exclusive of persons who, having been formerly employed by the Corporation, were, while so employed and have continued after the termination of that employment to be, Shareholders of the Corporation, is limited to not more than fifty (50), two (2) or more persons who are joint registered owners of one (1) or more shares being counted as one (1) Shareholder.

2. Any invitation to the public to subscribe for securities of the Corporation is prohibited.

3. The Corporation shall initially issue:

(a) $37^{1}/2$ Voting Common Shares out of its treasury of capital stock to GENESYS VENTURE INC., upon a share subscription being received at $1.00 per share for same; and

(b) $62^{1}/2$ Voting Common Shares out of its treasury of capital stock to DR. WAYNE LAUTT, of Winnipeg, Manitoba, upon a share subscription being received at $1.00 per share for same.

Other than as hereinbefore provided, the Corporation shall not issue any shares of any class out of its treasury of capital stock unless the Board of Directors of the Corporation receives the prior written consent of DR. WAYNE LAUTT, of Winnipeg, Manitoba, to such issue.

Manitoba The Corporations Act/
Loi sur les corporations
**ARTICLES OF AMENDMENT /
CLAUSES MODIFICATRICES**

Corporation No.
N^{o} de la corporation 4135955

1--Name of Corporation / Dénomination sociale	2--Corporation Number / N^{o} de la corporation
DIABEX INC.	4135955

3-- a) The amendment to the articles have been authorized by: / La modification apportée aux statuts a été autorisée résolution:

directors	☐	administrateurs
shareholders	☒	actionnaires
members	☐	membres

b) pursuant to Section 167(1)
conformément à l'article

c) and the articles are amended as follows: / et les statuts de la corporation sont modifiés de la façon suivante:

see Schedule "A attached hereto

Date: / Date:	Signature: / Signature:	Description of Office: / Description du poste:
October 6, 2000	/s/ Albert Friese	President

Instructions: Specify the relevant subsection pursuant to which the amendment is authorized, and the changes which are being made. Specify whether amendment authorized by directors, shareholders or members. The resolution authorizing the amendment is not required to be attached hereto.

Directives: Enoncer chacune des modifications apportees aux statuts, en mentionnant la disposition de la loi qui l'autorise. Indiquer egalement s'il s'agit dune modification adoptee par resolution des administrateurs ou par resolution des actionnaires ou membres. II nest pas necessaire de fournir une copie de cette resolution.

SCHEDULE "A"

(a) to change all of the issued and outstanding Voting common shares of the Corporation into shares of the same class on the basis of 35,307.6923 Voting common shares for each currently issued and outstanding Voting common share such that upon such change each Voting common shareholder's shareholdings shall be rounded to the nearest whole share; and

(b) to delete Schedule II to the Articles.

Manitoba

The Corporations Act/
Loi sur les corporations

**ARTICLES OF AMENDMENT /
CLAUSES MODIFICATRICES**

Corporation No.
N^{o} de la corporation 4135995

1--Name of Corporation / Dénomination sociale	2--Corporation Number / N^{o} de la corporation
DIABEX INC.	4135955

3-- a) The amendment to the articles have been authorized by: / La modification apportée aux statuts a été autorisée résolution:

directors	☐	administrateurs
shareholders	☒	actionnaires
members	☐	membres

b) pursuant to Section 167(1)
conformément à l'article

c) and the articles are amended as follows: / et les statuts de la corporation sont modifiés de la façon suivante:

To change the name of the Corporation to:

DIAMEDICA INC.

Date: / Date:	Signature: / Signature:	Description of Office: /
February 26/01	/s/ Albert Friese	Albert Friese, President

Instructions: Specify the relevant subsection pursuant to which the amendment is authorized, and the changes which are being made. Specify whether amendment authorized by directors, shareholders or members. The resolution authorizing the amendment is not required to be attached hereto.

Directives: Enoncer chacune des modifications apportees aux statuts, en mentionnant la disposition de la loi qui l'autorise. Indiquer egalement s'il s'agit dune modification adoptee par resolution des administrateurs ou par resolution des actionnaires ou membres. II nest pas necessaire de fournir une copie de cette resolution.

Manitoba The Corporations Act
Loi sur les corporations
ARTICLES OF AMENDMENT
CLAUSES MODIFICATRICES

1.Name of corporation / Dénomination sociale	2.Business Number / Numéro d'enterprise
DIAMEDICA INC.	866422173

3. a) The amendment to the articles have been authorized by: / La modification apportée aux statuts a été autorisée resolution des:

directors ☐

shareholders ☒

members ☐

b) under section / conformément à l'article 167(1)

c) and the articles are amended as follows: / et les statuts de la corporation sont modifiés de la façon suivante:

The annexed Schedule A is incorporated herein.

Date / Date	Signature / Signature	Office held / Poste
March 14, 2005	/s/ Albert Friese	CEO

Instructions: Specify the provision of the Act that authorizes the amendment, and the changes that are being made. Specify whether amendment was authorized by directors or shareholders. It is not necessary to attach a copy of the authorizing resolution.

Directives : Mentionner la disposition applicable de la Loi ainsi que les modification aportée aux statuts. Indiquer également s'il s'agit d'une modification autorisée par les administrateurs ou par les actionnaires. II nest pas necessaire de fournir une copie de la resolution qui autorise la modification.

**SCHEDULE "A"
TO THE ARTICLES OF AMENDMENT OF
DIAMEDICA INC.**
(the "Corporation")

The amendment to the Articles of Incorporation of the Corporation dated January 21, 2000, as amended by Articles of Amendment dated October 6, 2000 and April 3, 2001 (collectively, the "Articles") has been authorized by the shareholders pursuant to Section 167(1) of *The Corporations Act* (Manitoba) and the Articles are amended as follows:

1. by creating an unlimited number of Class A Preferred shares which may be issued for an unlimited maximum consideration;

2. by providing that the Class A Preferred shares shall be subject to the rights, privileges, restrictions and conditions set forth in the annexed Schedule "I", which Schedule "I" is incorporated in this form;

3. by deleting the Non-Voting Common, Class A, Class B, Class C and Class D shares of the Corporation;

4. by deleting the rights, privileges, restrictions and conditions attaching to the Non-Voting Common, Class A, Class B, Class C and Class D shares of the Corporation;

5. after giving effect to the foregoing, the authorized capital of the Corporation shall consist of:

an unlimited number of Voting Common shares; and
an unlimited number of Class A Preferred shares.

**Schedule "I" to Articles of Amendment of
DiaMedica Inc.
(the "Corporation")**

1. In these Articles of Amendment, unless the context otherwise requires:

"Articles" means the amended articles of incorporation of the Corporation, as shall be in force from time to time.

"Original Issue Price" means $0.60 per share the price actually paid by each respective Class A Preferred Shareholder in Canadian Dollars for each Class A Preferred Share held by such Class A Preferred Shareholder (as adjusted for any Common Share Reorganization, as defined herein).

2. The Class A Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

Dividends

(a) The holders of Class A Preferred Shares shall be entitled to receive dividends when, as and if declared thereon by the board of directors of the Corporation, provided that no dividend may be declared or paid on the common voting shares (the "Common Shares") unless the identical dividend per share is declared or paid, as the case may be, on the Class A Preferred Shares.

Voting

(b) The holders of the Class A Preferred Shares shall be entitled to receive notice of and to attend any meeting of the shareholders of the Corporation and shall be entitled to such number of votes as is equal to the number of Common Shares into which such Class A Preferred Shares are convertible at the time of the applicable vote.

Liquidation Preference on Liquidation, Dissolution or Winding-up

(c) In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation amongst its shareholders for the purposes of winding up its affairs, the holders of Class A Preferred Shares shall be entitled to receive in preference to the holders of any other class of capital stock of the Corporation, an amount per Class A Preferred Share equal to the greater of: (i) the Original Issue Price; and (ii) an amount equal to the pro rata share of the assets which would be available for distribution to the holders of the Class A Preferred Shares if such Class A Preferred Shares were converted into Common Shares at the applicable time of such liquidation or wind-up, together with holders of Common Shares (such greater amount is referred to herein as the "Liquidation Preference"). A merger, acquisition, sale of voting control or sale of substantially all of the assets and/or shares of the Corporation which results in the shareholders of the Corporation not owning a majority of the outstanding shares of the surviving corporation shall be deemed to be a liquidation for the purposes of this clause. All rights of the holders of Class A Preferred Shares shall cease with respect to the Class A Preferred Shares upon receipt of the payment of the full amount of the

Liquidation Preference.

Conversion Right and Conversion Price

(d) The Class A Preferred Shares are convertible into Common Shares at the option of the holder. Each Class A Preferred Shares is convertible into such number of fully paid and non-assessable Common Shares as is determined by dividing the Original Issue Price for such Class A Preferred Share by the applicable conversion price at the time in effect for such share (the "Conversion Price"). The initial Conversion Price of the Class A Preferred Shares shall be $0.60; provided however, that the Conversion Price shall be subject to adjustment pursuant to the provisions set forth below.

Conversion Procedure

(e) The conversion privileges for which provision is made herein shall be exercised by notice in writing given to the Corporation accompanied by the certificate or certificates representing the Class A Preferred Shares in respect of which the holder desires to exercise such conversion privilege and such notice shall be signed by the holder of the Class A Preferred Shares in respect of which such right is being exercised or by his duly authorized representative(s) and shall specify the number of Class A Preferred Shares which the holder desires to have converted. The Corporation shall pay any governmental or other tax imposed in respect of such conversion. Upon receipt of such notice and certificate or certificates, the Corporation shall, effective as of the date of such receipt, issue or cause to be issued a certificate or certificates representing such number of fully paid Common Shares as determined by dividing the Original Issue Price of the Class A Preferred Shares to be converted by the Conversion Price then in effect. If less than all of the Class A Preferred Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the Class A Preferred Shares represented by the original certificate which are not to be converted.

IPO Conversion

(f) The Class A Preferred Shares shall automatically convert into Common Shares based on the then applicable Conversion Price immediately prior to the closing of an Initial Public Offering (as defined below) of the Corporation at a share price not less than Original Issue Price per Common Share (as adjusted for stock splits, stock dividends, recapitalizations and the like).

For the purposes hereof, "Initial Public Offering" shall mean an offering of Common Shares by the Corporation to members of the public of not less than $2,000,000 (before deduction of commissions and expenses) and the listing of the Common Shares on a recognized stock exchange or completion of another transaction which results in the listing or public trading of the Common Shares or another class of shares, the terms of which are acceptable to the holders of 2/3 of the issued and outstanding Common Shares and the holders of 2/3 of the issued and outstanding Class A Preferred Shares.

Anti-Dilution Provisions

(g) If at any time after the issuance of the first issued Class A Preferred Share, and until the closing of an Initial Public Offering, the Corporation shall issue any Additional Securities (as defined below) at a price per share lower than the Conversion Price then in effect (the "Reduced Price"), then in such event, the Conversion Price shall be reduced, concurrently with such issue, for no additional consideration, to a price which equals the Reduced Price.

No adjustments of the Conversion Price shall be made in an amount less than one cent per share ($0.01). No adjustment of the Conversion Price pursuant to this paragraph shall be made if it has the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

In the case of the issuance of Additional Securities for cash, the consideration shall be deemed to be the amount of cash received by the Corporation therefor.

In the case of the issuance of Additional Securities for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof, determined in good faith by the board of directors of the Corporation.

"Additional Securities" means securities of any class issued by the Corporation after the issuance of the first Class A Preferred Share, other than shares issued upon a subdivision or combination of any of the Common Shares of the Corporation as described below.

Adjustment of Conversion Price

(h) If the Corporation shall declare a dividend or make a distribution on its outstanding Common Shares, in either case payable in Common Shares, other than pursuant to any dividend reinvestment or stock purchase plan, or shall divide its outstanding Common Shares into a greater number of shares, or shall consolidate its outstanding Common Shares into a lesser number of shares, or there should occur a consolidation or merger or amalgamation of the Corporation with or into any other company or body corporate, including by way of a sale whereby all or substantially all of the Corporation's undertaking and assets would become the property of any other company or body corporate (any such event being herein called a "Common Share Reorganization"), the Conversion Price then in effect shall be adjusted immediately after the effective date or record date of the Common Share Reorganization such that the number of Common Shares (or the shares into which the Common Shares of the Corporation are changed or reclassified) into which the Class A Preferred Shares are convertible shall be increased, decreased or changed by increasing or decreasing (as applicable) the number of Common Shares of the Corporation or changing the appropriate class or classes resulting from said reclassification or change or reclassifications or changes as the holder of the Class A Preferred Shares would have been entitled to receive had the right of conversion been exercised before such reclassification or change or reclassifications or changes.

Redemption at Option of Class A Preferred Shareholders

(i) The Corporation shall, at any time and from time to time, after March 14, 2010, upon 60 days prior notice and at the election of the holders of at least a majority of the outstanding Class A Preferred Shares, redeem all of the outstanding Class A Preferred Shares in preference to all other classes of shares in one installment to be paid in full. Such redemption shall be at a purchase price equal to the greater of (i) Original Issue Price per Class A Preferred Share and (ii) the fair market value of the Class A Preferred Shares on an as if converted basis. For the purposes of this section, "fair market value" shall be the purchase price for Class A Preferred Shares or Common Shares in respect of the most recent sale made to a bona fide arm's length third party purchaser within the previous six months or, if no such sale has occurred within the previous six months, as determined by the directors of the Corporation acting reasonably.

The Corporations Act
ARTICLES OF AMENDMENT **Manitoba**

1.Name of corporation	2.Business Number
DIAMEDICA INC.	866422173

3. a) The amendment to the articles have been authorized by:

directors ☐

shareholders ☒

members ☐

b) under section 167(1)

c) and the articles are amended as follows

The annexed Schedule A is incorporated herein.

Date	Signature	Office held
July 2, 2008	/s/	Corporate Secretary

Instructions: Specify the provision of the Act that authorizes the amendment, and the changes that are being made. Specify whether amendment was authorized by directors or shareholders. It is not necessary to attach a copy of the authorizing resolution.

SCHEDULE "A"

TO THE ARTICLES OF AMENDMENT OF

DIAMEDICA

(the "Corporation")

The amendment to the Articles of Incorporation dated January 21, 2000, as amended by Articles of Amendment dated October 6, 2000, April 3, 2001 and March 14, 2005 (collectively, the "Articles") has been authorized by the shareholders of the Corporation pursuant to Section 167(1) of *The Corporation Act* (Manitoba) and the Articles are amended as follows:

1. by deleting the provisions contained under Article 7 — "Restrictions, if any, on share transfers/ Restrictions au transfer des actions, s'il y a lieu" and substituting the word "None" therefor;

2, by deleting the authorized and unissued Class A Preferred Shares of the Corporation and the rights, privileges, restrictions and conditions attaching thereto; and

3. to declare that, after giving effect to the foregoing, the authorized capital of the Corporation shall consist of an unlimited number of Voting Common Shares.

CONFIDENTIAL TREATMENT REQUESTED BY DIAMEDICA THERAPEUTICS INC. PURSUANT TO 17 C.F.R. SECTION 200.83

Certificate of Continuance

Canada Business Corporation Act

Certificat de prorogation

Loi canadienne sur les sociétés par actions

DiaMedica Inc.

Corporate name / Dénomination sociale

970609-7

Corporation number / Numéro de société

I HEREBY CERTIFY that the above-named corporation, the articles of continuance of which are attached, is continued under section 187 of the *Canada Business Corporations Act* (CBCA).

JE CERTIFIE que la société susmentionnée, dont les clauses de prorogation sont jointes, est prorogée en vertu de l'article 187 de la *Loi canadienne sur les sociétés par actions* (LCSA).

/s/ Viginie Ethier

Viginie Ethier

Director / Directeur

2016-04-11

Date of Continuance (YYYY-MM-DD)
Date de prorogation (AAAA-MM-JJ)

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

Form 11	FORM 11 ARTICLES OF CONTINUANCE (Section 187)	FORMULAIRE 11 CLAUSES DE PROROGATION (ARTICLE 187)

1 –Name of the Corporation — Dénomination sociale de la société

DiaMedica Inc.

2 –The province or territory in Canada where the registered office is situated (do not indicate the full address) — La province ou le territoire au Canada où est situé le siège social (n'indiquez pas l'addresse complète)

Manitoba

3 –The classes and any maximum number of shares that the corporation is authorized to issue — Categoriés et tout nombre maximal d'actions que la société est autorisée a émettre

The Corporation is authorized to issue one class of shares: Voting Common Shares. Voting Common Shares may be issued in unlimited numbers, for unlimited consideration.

See attached Schedule "I".

4 -Restrictions, if any on share transfers — Restrictions sur le transfert des actions, s'il y a lieu

None

5 –Minimum and maximum number of directors (for a fixed number of directors, please indicate the same number in both boxes) — Nombre minimal et maximal d'administrateurs (pour un nombre fixe, veuillez indiquer le même nombre dans les deux cases)

Minimum: 1 Maxiumum: 10 — Minimal: Maximal:

6 -Restrictions, if any, on business the corporation may carry on — Limites imposées à l'activité commerciale de la société, s'il y a lieu
Not applicable

7 - (1) If change of name effected, previous name — (1) S'il y a changement de dénomination sociale, indiquer la dénomination sociale antérieure

Not applicable

(2) Details of incorporation — (2) Détails de la constitution

Incorporated in Manitoba on January 21, 2000

8 -Other provisions, if any — Autres dispositions, s'il y a lieu
None

9 -**Declaration**: I hereby certify that I am a director or an officer of the corporation. — **Déclaration**: J'atteste que je suis un administrateur ou un dirigeant de la société

Signature	Printed name – Nom en lettres moulées
/s/ Rick Pauls	Rick Pauls

Note:	Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5,000.00 or to imprisonment for a term no exceeding six months or both (subsection 250(1) of the CBCA).
Nota:	Faire un fausse déclaration consitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5,000 $ ou d'un emprisonment, maximal de six mois, ou de ces deux peines (paragraph 250(1)de la LCSA).

Canada

Schedule / Annexe

Description of Classes of Shares / Description des categories d'action

The Corporation is authorized to issue one class of shares: Voting Common Shares. The shares may be issued in unlimited numbers, for unlimited consideration.

See attached Schedule "I"

SCHEDULE "I"
to Article 3 of the Articles of Continuance of
DIAMEDICA INC.

1. In these Articles of Continuance, unless the context otherwise requires:

"Articles" means the articles of continuance of the Corporation, as shall be in force from time to time.

2. The Voting Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) The holders of the Voting Common Shares shall in each financial year of the Corporation be entitled to receive, if declared by the Directors of the Corporation out of the monies or other property of the Corporation properly applicable to the payment of dividends, non-cumulative dividends in an amount to be determined by and in the discretion of the Directors of the Corporation. If in any year the Directors of the Corporation in their discretion decide to declare a dividend, the same amount of dividend must be declared on each such share, without preference or distinction. If in any year the Directors in their discretion do not declare any dividend, then the rights of the holders of the Voting Common Shares to any dividend for the year shall forever be extinguished.

(b) It shall be in the sole discretion of the Directors of the Corporation whether in any financial year of the Corporation any dividend is declared on the shares of the Corporation, provided that the provisions of paragraphs 2(a) shall always be complied with. For purposes of greater certainty, it is herewith stated that a dividend may be paid in money or property or by issuing fully paid shares of the Corporation.

(d) The holders of Voting Common Shares shall be entitled to one vote for each Voting Common Share held by them at all meetings of Shareholders except meetings at which, pursuant to the *Canada Business Corporations Act,* only holders of a specified class of shares are entitled to vote.

3. A holder of fractional shares issued by the Corporation shall be entitled proportionately to all the rights and privileges attaching to a whole share of the same class, including, without limiting the generality of the foregoing, the right to receive the appropriate portion of dividend, to receive the appropriate portion of the redemption amount if such class of shares are otherwise redeemable, and to exercise voting rights in respect of the fractional share if such class of shares is otherwise entitled to vote.

BY-LAW NO. 1A

A by-law relating generally to the conduct of the affairs of DiaMedica Inc.

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of DiaMedica Inc. (hereinafter referred to as the "Corporation").

SECTION ONE

I. Interpretation

1.01 Definitions — In this by-law and all other by-laws and special resolutions of the Corporation unless the context otherwise requires:

(a) "Act" means *The Corporations Act* (Manitoba) or shall mean the *Canada Business Corporations Act* and any statute that may be substituted therefor, as from time to time amended, if the Corporation is continued as a federal corporation;

(b) "articles" means the articles of incorporation of the Corporation dated January 21, 2000, as from time to time amended, supplemented or restated and as the term "articles" is more particularly defined In the Act;

(c) "board" means the board of directors of the Corporation and includes a single director;

(d) "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

(e) "recorded address" means, in the case of a shareholder, his or its address as recorded in the register of shareholders and, in the case of a director, officer, auditor or member of a committee of the board, his address as recorded in the records of the Corporation; and

(f) "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation pursuant to the provisions of this bylaw or by a resolution passed pursuant thereto.

Words and expressions defined in the Act have the same meanings when used herein.

1.02 In all bylaws of the Corporation, where the context so requires or permits, the singular shall include the plural and the singular; the word "person" shall include an individual, partnership, corporation, executor, administrator and legal representative, and the masculine shall include the feminine.

SECTION TWO

II. Business of the Corporation

2.01 Registered Office — Until changed in accordance with the Act, the registered office of the Corporation shall be in the City of Winnipeg, in the Province of Manitoba and at such location therein as determined by the board.

2.02 Execution of Instruments — Any contract, document or other instrument in writing requiring execution by the Corporation shall be executed by:

(a) the Chairman and Secretary; or

(b) one of the Chairman or the Secretary together with any one other officer or director of the Corporation,

and all contracts, documents or other instruments in writing so executed shall *be* binding upon the Corporation without any further authorization or formality. The board is authorized from time to time by resolution to appoint any other officer or officers or any other person or persons on behalf of the Corporation to execute, either manually or by facsimile signature, and deliver either contracts, documents or other instruments in writing generally or specific contracts, documents or other instruments in writing. The term "contracts, documents or either instruments in writing" as used in this by-law shall include, specifically but without limitation, deeds, mortgages, charges, security agreements, conveyances, releases, receipts and discharges for the payment of money or other obligations, transfers and assignments of property of all kinds, including, specifically but without limitation, transfers and assignments of shares, warrants, bonds, debentures or other securities and all paper writings.

2.03 Banking Arrangements — The banking business of the Corporation shall be transacted with such chartered banks, trust companies, credit unions or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

2.04 Voting Rights in Other Bodies Corporate — The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board may from time to time direct the manner in which, and the person or persons by whom, any particular voting rights or class of voting rights may or shall be exercised.

2.05 Withholding Information from Shareholders — Subject to the provisions of the Act, and applicable laws, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which, in the opinion of the board, it would be inexpedient in the interests of the shareholders or the Corporation to communicate to the public. The board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of the shareholders, and no shareholder shall have any right of inspecting any account, record or document of the Corporation except as conferred by the Act or authorized by the board or by resolution passed at a general meeting of shareholders.

SECTION THREE

III. Borrowing

3.01 The board may, without the authorization of the shareholders:

(a) borrow money upon the credit of the Corporation;

(b) issue, reissue, sell or pledge debt obligations of the Corporation, including bonds, debentures, notes or other evidences of indebtedness or guarantees, whether secured or unsecured;

(c) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and

(d) mortgage. hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

SECTION FOUR

IV. Directors

4.01 Number of Directors, Residency and Quorum — The articles of the Corporation provide that the Corporation shall have a board consisting of a minimum and maximum number of directors. Subject to the Act, at least 25% of the directors must be residents of Canada and the Corporation must have at least one director who is a resident of Canada if the number of directors of the Corporation is less than four. The exact number of directors to form the board (the "Designated Number") shall be determined from time to time by the directors of the Corporation entitled to vote at regular directors' meetings. A quorum of the board shall be a majority of the Designated Number of the board. No business shall be transacted at a meeting unless a quorum is present and, subject to the Act, at least 25% of the directors are residents of Canada or at least one director is a resident of Canada if the Corporation has less than 4 directors at the time of the transaction of such business. Notwithstanding a vacancy among the directors, a quorum of directors may exercise all the powers of the board.

4.02 Qualification — A director is not required to be a shareholder however a director shall otherwise be qualified to be a director of the Corporation provided that such person is not otherwise disqualified pursuant to the provisions of the Act.

4.03 Election and Term — The election of directors shall take place at each annual meeting of shareholders and all directors then in office shall retire but, if qualified, shall be eligible for re-election. The election of directors shall be by ordinary resolution of the shareholder. If an election of the directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected. No election or appointment of a person as a director shall be effective unless:

(a) he consents in writing to act as a director before his election or appointment or within ten (10) days thereafter, or

(b) he was present at the meeting when he was elected or appointed and did not refuse at that meeting to act as a director.

4.04 Removal of Director — Subject to the provisions of the Act, the shareholders of the Corporation may by ordinary resolution at a special meeting remove any director or directors from office and may elect any qualified person or persons in his or their stead for the remainder of the term of the removed director or directors.

4.05 Vacation of Office — The office of a director shall be vacated upon the occurrence of any one of the following events:

(a) disqualification pursuant to the provisions of the Act;

(b) removal pursuant to the provisions of this by-law; or

(c) if by notice in writing to the Corporation he resigns his office and such resignation, if not effective immediately, becomes effective in accordance with its terms.

4.06 Vacancies — Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the minimum number of directors or from a failure of the shareholders to elect the minimum number of directors. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the minimum number of directors, the board shall forthwith call a special meeting of shareholders to fill the vacancy. If the board fails to call such meeting, or if there are no such directors then in office, any shareholder may call the meeting.

4.07 Place of Meetings — Meetings of the board may be held at any place.

4.08 Calling of Meetings — Meetings of the board may be called upon 48 hours' notice in writing or by telephone by either the Chairman or any two directors of the Corporation. Any meeting of directors may be held at any place and time without such notice if all the directors are present or if a quorum is present and those directors who are absent have signified their consent to the holding of the meeting by an instrument in writing or subsequently thereto signify their consent in writing. Any resolution passed or proceeding had or action taken at such meeting shall be as valid and effectual as if it had been passed or taken at a meeting duly called. Notice of any meeting or irregularity in any meeting or the notice thereof may be waived by any director.

4.09 Meetings by Telephone — A director may participate in a meeting of the board or of a committee of the board by means of such telephone or other communications facilities as permit all persons participating in the meeting to hear each other and a director participating in such a meeting by such means is deemed to be present at the meeting.

4.10 Meeting of Board Without Notice — For the first meeting of the board to be held immediately following the election of directors at an annual or general meeting of shareholders or for a meeting of the board at which a director is appointed to fill a vacancy in the board, no notice of such meeting shall be necessary to the newly elected or appointed director or directors in order for the meeting to be duly constituted, provided that a quorum of directors is present.

4.11 Voting at Meetings — Questions arising in any meeting of directors shall be decided by majority vote of such directors. Provided he is a director, the chairman at all directors meetings may move, second or vote upon any resolution, by-law or any other matter or thing and may act in any matter whatsoever as if he were a director only and not chairman of the meeting. If the chairman is not a director, he shall not move, second or vote upon any resolution, by-law or on any other matter or thing. In case of an equality of votes, the chairman at the meeting shall not have a second or casting vote.

4.12 Chairman — The Chairman of the Board, if such an officer has been elected and is present, shall be the chairman of any meetings of the board. If no such officer is present at any meeting of the board, the directors present shall choose one of their number to act as chairman of such meeting.

4.13 Conflict of Interest — A director shall not be disqualified by reason of his office from contracting with the Corporation or a subsidiary thereof. Subject to the provisions of the Act, a director shall not by reason only of his office be accountable to the Corporation or its shareholders for any profit or gain realized from a contract or transaction in which he has an interest. Such contract or transaction shall not be voidable by reason only of such interest, or by reasons only of the presence of a director so interested at a meeting, or by reason only of his presence being counted in determining a quorum at a meeting of the directors at which such a contract or transaction is approved, provided that a declaration and disclosure of such interest shall have been made at the time and in the manner prescribed by the Act, and the director so interested shall have refrained from voting as a director on the resolution approving the contract or transaction (except as permitted by the Act) and such contract shall have been reasonable and fair to the Corporation and shall have been approved by the directors or shareholders of the Corporation as required by the Act.

4.14 Remuneration and Expenses — The board shall have the power to fix the remuneration to be paid to directors and officers for their services to the Corporation, which remuneration paid to a director may be in addition to the salary or remuneration he receives as an officer or employee of the Corporation. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

4.15 One Director Meeting — Where the Corporation has only one director, that director may constitute a meeting.

4.16 Resolution in Lieu of Meeting — A resolution in writing, signed by all of the directors entitled to vote thereon at a meeting of directors or committee of directors, is as valid as if it had been passed at a meeting of directors or committee of directors and is effective from the date specified in the resolution, but that date shall not be prior to the date on which the first director signed the resolution.

4.17 Delegation — The board may appoint from their number a Managing Director who is a resident of Canada or a committee of directors and, subject to the Act, delegate to such Managing Director or committee any of the powers of the directors. If the board appoints a committee of directors, subject to the Act, the majority of the members of the committee must be residents of Canada.

4.18 Appointment of Additional Director — Subject to the Act, a quorum of the board may at any time, in its discretion, appoint one additional director to the board to serve until the next annual meeting of shareholders.

SECTION FIVE

V. Officers

5.01 Election or Appointment — From time to time, the board shall elect or appoint a Chairman of the Board, and may appoint such other officers, including a Chief Executive Officer, President, Vice-President and Secretary and such other officers as the board may determine. An officer may, but need not be, a director and two or more offices may be held by the same person.

5.02 Chairman of the Board — The Chairman of the board, if any, who shall be a director of the Corporation, shall attend and be chairman of all meetings of the board of directors or committees of the board and, in the absence of, disability or refusal to act of the Chief Executive Officer of the Corporation, the Chairman of the board shall have all the powers and authority and shall perform all the duties of the Chief Executive Officer.

5.03 Chief Executive Officer — The Chief Executive Officer shall be the chief executive and operating officer of the Corporation and, subject to the authority of the board shall have general supervision of the business of the Corporation.

5.04 Secretary — The Secretary, if any, shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation (if any) and of all books, papers, records, documents and instruments belonging to the Corporation except when some other officer or person has been appointed for that purpose.

5.05 Variation of Duties — From time to time, the board may vary, add to, or limit the powers and duties of any officer.

5.06 Duties of officers may be delegated — In case of the absence or inability to act of any officer of the Corporation or for any other reason that the board may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to any director for the period of time of such absence or inability to act.

5.07 Term of Office — The board may remove at its pleasure any officer of the Corporation without prejudice to any officer's rights under any employment contract. Otherwise each officer elected or appointed by the board shall hold office until his successor is elected or appointed.

5.08 Terms of Employment and Remuneration — The terms of employment and the remuneration of officers elected or appointed by the board shall *be* settled by it from time to time.

5.09 Agents and Attorneys — The board shall have power from time to time to appoint agents or attorneys for the Corporation with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

SECTION SIX

VI. Protection of Directors, Officers and Others

6.01 Indemnification of directors and officers — The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives to the extent permitted by the Act.

6.02 Indemnity of others — Except as otherwise required by paragraphs 6.01 and 6.03, the Corporation may from time to time indemnify and save harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving, at the request of the Corporation, as a director, officer, employee, agent of or participant in another corporation, partnership, joint venture, trust or other enterprise, against expenses (including legal fees), judgments, fines and any amount actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted honestly and in good faith with a view to the best interests of the Corporation, and with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct was lawful. The termination of any action, suit or proceeding by judgment, order, settlement, or conviction, shall not, of itself, create a presumption that the person did not act honestly and in good faith with a view to the best interests of the Corporation, or, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had no reasonable grounds for believing that this conduct was lawful

6.03 Successful defense — To the extent that a person who is or was an employee or agent of the Corporation has achieved complete or substantial success as a defendant in any action, suit or proceeding referred to in section six hereof, he shall be indemnified against all costs, charges and expenses actually and reasonably incurred by him in connection therewith.

6.04 Right of indemnity not exclusive — The provisions for indemnification contained in the bylaws of the Corporation shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be director, officer, employee or agent and shall ensure to the benefit of the heirs, executors and administrators of such a person.

6.05 No liability of directors or officers for certain acts, etc. — To the extent permitted by law, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults or any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation with whom or which any moneys, securities or affects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happened in the execution of the duties of his respective office in relation thereto unless the same shall happen by or through his failure to act honestly and in good faith with a view to the best interests of the Corporation and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation except such as shall have been submitted to and authorized or approved by the board of directors of the Corporation. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a company which is employed by or performs services for the Corporation, the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

6.06 Insurance — The Corporation may as permitted under the Act, purchase and maintain insurance for the benefit of any person referred to in paragraph 6.01.

VII. Shares

7.01 Allotment — The board may from time to time issue securities to such persons and for such consideration as the board may determine, in accordance with the provisions of applicable laws.

7.02 Options & Other Securities — The board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation or warranties or such other securities convertible or exchangeable into shares at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as prescribed by the Act, subject always to the provisions, if any, of the articles respecting the allotment of shares.

7.03 Shares and Share Certificates — The shares of the Corporation shall be represented by certificates or, where allowed for or required by applicable law, shall be electronically issued without a certificate. Every holder of one or more shares of the Corporation is entitled, at the option of the holder, to a share certificate, or a non-transferable written certificate of acknowledgment of the right to obtain a share certificate, stating the number and class or series of shares held as shown on the securities registers. Any certificate shall be signed in accordance with these by-laws and need not be under corporate seal. Certificates shall be manually countersigned by at least one director or officer of the Corporation or by or on behalf of a registrar or transfer agent of the Corporation. Subject to the Act, the signature of any signing director, officer, transfer agent or registrar may be printed or mechanically reproduced on the certificate. Every printed or mechanically reproduced signature is deemed to be the signature of the person whose signature it reproduces and is binding upon the Corporation. A certificate executed as set out in this section is valid even if a director or officer whose printed or mechanically reproduced signature appears on the certificate no longer holds office at the date of issue of the certificate.

7.04 Transfer Agent and Registrar — Subject to the provisions of the Act, the directors may from time to time by resolution appoint or remove one or more transfer agents and/or branch transfer agents and/or registrars and/or branch registrars (which may or may not be the same individual or corporation) for the shares of the Corporation, and may provide for transfer any registration of transfers of the shares of the Corporation in one or more places within Canada or elsewhere. Such transfer agents and/or branch transfer agents and/or registrars, and/or branch registrars and/or the Corporation shall keep all necessary books and registrars of the Corporation for transferring and registering the transfers of the shares of the Corporation. All share certificates, if any, issued by the Corporation shall in the event of any such appointment be counter-signed by or on behalf of one of the said transfer agents and/or branch transfer agents and/or registrars and/or branch registrars, if any.

7.05 Registration of Transfers — Subject to the Act, a transfer of a share may only be registered in the Corporation's securities register upon:

(a) presentation of the certificate representing such share with an endorsement which complies with the Act, made on the certificate or delivered with the certificate, duly executed by an appropriate person as provided by the Act, together with reasonable assurance that the endorsement is genuine and effective, upon payment of all applicable taxes and any reasonable fees prescribed by the board; or

(b) in the case of shares electronically issued without a certificate, upon receipt of proper transfer instructions from the registered holder of the shares, a duly authorized attorney of the registered holder of the shares or an individual presenting proper evidence of succession, assignment or authority to transfer the shares.

7.06 Non-recognition of Trusts — Subject to the provisions of the Act, the Corporation shall treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership irrespective of any indication to the contrary through knowledge or notice or description in the Corporation records or on the share certificate.

7.07 Replacement of Share Certificates — The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate that has been lost, apparently destroyed or wrongfully taken, on such terms as to indemnity, reimbursement of expense (including legal and transfer agent fees and expenses) and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

7.08 Joint Shareholders — If two or more persons are registered as joint shareholders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

7.09 Deceased Shareholder — In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the register of shareholders in respect thereof as to make any payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and/or its transfer agent.

7.10 Dividends — The board may from time to time by resolution declare dividends in money, or property, or by issuing fully paid shares of the Corporation, provided that there are funds, property, or shares properly available for the purpose in accordance with the provisions of the Act.

7.11 Commission for Sale of Shares — The board may authorize the Corporation to pay a commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for the shares.

SECTION EIGHT

VIII. Meetings of Shareholders

8.01 Annual Meeting — Subject to the provisions of the Act, the annual meeting of the shareholders shall be at such place within Canada and on such date in each year as the board of directors may determine.

8.02 Special Meetings — Subject to the provisions of the Act, special meetings of the shareholders may be convened at any time and for any place by order of the Chairman or by the board on their own motion or on the requisition of shareholders as provided for in the Act.

8.03 Notice — Notice of the time and place of each meeting of shareholders shall be given in the manner provided in paragraph 9.01 not less than 21 nor more than 50 days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date, if any, for notice is entered in the securities register as the holder of one or more shares carrying in the right to vote or having the right to be notified of the meeting.

8.04 Meetings Without Notice — Notwithstanding the provisions of the Act relating to the notice, a meeting of shareholders may be held without notice at any time and at any place permitted by the Act or the articles provided a waiver of notice is obtained in accordance with the Act and provided all other applicable laws are complied with.

8.05 Quorum — The quorum for the transaction of business at meetings of the shareholders shall consist of not less than one shareholder present or represented by proxy and holding in all not less than 10% of the issued capital of the Corporation carrying voting rights.

8.06 Chairman — The Chairman of the Board, or, in his absence, if such officer has been elected and is present otherwise the Chief Executive Officer, failing whom the Secretary shall be the chairman of any meeting of the shareholders. If no such officer is present at any meeting of the shareholders, the shareholders present shall choose one of their members to act as chairman of such meeting.

8.07 Votes to Govern — At any meeting of shareholders, every question shall, unless otherwise required by the articles or by-laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a ballot, the chairman of the meeting shall not be entitled to a second or casting vote.

8.08 Right to Vote — At any meeting of shareholders, every person shall be entitled to vote who, at the time of the taking of a vote (or, if there is a record date for voting, at the close of business on such record date) is entered in the register of shareholders as the holder of one or more shares carrying the right to vote at such meeting, subject to the provisions of the Act.

8.09 Proxies — Every shareholder entitled to vote at meetings of shareholders may, by means of a proxy, appoint a proxy holder or one or more alternative proxy holders, who are not required to be shareholders, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy. A proxy shall be executed by the shareholder or by his attorney authorized in writing. A proxy is valid only at the meeting in respect of which it is given or any adjournment thereof. A shareholder may revoke a proxy in accordance with the provisions of the Act.

8.10 Deposit of Proxies — The directors may specify in a notice calling a meeting of shareholders a time not exceeding 48 hours, excluding Saturdays and holidays, preceding the meeting or an adjournment thereof before which time proxies to be used at the meeting must be deposited with the Corporation or its agents.

8.11 Form of Proxy — Subject to applicable securities laws, an instrument appointing a proxy may be substantially in the following form:

"The undersigned shareholder of_____ hereby appoints_____of_____ whom failing _____ of ___ _____ as the proxy of the undersigned in vote and act for the undersigned on behalf of the undersigned at the meeting of the shareholders of the said corporation to be held on the day of _____ 20_, and at any adjournment thereof.

DATED the _____ day of _____, 20 ."

8.12 Show of Hands — Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to the effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question and the result of the vote taken shall be the decision of the shareholders upon the said question.

8.13 Ballots — On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxy-holder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

8.14 Adjournment — The Chairman may, with the consent of any meeting, adjourn such meeting from time to time and if a meeting is adjourned for less than 30 days, no notice of such adjournment need be given to the shareholders. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given in the same manner as for an original meeting. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

8.15 Joint Shareholders — If shares are held jointly by two or more persons, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote thereon; but if more than one of them shall be present in person or represented by proxy, they shall vote together as one on the shares jointly held by them.

8.16 One Shareholder Meeting — If the Corporation has, from time to time, only one shareholder or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

8.17 Resolution in Writing — A resolution in writing signed by all of the shareholders entitled to vote thereon at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditors in accordance with the Act.

SECTION NINE

IX. Notices

9.01 Method of Giving Notices — Any notice (which term includes any communication or document), to be given, sent, delivered or served pursuant to the Act, the regulations thereunder, articles, by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid air or ordinary mail, or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or at the recorded address as aforesaid; any notice so mailed shall be deemed to have been given when deposited in any post office or public letter box; any notice sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer or auditor in accordance with any information believed by him to be reliable.

9.02 Notice to Joint Shareholders — If two or more persons are registered as joint holders of any share, notice to one of such persons shall be sufficient notice to all of them. Any notice shall be addressed to all of such joint holders and the address to be used for the purposes of paragraph 9.01 hereof shah be *the* address appearing on the register of shareholders in respect of such joint holding, or the first address so appearing if there are more than one.

9.03 Signature to Notices — The signature or signatures to any notice to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

9.04 Computation of Time — In computing a date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

9.05 Omissions and Errors — The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board, of the non-receipt of any notice by any such person or any error in any notice shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

9.06 Persons Entitled by Death or Operation of Law — Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share which shall have been duly given to a person from whom he derives his title to such share previously to his name and address being entered on the register of shareholders, whether such notice was given before or after the happening of the event upon which he became so entitled.

9.07 Waiver of Notice — Any shareholder (or his duly appointed proxy holder), director, officer, auditor or member of a committee of the board may waive any notice required to be given to him under the provisions of the Act, the articles, the by-laws or otherwise, and such waiver whether given before or after the meeting or other event of which notice is required to be given shall cure any default in giving such notice.

9.08 Undelivered Notices — If any notice given to a shareholder pursuant to paragraph 9.01 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

9.09 Proof of service — A certificate of the Secretary or other duly authorized officer of the Corporation in office at the time of the making of the certificate or the transfer officer or any transfer agent or registrar of the shares of any class of the Corporation as to facts in relation to the mailing or delivery of any notice to any shareholder, director, auditor or officer or publication of any notice shall be conclusive evidence thereof and shall be binding on every shareholder, director, auditor or officer of the Corporation as the case may be.

SECTION TEN

X. Meetings of Shareholders

10.01 Appointing Corporate Shareholder Representative — If a shareholder is a corporation, such corporate shareholder may appoint one or more persons to represent and to attend all meetings of

shareholders and to act and vote thereat on behalf of such corporate shareholder as its proxy and representative. The corporate shareholder appointing such a representative shall deposit with the Corporation a written Appointment in a form acceptable to the directors of the Corporation and the appointment of the representative shall be valid until revoked in writing by the corporate shareholder appointing such representative.

10.02 Form of Appointment — An instrument appointing a representative may be substantially in the following form:

> "The undersigned corporate shareholder of (the "Corporation") hereby appoints as its true and lawful attorney and representative to attend all meetings of shareholders of the Corporation and any adjournments thereof, with authority to exercise the same powers on behalf of the undersigned as the undersigned could exercise if it were an individual shareholder of the Corporation inclusive of all voting rights.
>
> DATED the _____ day of _____, 20
>
> _____
> (Signature of Corporate Shareholder)

SECTION ELEVEN

Xl. Miscellaneous

11.01 Invalidity of any provision of this by-law — The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this bylaw.

MADE by the board of directors the 19th day of May, 2008.

CONFIRMED by the shareholders in accordance with the Act the 25th day of June 2008.

AS AMENDED AND RESTATED on July 24, 2014.

/s/ Rick Pauls
Mr. Rick Pauls
President & CEO

/s/ John Savage
John Savage
Chief Financial Officer

Exhibit 4.2

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

SHAREHOLDER RIGHTS PLAN AGREEMENT

DATED AS OF DECEMBER 21, 2017

Between DIAMEDICA THERAPEUTICS INC. and
COMPUTERSHARE INVESTOR SERVICES INC.

as Rights Agent

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CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

THIS AGREEMENT made as of the 21st day of December, 2017.

BETWEEN:
DIAMEDICA THERAPEUTICS INC., a company with its registered office in the Province of British Columbia,

(hereinafter called the "**Company"),** OF THE FIRST PART,

AND: **COMPUTERSHARE INVESTOR SERVICES INC.,** a corporation existing under the laws of Canada, as rights agent,

(hereinafter called the "**Rights Agent"),** OF THE SECOND PART.

WHEREAS:

(A) the Company has an existing shareholder rights plan effective July 24, 2014 which expires at the end of the annual general meeting in 2017 (the "Current Rights Plan");

(B) the Company currently has an annual general and special meeting scheduled for December 21, 2017;

(C) the Board of Directors of the Company has determined that it is advisable that the Company renew its Current Rights Plan to take effect on the Effective Date (as hereinafter defined), subject to approval by the Independent Shareholders (as hereinafter defined) at the annual general and special meeting of shareholders of the Company scheduled to be held in December 2017, to ensure fair and equal treatment of all the Company's shareholders in the event of a take-over bid, to protect shareholders from coercive take-over tactics, and to allow the Board of Directors and Shareholders of the Company adequate time to assess the bid and consider alternatives to enhance value for Shareholders (the "Rights Plan");

(D) in order to renew the Rights Plan, the Board of Directors of the Company has:

a. authorized the issuance of one right (a "Right") in respect of each Common Share (as hereinafter defined) outstanding at the Record Time (as hereinafter defined); and

b. authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined);

(E) each Right entitles the holder thereof, after the Separation Time, to purchase Common Shares of the Company, pursuant to the terms and subject to the conditions set forth herein;

(F) the Company desires to appoint the Rights Agent to act on behalf of the Company and holders of Rights, and the Rights Agent is willing so to act, in connection with the issuance, transfer, exchange, and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein;

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein the parties hereby agree as follows:

ARTICLE 1 – INTERPRETATION

1.1 Certain Definitions

For the purposes of this Agreement, the following terms have the meanings indicated:

(a) "**1933 Securities Act**" shall mean the Securities Act of 1933 of the United States, as amended, and the regulations thereunder, and any comparable or successor regulations thereto;

(b) "**1934 Exchange Act**" shall mean the Securities Exchange Act of 1934 of the United States, as amended, and the regulations thereunder, and any comparable or successor regulations thereto;

(c) "**Acquiring Person**" shall mean any Person who is the Beneficial Owner of 20% or more of the outstanding Common Shares of the Company. Notwithstanding the foregoing, the term "Acquiring Person" shall not include:

(i) the Company or any Subsidiary of the Company;

(ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares of the Company as a result of any one or any combination of:

a. an acquisition and cancellation or redemption by the Company or a Subsidiary of the Company of Common Shares which, by reducing the number of Common Shares outstanding, increases the percentage of outstanding Common Shares Beneficially Owned by such Person to 20% or more of the Common Shares outstanding (a "**Share Reduction**");

b. an acquisition of Common Shares made pursuant to a Permitted Bid or a Competing Permitted Bid (a "**Permitted Bid Acquisition**");

c. an acquisition of Common Shares in respect of which the Board of Directors has waived the application of section 4.1 pursuant to the provisions of section 6.1 (an "**Exempt Acquisition**");

d. a Convertible Security Acquisition; or

e. a Permitted Acquisition;

provided, however, that if a Person shall become the Beneficial Owner of 20% or more of the Common Shares of the Company then outstanding by reason of one or any combination of a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition or a Permitted Acquisition and thereafter such Person, while such Person is the Beneficial Owner of 20% or more of the Common Shares of the Company then outstanding, increases the number of Common Shares of the Company beneficially owned by

such Person by more than 1% of the number of Common Shares outstanding (other than pursuant to one or any combination of a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition or a Permitted Acquisition) then, as of the date such Person becomes the Beneficial Owner of such additional outstanding Common Shares of the Company, such Person shall be an "**Acquiring Person**";

(iii) for a period of 10 days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares of the Company as a result of such Person becoming disqualified from relying on clause 1.l(f)(v) hereof because such Person makes or announces an intention to make a Takeover Bid in respect of the Common Shares of the Company alone or by acting jointly or in concert with any other Person and, for this purpose, "**Disqualification Date**" means the first date of public announcement of facts indicating that such Person is making or intends to make a Take-over Bid;

(iv) an underwriter or member of a banking or selling group acting in such capacity that becomes the Beneficial Owner of 20% or more of the Common Shares of the Company in connection with a distribution of securities of the Company; or

(v) a Person (a "**Grandfathered Person**") who is the Beneficial Owner of more than 20% of the outstanding Common Shares of the Company determined as of the Record Time; provided, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of additional Common Shares of the Company that increases its Beneficial Ownership by more than 1% of the number of Common Shares of the Company outstanding (other than through one or any combination of a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition or a Permitted Acquisition);

(d) "**Affiliate**", when used to indicate a relationship with a specified corporation, means a Person who directly, or indirectly through one or more controlled intermediaries, controls, or is controlled by, or is under common control with, such specified corporation;

(e) "**Associate**" of a specified Person shall mean any Person to whom such specified Person is married or with whom such specified Person is living in a conjugal relationship outside marriage, or any relative of such specified Person, said spouse or other Person who has the same home as such specified Person;

(f) a Person shall be deemed the "**Beneficial Owner**" of, and to have "**Beneficial Ownership**" of, and to "**Beneficially Own**":

(i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or equity;

(ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to acquire (where such right is exercisable within a period of 60 days, or upon the occurrence of a contingency) (a) upon the exercise of any Convertible Securities (other than a Right), or (b) pursuant to any agreement, arrangement, pledge, or understanding, whether or not in writing (other than customary agreements with and between underwriters or banking group or selling group members with respect to a distribution of securities and other than pledges or hypothecs of securities in the ordinary course of business); and

(iii) any securities which are Beneficially Owned within the meaning of the foregoing provisions of this subsection 1.1(f) by any other Person with whom such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the Beneficial Owner of or to have Beneficial Ownership of, or to Beneficially Own, any security because:

(iv) such security has been agreed to be deposited or tendered pursuant to a Lock-up Agreement or is otherwise deposited or tendered pursuant to any Take-over Bid made by such Person, made by any of such Person's Affiliates or Associates or made by any Person acting jointly or in concert with such Person until such deposited security has been taken up or paid for, whichever shall occur first;

(v) such Person holds such security, provided that:

a. the ordinary business of such Person (an "**Investment Manager**") includes the management of mutual funds or investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person or Persons (a "Client") including non-discretionary accounts held on behalf of a broker or dealer registered under applicable laws; or

b. such Person (a "**Trust Company**") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons ("**Estate Accounts**") or in relation to other accounts ("**Other Accounts**") and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such Estate Accounts or Other Accounts; or

c. such Person (an "**Administrator**") is the administrator or the trustee of one or more pension funds or plans (each a "**Plan**") or is a Plan registered under applicable laws and holds such security in the ordinary course of such duties for such Plan; or

d. such Person is a Plan or is a Person established by statute (the "**Statutory Body**") for purposes that include, and the ordinary business or activity of such Person includes, the management of investment funds for employee benefit plans, pension plans, insurance plans (other than plans administered by insurance companies) of various public bodies and the Statutory Body holds such security for the purposes of its activities as such; or

e. such Person is a Crown agent or agency;

provided that the Investment Manager, Trust Company, Administrator, the Plan, the Statutory Body, or the Crown agent or agency, as the case may be, is not then making or has not announced a current intention to make a Take-over Bid, alone or acting jointly or in concert with any other Person (other than an Offer to Acquire Shares of the Company by means of a distribution by the Company or by means of ordinary market transactions (including pre-arranged trades) executed through the facilities of a stock exchange or organized over-the-counter market);

(vi) such Person, any of such Person's Affiliates or Associates, or any Person acting jointly or in concert with such Person is a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, or by reason of such Person being an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security or by reason of such Person being a Plan which has an Administrator which is also a trustee for another Plan on whose account the Trustee holds such security;

(vii) such Person is (i) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, or (ii) an account of a Trust Company and such security is owned at law or in equity by the Trust Company, or (iii) a Plan and such security is owned at law or in equity by the Administrator thereof; or

(viii) such Person is the registered holder of securities as a result of carrying on the business of a securities depositary or as a result of being a nominee holder of such securities.

(g) "**Board of Directors**" shall mean the board of directors of the Company or, if duly constituted and whenever duly empowered, the executive committee of the board of directors of the Company;

(h) "**Business Day**" shall mean any day other than a Saturday, a Sunday, or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law to close;

(i) "**Canadian Dollar Equivalent**" of any amount which is expressed in United States dollars shall mean on any date the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S.-Canadian Exchange Rate in effect on such date;

(j) "**Canadian-U.S. Exchange Rate**" shall mean on any date the inverse of the U.S.- Canadian Exchange Rate;

(k) "**Close of Business**" on any date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the offices of the transfer agent for the Shares (or, after the Separation Time, the offices of the Rights Agent in Toronto, Ontario) are closed to the public in the city in which such transfer agent or Rights Agent has an office for the purposes of this Agreement;

(1) "**Common Share**" when used with reference to the Company, shall mean the Common Shares and/or any other shares entitled to vote generally in the election of directors, as the context requires, and, when used with reference to any Person other than the Company, shall mean shares of capital stock of such other Person entitled to vote generally in the election of the directors of such other Person.

(m) "**Corporations Act**" shall mean the *Canada Business Corporations Act*, as amended, and the regulations made thereunder, and any comparable or successor laws or regulations thereto in the event that the Company is governed by the *Canada Business Corporations Act*;

(n) "**Competing Permitted Bid**" means a Take-over Bid that is made by means of a Take- over Bid circular and which also complies with the following additional provisions:

(i) the Take-over Bid is made after a Permitted Bid has been made and prior to the expiry of the Permitted Bid or of any other Competing Permitted Bids (in this definition the "**Prior Bids**");

(ii) the Take-over Bid satisfies all components of the definition of a Permitted Bid other than the requirements set out in clause (ii) of such definition; and

(iii) the Take-over Bid contains, and the take-up and payment for Common Shares tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that no Common Shares will be taken up and paid for pursuant to such Take-over Bid (x) prior to the Close of Business on a date that is no earlier than the later of (1) the earliest date on which Common Shares may be taken up and paid for under any Prior Bids in existence when the Take-over Bid is made and (2) 35 days after the date of such Take-over Bid constituting the Competing Permitted Bid, and (y) unless, at the time that the Common Shares are to be taken up, more than 50% of the then outstanding Common Shares held by Independent Shareholders, have been deposited or tendered pursuant to such Takeover Bid and not withdrawn;

(o) "**controlled**": a corporation is "controlled" by another Person or two or more Persons, acting jointly or in concert, if:

(i) securities entitled to vote in the election of directors carrying more than 50% of the votes for the election of the directors are held, directly or indirectly, by or for the benefit of the other Person or Persons acting jointly or in concert; and

(ii) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation;

and "**controls**", "**controlling**", and "**under common control with**" shall be interpreted accordingly;

(p) "**Convertible Securities**" means at any time any securities issued by the Company from time to time (other than the Rights) carrying any exercise, conversion, or exchange right pursuant to which the holder thereof may acquire Common Shares or other securities which are convertible into exercisable or exchangeable for Common Shares.

(q) "**Convertible Securities Acquisition**" means the acquisition of Common Shares upon the exercise of Convertible Securities received by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition, or a Permitted Acquisition.

(r) "**dividends paid in the ordinary course**" shall mean cash dividends paid at regular intervals in any financial year of the Company to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:

(i) 200% of the aggregate amount of cash dividends declared payable by the company on its Shares in its immediately preceding financial year;

(ii) 300% of the arithmetic average of the aggregate amounts of cash dividends declared payable by the Company on its Shares in its three immediately preceding financial years;

(iii) 100% of the aggregate consolidated net income of the Company, before extraordinary items, for its immediately preceding financial year; and

(iv) 100% of the aggregate consolidated net income of the Company, before extraordinary items, for its current financial year;

(s) "**Effective Date**" shall mean the time at which the annual general and special meeting of the holders of Common Shares, currently scheduled to be held in December 2017, or any adjournment thereof, terminates;

(t) "**Election to Exercise**" shall have the meaning ascribed thereto in clause 3.1(e)(ii);

(u) "**Exempt Acquisition**" shall have the meaning ascribed thereto in subclause 1.l(c)(ii)c.;

(v) "**Exercise Price**" shall mean, as of any date from and after the Separation Time, the price at which a holder of a Right may purchase the securities issuable upon exercise of one whole Right which, subject to adjustment in accordance with the terms hereof, shall be an amount equal to five times the Market Price per Common Share determined as at the Separation Time;

(w) "**Expiration Time**" shall mean the earlier of:

(i) the Termination Time;

(ii) the termination of the annual meeting of the shareholders of the Company in the year 2020; and

(iii) the Close of Business on the date this Agreement becomes void pursuant to the provisions of section 6.15;

Provided that the Expiration Time shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 6.1 hereof) prior to the date upon which the Expiration Time would otherwise have occurred;

(x) "**Flip-in Event**" shall mean a transaction in or pursuant to which any Person shall become an Acquiring Person provided, however, that a Flip-in Event shall be deemed to occur at the Close of Business on the tenth day (or on such later day as the Board of Directors shall determine) after a Stock Acquisition Date;

(y) "**Grandfathered Person**" shall have the meaning ascribed thereto in clause 1.1(c)(v);

(z) "**Independent Shareholders**" shall mean all holders of Common Shares of the Company, other than (i) any Acquiring Person, (ii) any Offeror other than a Person described in paragraph (v) of the definition of "**Beneficial Owner**", (iii) any Affiliate or Associate of any Acquiring Person or Offeror, (iv) any Person acting jointly or in concert with any Acquiring Person or Offeror, and (v) any Person who is an administrator or trustee of any employee benefit plan, deferred profit sharing plan, stock participation plan or any similar plan or trust for the benefit of employees of the Company or a wholly-owned Subsidiary of the Company, unless the beneficiaries of such plan or trust direct the manner in which such Common Shares are to be voted or direct whether the Common Shares are to be tendered to a Take-over Bid;

(aa) "**Lock-up Agreement**" means an agreement between an Offeror, any of its Affiliates or Associates, or any other Person acting jointly or in concert with the Offeror and a Person (the "**Locked-up Person**") who is not an Affiliate or Associate of the Offeror or a Person acting jointly or in concert with the Offeror whereby the Locked-up Person agrees to deposit or tender the Common Shares by the Locked-up Person to the Offeror's Take-over Bid or to any Take-over Bid made by any of the Offeror's Affiliates or Associates or made by any other Person acting jointly or in concert with the Offeror (the "**Subject Bid**"), where (A) in the context of a Subject Bid that is supported by the Company, the agreement shall terminate automatically or may be terminated by the Locked-up Person upon termination, in accordance with its terms, of the agreement between the Offeror, any of its Affiliates or Associates or any other Person acting jointly or in concert with the Offeror and the Company, under which it was agreed that the Offeror or any Affiliates or Associates or any other Person acting jointly or in concert with the Offeror would acquire all of the Common Shares outstanding in accordance with the terms of the agreement, (B) in the context of a Subject Bid that is not supported by the Company, where the agreement:

(i) permits the Locked-up Person to withdraw the Common Shares from the agreement in order to tender or deposit the Common Shares to another Take-over Bid or to support another transaction that in either case will provide greater value to the Locked-up Person than the Subject Bid; or

(ii) (a) permits the Locked-up Person to withdraw the Common Shares from the agreement in order to tender or deposit the Common Shares to another Take-over Bid or to support another transaction that contains an offering price for each Common Share that exceeds by as much as or more than a specified amount (the "**Specified Amount**") the offering price for each Common Share contained in or proposed to be contained in the Subject Bid; and (b) does not by its terms provide for a Specified Amount that is greater than 7% of the offering price contained in or proposed to be contained in the Subject Bid; and

(iii) does not provide for any "break-up fees", "top-up fees", penalties, expenses, or other amounts that exceed in the aggregate the greater of:

a. the cash equivalent of 2.5% of the price or value payable under the Take-over Bid to a Locked-up Person; and

b. 50% of the amount by which the price or value payable under another Take-over Bid or transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Takeover Bid;

which shall be payable by a Locked-up Person pursuant to the Lock-up Agreement in the event a Locked-up Person fails to deposit or tender Common Shares to the Take-over Bid or withdraws Common Shares in order to accept the other Take-over Bid or support another transaction;

and for a greater clarity an agreement may contain a right of first refusal or require a period of delay to give an Offeror an opportunity to match a higher price in another Take-over Bid or other similar limitation on a Locked-up Person as long as the Locked-up Person can accept another bid or tender to another transaction;

(bb) "**Market Price**" per share of any securities on any date of determination shall mean the weighted average trading price per share of such securities (determined as described below) for the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in section 3.2 shall have caused the sale prices in respect of any Trading Day used to determine the Market Price not to be fully comparable with the sale prices on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such sale price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in section 3.2 in order to make it fully comparable with the sale price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The weighted average trading price per share of any securities on any date shall be determined by dividing the aggregate sale price of all securities sold on the principal stock exchange in Canada on which such securities are listed and posted for trading divided by the total number of securities so sold; and

(i) if for any reason such prices are not available on such day or the securities are not listed and posted for trading on any stock exchange in Canada, the Market Price shall be calculated using the sale prices for such securities as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange in the United States on which such securities are listed or admitted to trading;

(ii) if for any reason such prices are not available on such day or the securities are not listed and posted for trading on a stock exchange in Canada or a national securities exchange in the United States, the Market Price shall be calculated using the average of the high bid and low asked prices of each share of such securities in the over-the-counter market, as reported by Financial Industry Regulatory Authority or such other comparable system then in use; or

(iii) if on any such date the securities are no quoted by any such organization, the Market Price shall be calculated using the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities;

provided, however, that if on any such date the securities are not traded on any exchange or in the over-the-counter market and the price referred to in clause 1.l(aa)(iii) is not available, the closing price per share of such securities on such date shall mean the fair value per share of such securities on such date as determined by a nationally or internationally recognized investment dealer or investment banker with respect to the fair value per share of such securities. The Market Price shall be expressed in Canadian dollars and if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof;

(cc) "**Offer to Acquire**" shall include:

(i) an offer to purchase, or a solicitation of an offer to sell Common Shares; and

(ii) an acceptance of an offer to sell Common Shares, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person who made the offer to sell;

(dd) "**Offeror**" shall mean a Person who has announced a current intention to make or who is making a Take-over Bid (including a Permitted Bid or a Competing Permitted Bid) but only so long as the Take-over Bid so made or announced has not been withdrawn or terminated or has not expired;

(ee) "**Permitted Acquisition**" shall mean an acquisition of Common Shares of the Company by a Person

(i) as a result of a stock dividend, a stock split or other event pursuant to which such Person receives or acquires Common Shares of the Company or Convertible Securities on the same pro rata basis as all other holders of Common Shares, or

(ii) pursuant to a regular dividend reinvestment or other plan of the Company made available by the Company to the holders of Common Shares of the Company, or

(iii) pursuant to the receipt and/or exercise of rights issued by the Company to all of the holders of Common Shares of the Company to subscribe for or purchase Common Shares of the Company or Convertible Securities, provided that such rights are acquired directly from the Company and not from any other Person, provided that the Person does not thereby acquire a greater percentage of Common Shares than the Person's percentage of Common Shares Beneficially Owned immediately prior to such acquisition or exercise; or

(iv) pursuant to a distribution to the public by the Company of Common Shares, or securities convertible into or exchangeable for Common Shares or Convertible Securities, pursuant to a prospectus, provided that the Person does not thereby acquire a greater percentage of such Common Shares or Convertible Securities or securities convertible into or exchangeable for Common Shares or Convertible Securities, so offered than the Person's percentage of Common Shares Beneficially Owned immediately prior to such acquisition or to an amalgamation, merger or other statutory procedure requiring shareholders' approval; or

(v) pursuant to a distribution by the Company of Common Shares or Convertible Securities by way of a private placement by the Company or upon the exercise by an individual employee of stock options granted under a stock option plan of the Company or rights to purchase securities granted under a share purchase plan of the Company, provided that (1) all necessary stock exchange approvals for such private placement, stock option plan or share purchase plan have been obtained and such private placement, stock option plan or share purchase plan complies with the terms and conditions of such approvals and (2) such Person does not become the Beneficial Owner of more than 25% of the Common Shares outstanding immediately prior to the distribution, and in making this determination the Common Shares to be issued to such Person in the distribution shall be deemed to be held by such Person but shall not be included in the aggregate number of outstanding Common Shares immediately prior to the distribution;

(ff) "**Permitted Bid**" means a Take-over Bid that is made by means of a Take-over Bid circular and that also complies with the following additional provisions:

(i) the Take-over Bid is made to all holders of Common Shares of the Company as registered on the books of the Company, other than the Offeror;

(ii) the Take-over Bid contains, and the take-up and payment for Common Shares tendered or deposited thereunder are subject to, an irrevocable and unqualified condition that no Common Shares shall be taken up and paid for pursuant to the Take-over Bid prior to the Close of Business on the date which is not less than 60 days after the date of the Takeover Bid and only if at such date more than 50% of the Common Shares then outstanding held by Independent Shareholders, shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

(iii) the Take-over Bid contains an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Common Shares may be deposited pursuant to such Takeover Bid at any time during the period of time between the date of the Take-over Bid and the date on which the Common Shares may be taken up and paid for and that any such shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and

(iv) the Take-over Bid contains an irrevocable and unqualified provision that in the event that more than 50% of the Common Shares then outstanding held by Independent Shareholders shall have been deposited to the Take-over Bid as at the date of first take-up or payment for Common Shares under the Take-over Bid, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Common Shares for not less than 10 Business Days from the date of such public announcement;

(gg) "**Permitted Bid Acquisition**" shall have the meaning ascribed thereto in subclause 1.1(C)(ii)b.;

(hh) "**Person**" shall include any individual, body corporate, firm, partnership, association, cooperative, trust, trustee, executor, administrator, legal personal representative, group, unincorporated organization, syndicate, government or governmental agency or instrumentality, or any other entity;

(ii) "**Record Time**" shall mean the time (Minneapolis time) when the annual general meeting of shareholders of the Company for 2017 (currently scheduled as an annual general and special meeting on December 21, 2017), or any adjournment thereof, is terminated;

(jj) "**Right**" shall have the meaning ascribed thereto in the recitals hereto;

(kk) "**Rights Agent**" shall mean Computershare Investor Services Inc., a corporation existing under the federal laws of Canada, and having an office in Toronto, Ontario, and any successor Rights Agent appointed pursuant to the provisions hereof;

(11) "**Rights Certificates**" shall mean the certificates representing the Rights after the Separation Time, which shall be in the form attached hereto as Exhibit A;

(mm) "**Rights Register**" and "**Rights Registrar**" shall have the respective meanings ascribed thereto in subsection 2.3(a);

(oo) "***Securities Act* (Ontario)**" shall mean the *Securities Act*, R.S.O. 1990, c. S.5, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto;

(pp) "**Separation Time**" shall mean, subject to subsection 6.l(f), the Close of Business on the tenth Business Day after the earlier of:

(i) the Stock Acquisition Date;

(ii) the date of the commencement of, or first public announcement of the intent of any Person (other than the Company or any Subsidiary of the Company) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid, as the case may be); and

(iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such;

or such later time as may be determined by the Board of Directors acting in good faith; provided that if the Take-over Bid expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this subsection 1.1(pp), never to have been made and provided further that if the Board of Directors determines pursuant to section 6.1 hereof to waive the application of section 4.1 to a Flip-in Event, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred;

(qq) "**Shares**" shall mean the shares in the capital of the Company;

(rr) "**Share Reduction**" shall have the meaning ascribed thereto in subclause l. l(c)(ii)a.;

(ss) "**Stock Acquisition Date**" shall mean the date of the first public announcement (which for purposes of this definition includes, without limitation, a report filed pursuant to applicable securities legislation) of facts indicating that a Person has become an Acquiring Person;

(tt) "**Subsidiary**" of a Person shall have the meaning ascribed thereto in the *Securities Act* (Ontario);

(uu) "**Take-over Bid**" shall mean an Offer to Acquire Common Shares of the Company or other securities convertible into Common Shares of the Company, where the Common Shares or other securities of the Company subject to the Offer to Acquire are acquired at the date of such Offer to Acquire by the Person making such Offer to Acquire, together with the Common Shares Beneficially Owned by the Person making the Offer to Acquire would constitute in the aggregate 20% or more of the outstanding Common Shares of the Company;

(vv) "**Termination Time**" shall mean the time at which the right to exercise Rights shall terminate pursuant to subsection 6.l(e) or section 6.15;

(ww) "**Trading Day**", when used with respect to any securities, shall mean a day on which the principal United States or Canadian securities exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any United States or Canadian securities exchange, a Business Day;

(xx) "**U.S.-Canadian Exchange Rate**" shall mean on any date:

(i) the average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, if such rate is published by Bloomberg L.P.; and

(ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which shall be calculated in the manner determined by the Board of Directors from time to time acting in good faith;

(yy) "**U.S. Dollar Equivalent**" of any amount which is expressed in Canadian dollars shall mean on any date the United States dollar equivalent of such amount determined by multiplying such amount by the Canadian-U.S. Exchange Rate in effect on such date.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of the United States, unless otherwise specified.

1.3 Descriptive Headings

Descriptive headings appear herein for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

1.4 References to Agreement

References to "this Agreement", "hereto", "herein", "hereby", "hereunder", "hereof", and similar expressions refer to this Agreement, as amended or supplemented from time to time, and not to any particular Article, section, subsection, clause, subclause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto.

1.5 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Common Shares

(a) For the purposes of this Agreement, in determining the percentage of the outstanding Common Shares of the Company with respect to which a Person is or is deemed to be the Beneficial Owner, all unissued Common Shares of the Company of which such Person is deemed to be the Beneficial Owner shall be deemed to be outstanding.

(b) The percentage of outstanding Common Shares of the Company Beneficially Owned by any Person shall, for the purposes of this Agreement, be and be deemed to be the product determined by the formula:

$$\frac{100 \times A}{B}$$

where: A = the number of votes for the election of all directors generally attaching to the Common Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Common Shares of the Company.

1.6 Acting Jointly or in Concert

For purposes of this Agreement, a Person shall be acting jointly or in concert with another Person if such Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with such other Person to acquire, or Offer to Acquire any Common Shares of the Company (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities by way of a prospectus or by way of a private placement or pursuant to a pledge of securities in the ordinary course of business).

1.7 Application of Statutes, Regulations and Rules

Where a statute, regulation, or rule is referred to in a definition or other provision of this Agreement, it shall be conclusively deemed to have application in the contemplated circumstances notwithstanding that such statute, regulation or rule might not, but for the provisions of this section 1.7 have application for want of jurisdiction or otherwise.

ARTICLE 2 - THE RIGHTS

2.1 Legend on Certificates

(a) Certificates for Common Shares issued after the Record Time but prior to the Close of Business on the earlier of the Separation Time and the Expiration Time shall evidence, one Right for each Common Share evidenced thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

UNTIL THE SEPARATION TIME (AS DEFINED IN THE RIGHTS AGREEMENT REFERRED TO BELOW), THIS CERTIFICATE ALSO EVIDENCES AND ENTITLES THE HOLDER HEREOF TO CERTAIN RIGHTS AS SET FORTH IN A SHAREHOLDER RIGHTS PLAN AGREEMENT MADE AS OF DECEMBER 21, 2017 (THE "**RIGHTS AGREEMENT**") BETWEEN DIAMEDICA THERAPEUTICS INC. (THE "**COMPANY**") AND COMPUTERSHARE INVESTOR SERVICES INC., AS RIGHTS AGENT, (AS THE SAME MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS THEREOF) THE TERMS OF WHICH ARE HEREBY INCORPORATED HEREIN BY REFERENCE AND A COPY OF WHICH MAY BE INSPECTED DURING NORMAL BUSINESS HOURS AT THE HEAD OFFICE OF THE COMPANY. UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT SUCH RIGHTS MAY BE TERMINATED, MAY EXPIRE, MAY BECOME VOID (IF, IN CERTAIN CASES, THEY ARE "BENEFICIALLY OWNED" BY AN "ACQUIRING PERSON", AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT, WHETHER CURRENTLY HELD BY OR ON BEHALF OF SUCH PERSON OR ANY SUBSEQUENT HOLDER) OR MAY BE EVIDENCED BY SEPARATE CERTIFICATES AND MAY NO LONGER BE EVIDENCED BY THIS CERTIFICATE. THE COMPANY WILL MAIL OR ARRANGE FOR THE MAILING OF A COPY OF THE RIGHTS AGREEMENT TO THE HOLDER OF THIS CERTIFICATE WITHOUT CHARGE AS SOON AS IS PRACTICABLE UPON RECEIPT OF A WRITTEN REQUEST THEREFOR.

Certificates representing Common Shares that are issued and outstanding at the Record Time shall evidence one Right for each Common Share evidenced thereby, notwithstanding the absence of the foregoing legend until the earlier of the Separation Time and the Expiration Time.

(b) To the extent that Common Shares are held in uncertificated form through the book based system, the foregoing shall be deemed to apply to such Common Shares.

2.2 Execution, Authentication, Delivery and Dating of Rights Certificates

(a) The Rights Certificates shall be executed on behalf of the Company by any of the Chairman of the Board, the President and Chief Executive Officer, or the Chief Financial Officer, together with any other of such persons or together with any one of the Secretary or any other officer of the Company. The signature of any such officers of the Company on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.

(b) Promptly after the Company learns of the Separation Time, the Company will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Company to the Rights Agent for countersignature and disclosure statement describing the Rights, and the Rights Agent shall manually (or by facsimile signature in a manner satisfactory to the Company) countersign and deliver such Rights Certificates to the holders of the Rights pursuant to subsection 3.l(d). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

(c) Each Rights Certificate shall be dated the date of the countersignature thereof.

2.3 Registration, Registration of Transfer and Exchange

(a) After the Separation Time, the Company will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Company will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed the "**Rights Registrar**" for the purpose of maintaining the Rights Register for the Company and registering Rights and transfers of rights as herein provided. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times. After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of subsection 2.3(c), the Company will execute, and the Rights Agent will countersign, register and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

(b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be valid obligations of the Company, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

(c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this section 2.3, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

2.4 Mutilated, Destroyed, Lost and Stolen Rights Certificates

(a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Company shall execute and the Rights Agent shall manually or by facsimile countersign and deliver in exchange therefore a new Rights Certificate evidencing the same number of Rights as the Rights Certificate so surrendered.

(b) If there shall be delivered to the Company and the Rights Agent prior to the Expiration Time: (i) evidence to their satisfaction of the destruction, loss, or theft of any Rights Certificate; and (ii) such security or indemnity as may be required by each of them to save each of them in their sole discretion and any of their agents harmless, then, in the absence of notice to the Company or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost, or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost, or stolen.

(c) As a condition to the issuance of any new Rights Certificate under this section 2.4, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

(d) Every new Rights Certificate issued pursuant to this section 2.4 in lieu of any destroyed, lost, or stolen Rights Certificate shall evidence the contractual obligation of the Company, whether or not the destroyed, lost, or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued by the Company.

2.5 Persons Deemed Owners of Rights

Prior to due presentment of a Rights Certificate, the Company, the Rights Agent, and any agent of the Company or the Rights Agent may deem and treat the Person in whose name such Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby, for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "holder" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares).

2.6 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Company may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided for in this section 2.6, except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable law, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Company upon request.

2.7 Agreement of Rights Holders

Every holder of Rights by accepting such Rights consents and agrees with the Company and the Rights Agent and with every other holder of Rights:

(a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of the Rights held;

(b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share;

(c) that after the Separation Time, the Rights Certificates will be transferable only upon registration of the transfer on the Rights Register as provided herein;

(d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate, if any) for registration of transfer, the Company, the Rights Agent, and any agent of the Company or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate, if any) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate, if any, made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary;

(e) that such holder of Rights is not entitled to receive any fractional Rights or any fractional Common Shares upon exercise of a Right (except as provided herein);

(f) subject to the provisions of Section 6.5 that without the approval of any holder of Rights and upon the sole authority of the Board of Directors acting in good faith, this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and

(g) notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent and their respective directors, officers, employees, and agents shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree, or ruling issued by a court of competent jurisdiction or by a governmental, regulatory, or administrative agency or commission, or any statute, rule, regulation, or executive order promulgated or enacted by such governmental or regulatory authority, prohibiting or otherwise restraining performance of such obligation.

2.8 Rights Certificate Holder Not Deemed a Shareholder

No holder, as such, of any Right or Rights Certificate shall be entitled to vote, receive dividends, or be deemed for any purpose whatsoever the holder of any Common Share which may at any time be issuable on the exercise of such Right, nor shall anything contained herein or in any Rights Certificate be construed or deemed to confer upon the holder of any Right or Rights Certificate, as such, any of the rights, titles, benefits, or privileges of a shareholder of the Company or any right to vote at any meeting of shareholders of the Company whether for the election of directors or otherwise or upon any matter submitted to holders of any Shares at any meeting thereof, or to give or withhold consent to any action of the Company, or to receive notice of any meeting or other action affecting any shareholder of the Company except as expressly provided herein, or to receive dividends, distributions, or subscription rights, or otherwise, until the Right or Rights evidenced by any Rights Certificate shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3 - EXERCISE OF THE RIGHTS

3.1 Initial Exercise Price, Exercise of Rights, Detachment of Rights

(a) Subject to adjustment as herein set forth, from and after the Separation Time and prior to the Expiration Time, each Right will entitle the holder thereof to purchase one Common Share for the Exercise Price (or its U.S. Dollar Equivalent) as at the Close of Business on the day immediately preceding the date of the exercise of the Right (which Exercise Price and number of Common Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Company or any of its Subsidiaries shall be void.

(b) Until the Separation Time:

(i) the Rights shall not be exercisable and no Right may be exercised; and

(ii) each Right will be evidenced by the certificate for the associated Common Share, if a registered holder holds a physical certificate, registered in the name of the holder thereof (which certificate shall also be deemed to be a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.

(c) From and after the Separation Time and prior to the Expiration Time:

(i) the Rights shall be exercisable; and

(ii) the registration and transfer of the Rights shall be separate from and independent of the Common Shares.

(d) Promptly following the Separation Time, the Company will prepare and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person and other than, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "**Nominee**")), at such holder's address as shown by the records of the Company (and the Company hereby agrees to furnish copies of such records to the Rights Agent for this purpose):

(i) a Rights Certificate representing the number of Rights held by such holder at the Separation Time in substantially the form of Exhibit A hereto, appropriately completed and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, regulation, or judicial or administrative order, or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and

(ii) a disclosure statement describing the Rights;

provided that a Nominee shall be sent the materials provided for in clauses 3.1(d)(i) and 3.l(d)(ii) only in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person.

(e) Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent:

(i) the Rights Certificate evidencing such Rights;

(ii) an election to exercise such Rights (an "**Election to Exercise**"), substantially in the form attached to the Rights Certificate, duly completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and

(iii) payment by certified cheque, banker's draft, or money order payable to the order of the Rights Agent, of a sum equal to the applicable Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates, if such certificates are in physical form, for the relevant Common Shares in a name other than that of the holder of the Rights being exercised. The Rights Agent may retain any cash balance held in connection with this Agreement and may, but need not, hold same in its deposit department or the deposit department of one of its Affiliates; but the Rights Agent and its Affiliates shall not be liable to account for any profit to the Company or any other person or entity other than at a rate, if any, established from time to time by the Rights Agent or one of its Affiliates.

(f) Upon receipt of the Rights Certificate which is accompanied by a completed Election to Exercise (provided that such Right is not null and void pursuant to subsection 4.1(b)) and payment as set forth in clause 3.l(e)(iii), the Rights Agent (unless otherwise instructed in writing by the Company in the event that the Company is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:

(i) requisition from the transfer agent for the Common Shares certificates, if such certificates are in physical form, representing the number of such Common Shares to be purchased (the Company hereby irrevocably authorizing its transfer agents to comply with all such requisitions);

(ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuing fractional Common Shares;

(iii) after receipt of such Common Share certificate, if any, referred to in clause 3.l(f)(i), deliver the same to or to the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;

(iv) when appropriate, after receipt, deliver such cash referred to in clause 3.l(f)(ii) to or to the order of the registered holder of the Rights Certificate; and

(v) tender to the Company all payments received on exercise of the Rights.

(g) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.

(h) The Company covenants and agrees that it will:

(i) take all such reasonable action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates representing such Common Shares if held in physical form, or at the time such Common Shares are confirmed to be held in uncertificated form (subject to payment of the Exercise Price), be duly and validly authorized, issued and delivered as fully paid and non-assessable;

(ii) take all such actions as may be necessary and within its power to comply with any applicable requirements of the *Corporations Act*, the *Securities Act* (Ontario), and the securities act or comparable legislation of each of the other provinces of Canada, the 1933 Securities Act and the 1934 Exchange Act (if applicable) and any other applicable law, rule, or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;

(iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the principal exchanges on which the Common Shares were traded immediately prior to the Stock Acquisition Date;

(iv) cause to be reserved and kept available out of its authorized and unissued Common Shares the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights; and

(v) pay when due and payable any and all federal and provincial transfer taxes (for greater certainty not including any income taxes of the holder or exercising holder or any liability of the Company to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, provided that the Company shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares, or entering Common Shares in the registers maintained for such purpose if such Common Shares are held in uncertificated form, in a name other than that of the holder of the Rights being transferred or exercised.

3.2 Adjustments to Exercise Price, Number of Rights

The Exercise Price, the number of Common Shares (or other securities) subject to purchase upon the exercise of each Right, and the number of Rights outstanding are subject to adjustment from time to time as provided in this section 3.2.

(a) In the event the Company shall at any time after the Record Time and prior to the Expiration Time:

(i) declare or pay a dividend on the Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other capital stock of the Company) other than pursuant to any dividend reinvestment program;

(ii) subdivide or change the outstanding Common Shares of any class into a greater number of Common Shares; or

(iii) combine or change the outstanding Common Shares of any class into a smaller number of Common Shares; or

(iv) issue any new Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares) in respect of, in lieu of or in exchange for existing Common Shares, in a reclassification, amalgamation, merger, statutory arrangement or consolidation,

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted in the manner set forth below.

If the Exercise Price and the number of Rights outstanding are to be adjusted:

(i) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other capital stock) (the "**Expansion Factor**") that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation, or issuance would hold thereafter as a result thereof (assuming the exercise of all such exchange or conversion rights, if any); and

(ii) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor,

and the adjusted number of Rights will be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the Common Shares issued in respect of such dividend, subdivision, change, consolidation or issuance, so that each such Common Share (or other capital stock) will have exactly one Right associated with it.

If the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, consolidation, or issuance would hold immediately thereafter as a result thereof. To the extent that such rights of exchange, conversion, or acquisition are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect based on the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights.

If an event occurs which would require an adjustment under both this section 3.2 and section 4.1, the adjustment provided for in this section 3.2 shall be in addition to, and shall be made prior to, any adjustment required under section 4.1.

If the Company shall at any time after the Record Time and prior to the Separation Time issue any Common Shares otherwise than in a transaction referred to in this subsection 3.2(a), each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such Common Share.

(b) In case the Company shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options, or warrants to all holders of Common Shares entitling them to subscribe for or purchase (for a period expiring within 45 calendar days after such record date) Common Shares (or shares having the same rights, privileges, and preferences as Common Shares ("**equivalent Common Shares**")) or securities convertible into Common Shares or equivalent Common Shares at a price per Common Share or per equivalent Common Share (or having a conversion price per share, if a security convertible into Common Shares or equivalent Common Shares) less than 90% of the Market Price per Common Share on such record date, the Exercise Price in respect of the Rights to be in effect after such record date shall be determined by multiplying the Exercise Price in respect of the Rights in effect immediately prior to such record date by a fraction: (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares and/or equivalent Common Shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such Market Price per Common Share; and (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares and/or equivalent Common Shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed and, in the event that such rights or warrants are not so issued, the Exercise Price in respect of the Rights shall be readjusted to be the Exercise Price which would then be in effect if such record date had not been fixed. To the extent that such rights of conversion, exchange or purchase are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect based on the number of Common Shares (or securities convertible into or exchangeable or exercisable for Common Shares) actually issued upon the exercise of such rights.

(c) For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to a dividend or interest reinvestment plan or any Common Share purchase plan providing for the reinvestment of dividends or interest payable on the securities of the Company or the investment of periodic optional payments or any employee benefit, stock option, or similar plans shall be deemed not to constitute an issue of rights, options, or warrants by the Company; provided, however, that in all such cases the right to purchase Common Shares is at a price per share of not less than 90% of the current market price per share (determined as provided in such plans) of Common Shares.

(d) In case the Company shall at any time after the Record Time and prior to the Separation Time fix a record date for a distribution to all holders of Common Shares (including any such distribution made in connection with a merger in which the Company is the continuing Company) of evidences of indebtedness or assets, including cash (other than a dividend paid in the ordinary course or a dividend paid in Common Shares, but including any dividend payable in securities other than Common Shares), or subscription rights or warrants entitling them to subscribe for or purchase Common Shares (excluding those referred to in subsection 3.2(b)) at a price per Common Share that is less than 90% of the Market Price per Common Share on such record date, the Exercise Price in respect of the Rights to be in effect after such record date shall be determined by multiplying the Exercise Price in respect of the Rights in effect immediately prior to such record date by a fraction: (i) the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights) of the portion of the cash, assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to a Common Share; and (ii) the denominator of which shall be such Market Price per Common Share. Such adjustments shall be made successively whenever such a record date is fixed and, in the event that such distribution is not so made, the Exercise Price in respect of the Rights shall be adjusted to be the Exercise Price in respect of the Rights which would have been in effect if such record date had not been fixed.

(e) Notwithstanding anything herein to the contrary, no adjustment in an Exercise Price shall be required unless such adjustment would require an increase or decrease of at least l% in such Exercise Price; provided, however, that any adjustments which by reason of this subsection 3.2(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this section 3.2 shall be made to the nearest cent or to the nearest ten-thousandth of a Common Share or other share, as the case may be. Notwithstanding the first sentence of this subsection 3.2(e), any adjustment required by this section 3.2 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment and (ii) the Expiration Time.

(f) Subject to the prior consent of the holders of Common Shares or Rights obtained in accordance with the provisions of Article 6, as applicable, in the event the Company shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), or rights or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in clauses 3.2(a)(i) or 3.2(a)(iv), if the Board of Directors acting in good faith determines that the adjustments contemplated by subsections 3.2(a), 3.2(b) and 3.2(c) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Company may determine what other adjustments to the Exercise Price, number of Rights or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding subsections 3.2(a), 3.2(b) and 3.2(c) above, such adjustments (rather than the adjustment contemplated by subsections 3.2(a), 3.2(b) and 3.2(c)), shall be made. The Company and the Rights Agent at the written direction of the Company shall amend this Agreement as appropriate to provide for such adjustments.

(g) If, as a result of an adjustment made pursuant to section 4.1, the holder of any Right thereafter exercised shall become entitled to receive any Shares other than Common Shares, thereafter the number of such other Shares so receivable upon exercise of any Right and the applicable Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as is practicable to the provisions with respect to the Common Shares contained in this section 3.2, and the provisions of this Agreement with respect to the Common Shares shall apply on like terms to any such other Shares.

(h) All Rights originally issued by the Company subsequent to any adjustment made to an Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(i) Unless the Company shall have exercised its election as provided in subsection 3.2(j), upon each adjustment of an Exercise Price as a result of the calculations made in subsections 3.2(b) and 3.2(d), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares (calculated to the nearest one ten-thousandth) determined by:

(i) multiplying:

a. the number of such Common Shares which would have been issuable upon the exercise of a Right immediately prior to this adjustment; by

b. the relevant Exercise Price in effect immediately prior to such adjustment of the Relevant Exercise Price; and

(ii) dividing the product so obtained by the relevant Exercise Price in effect immediately after such adjustment of the relevant Exercise Price.

(j) The Company may elect on or after the date of any adjustment of an Exercise Price to adjust the number of Rights, in lieu of any adjustment in the number of Common Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Common Shares for which such a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the relevant Exercise Price in effect immediately prior to adjustment of the relevant Exercise Price by the relevant Exercise Price in effect immediately after adjustment of the relevant Exercise Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the relevant Exercise Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this subsection 3.2(j), the Company shall, as promptly as is practicable, cause to be distributed to holders of record of Rights Certificates on such record date, Rights Certificates evidencing, subject to section 6.4, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates to be so distributed shall be issued, executed, and countersigned in the manner provided for herein and may bear, at the option of the Company, the relevant adjusted Exercise Price and shall be registered in the names of holders of record of Rights Certificates on the record date specified in the public announcement.

(k) Irrespective of any adjustment or change in an Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the relevant Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.

(l) In any case in which this section 3.2 shall require that an adjustment in an Exercise Price be made effective as of a record date for a specified event, the Company may elect to defer, until the occurrence of such event, the issuance to the holder of any Right exercised after such record date of the number of Common Shares and other securities of the Company, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Company, if any, issuable upon such exercise on the basis of the relevant Exercise Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional Common Shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.

(m) Notwithstanding anything in this section 3.2 to the contrary, the Company shall be entitled to make such reductions in each Exercise Price in addition to those adjustments expressly required by this section 3.2, as and to the extent that in its good faith judgment the Board of Directors shall determine to be advisable in order that any: (i) consolidation or subdivision of Common Shares; (ii) issuance wholly for cash of any Common Share or securities that by their terms are convertible into or exchangeable for Common Shares; (iii) stock dividends; or (iv) issuance of rights, options or warrants referred to in this section 3.2 hereafter made by the Company to holders of its Common Shares shall not be taxable to such shareholders.

(n) The Company covenants and agrees that, after the Separation Time, it will not, except as permitted by section 6.1 or 6.5, take (or permit any Subsidiary of the Company to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

(o) Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon exercise of the Rights is made at any time after the Separation Time pursuant to this Section 3.2, the Company shall promptly:

(i) File with the Rights Agent and with the transfer agent for the Common Shares a certificate specifying the particulars of such adjustment or change; and

(ii) Cause notice of the particulars of such adjustment or change to be given to the holders of the Rights; provided that failure to file such certificate or cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.

3.3 Date on Which Exercise is Effective

Each Person in whose name any certificate for Common Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the relevant Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the relevant Common Share transfer books of the Company are closed, such Person shall be deemed to have become the holder of record of such Common Shares on, and such certificate shall be dated, the next succeeding Business Day on which the relevant Common transfer books of the Company are open.

ARTICLE 4 - ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS

4.1 Flip-in Event

(a) Subject to subsection 4.l(b) and subsections 6.l(f), 6.l(g) and 6.l(h), in the event that prior to the Expiration Time a Flip-in Event shall occur, each Right shall constitute, effective on and after the later of its date of issue and the Close of Business on the tenth Trading Day following the Stock Acquisition Date, the right to purchase from the Company, upon payment of the relevant Exercise Price and otherwise exercising such Right in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the relevant Exercise Price for an amount in cash equal to the relevant Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustments provided for in section 3.2 upon each occurrence after the Stock Acquisition Date of any event analogous to any of the events described in section 3.2).

(b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by: (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or (ii) a transferee or other successor in title, directly or indirectly, (a "**Transferee**") of Rights held by an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) who becomes a Transferee concurrently with or subsequent to the Acquiring Person becoming an Acquiring Person in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), that has the purpose of avoiding the effect of this subsection 4.1(b) shall become null and void without any further action, and any holder of such Rights (including any Transferee) shall not have any right whatsoever to exercise such Rights under any provision of this Agreement and shall not have thereafter any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this subsection 4.1(b) shall be deemed to be an Acquiring Person for the purposes of this subsection 4.1(b) and such Rights shall become null and void.

(c) In the event that there shall not be sufficient Common Shares authorized for issuance to permit the exercise in full of the Rights in accordance with this section 4.1 the Company shall take all such action as may be necessary to authorize additional Common Shares for issuance upon the exercise of the Rights.

(d) From and after the Separation Time, the Company shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this section 4.1 including, without limitation, all such acts and things as may be required to satisfy the requirements of the *Corporations Act*, the *Securities Act* (Ontario), or comparable legislation of each of the provinces of Canada, if necessary, in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

(e) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in subsection 4.l(b) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement, or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

> "The Rights represented by this Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement) or a Person acting jointly or in concert with any of them. This Rights Certificate and the Rights represented hereby shall become void in the circumstances specified in subsection 4.1(b) of the Rights Agreement."

provided that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so by the Company in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend.

4.2 Compliance with Anti-Money Laundering Legislation

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation, or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation, or guideline, then it shall have the right to resign on ten (10) Business Days' written notice to the Corporation, provided: (i) that the Rights Agent's written notice shall describe the circumstances of such noncompliance; and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction within such ten (10) Business Day period, then such resignation shall not be effective.

ARTICLE 5 - THE RIGHTS AGENT

5.1 General

(a) The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint one or more Co-Rights Agents as it may deem necessary or desirable subject to the approval of the Rights Agent. In the event the Company appoints one or more Co-Rights Agents, the respective duties of the Rights Agents and Co-Rights Agents shall be as the Company may determine with the approval of the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by them from time to time, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent, its offices, directors, employees, and agents for, and to hold them harmless against, all losses, damages, costs, charges, counsel fees, payments, expenses, and liabilities, incurred without negligence, bad faith, or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered, or omitted by it (without negligence, bad faith, or willful misconduct on the part of the Rights Agent) in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, Rights Certificate, certificate for Shares of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed, and, where necessary, verified or acknowledged, by the proper Person or Persons.

(c) The Company shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and shall, at any time, upon request by the Rights Agent provide to the Rights Agent an incumbency certificate certifying the then current officers of the Company.

(d) In the absence of negligence, bad faith, or willful misconduct on its part, the Rights Agent shall not be liable for any action taken, suffered, or omitted by it or for any error of judgement made by it in the performance of its duties under this Agreement. In no event will the Rights Agent be liable for special, indirect, consequential, or punitive loss or damages of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the possibility of such damages. Any liability of the Rights Agent will be limited in the aggregate to an amount equal to the annual fee paid by the Company pursuant to this Agreement.

(e) In the event any question or dispute arises with respect to the Rights Agent's duties hereunder, the Rights Agent shall not be required to act or be held liable or responsible for its failure or refusal to act until the question or dispute has been (i) judicially settled (and, if appropriate the Rights Agent may file a suit in interpleader or for a declaratory judgement for such purpose) by final judgement by a court of competent jurisdiction that is binding on all parties in the matter and is no longer subject to review or appeal, or (ii) settled by written document in form and substance satisfactory to the Rights Agent and executed by the Company. In addition, the Rights Agent may require for such purpose, but shall not be obligated to require, the execution of such written settlement by parties that may have an interest in the settlement.

5.2 Merger or Amalgamation or Change of Name of Rights Agent

(a) Any Company into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any Company resulting from any merger, amalgamation or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any Company succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such Company would be eligible for appointment as a successor Rights Agent under the provisions of section 5.4. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

5.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

(a) the Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Company) and the opinion of such legal counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Company (where such approval may reasonable be obtained and such approval not be unreasonably withheld), consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement (at the Company's expense, which expenses must be reasonable in the circumstances) and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert;

(b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or refraining from taking any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the Chairman of the Board, the President and Chief Executive Officer, the Chief Financial Officer or any Vice-President and by the Treasurer or any Assistant- Treasurer or the Secretary or any Assistant-Secretary of the Company and delivered to the Rights Agent and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;

(c) the Rights Agent will be liable hereunder only for its own gross negligence, bad faith, or willful misconduct;

(d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Company only;

(e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution, and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate, nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to subsection 4.l(b)) or any adjustment required under the provisions of section 3.2 or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by section 3.2 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Shares will, when issued, be duly and validly authorized, executed, issued, and delivered as fully paid and non-assessable;

(f) the Company agrees that it will perform, execute, acknowledge, and deliver or cause to be performed, executed, acknowledged, and delivered all such further and other acts, instruments, and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;

(g) the Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any Person believed by the Rights Agent to be the Chairman of the Board, the President and Chief Executive Officer, the Chief Financial Officer, any Vice-President or the Secretary or any Assistant-Secretary or the Treasurer or any Assistant-Treasurer of the Company, and to apply to such Persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such Person; it is understood that instructions to the Rights Agent will, except where circumstances make it impracticable or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions will be confirmed in writing as soon as reasonably possible after the giving of such instructions.

(h) the Rights Agent and any shareholder or stockholder, director, officer, or employee of the Rights Agent may buy, sell, or deal in Shares, Rights, or other securities of the Company or become peculiarly interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity;

(i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect, or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof; and

(j) the Rights Agent may retain any cash balance held in connection with this Agreement and may, but need not, hold same in its deposit department or the deposit department of one of its Affiliates; but the Rights Agent and its Affiliates shall not be liable to account for any profit to the Company or any other person or entity other than at a rate, if any, established from time to time by the Rights Agent or one of its Affiliates.

5.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon ninety (90) days prior written notice (or such lesser notice as is acceptable to the Company) mailed to the Company and to each transfer agent of Shares by registered or certified mail, and to the holders of the Rights in accordance with section 6.8. The Company may remove the Rights Agent upon thirty (30) days prior written notice, mailed to the Rights Agent and to each transfer agent of the Shares by registered or certified mail, and to the holders of the Rights in accordance with section 6.8. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Company will appoint a successor to the Rights Agent. If the Company fails to make such appointment within a period of thirty (30) days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Company), then by prior written notice to the Company, the Rights Agent (at the Company's expense, which expenses must be reasonable in the circumstances) or the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor rights agent, whether appointed by the Company or by such a court, shall be a company incorporated under the laws of Canada or a province thereof and authorized to carry on the business required in order for such successor rights agent to fulfill its obligations under this Agreement in the Province of Ontario. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties, and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon payment by the Company to the predecessor Rights Agent of all outstanding fees and expenses owed by the Company to the predecessor Rights Agent pursuant to this Agreement, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Shares, and mail a notice thereof in writing to the holders of the Rights. Failure to give any notice provided for in this section 5.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

5.5 Fiduciary Duties of the Directors

Nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of the Voting Shares and/or Convertible Securities reject or accept any Take-over Bid or take any other action including the commencement, prosecution, defense, or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to shareholders that the directors believe are necessary or appropriate in the exercise of their fiduciary duties.

ARTICLE 6 – MISCELLANEOUS

6.1 Redemption and Waiver

(a) Subject to the prior consent of the holders of Common Shares or Rights obtained in accordance with subsection 6.5(b) or 6.5(c), as applicable, and prior to the occurrence of a Flip-in Event as to which the application of section 4.1 has not been waived pursuant to this section 6.1, the Board of Directors may, acting in good faith, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of $0.0001 per Right, appropriately adjusted in a manner analogous to the applicable adjustment provided for in section 3.2, if an event of the type analogous to any of the events described in section 3.2 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").

(b) If a Person acquires pursuant to a Permitted Bid, a Competing Permitted Bid, or an Exempt Acquisition outstanding Common Shares other than Common Shares Beneficially Owned by such Person at the date of the Permitted Bid, the Competing Permitted Bid, or such Exempt Acquisition, the Board of Directors of the Company shall, immediately upon such acquisition and without further formality be deemed to have elected to redeem the Rights at the Redemption Price.

(c) Where a Take-over Bid that is not a Permitted Bid or a Competing Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip- in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.

(d) Within 10 Business Days after the Board of Directors electing or being deemed to have elected to redeem the Rights or, if subsection 6.l (a) is applicable, within ten (10) Business Days after the holders of Common Shares or the holders of Rights have approved a redemption of Rights in accordance with subsection 6.5(b) or 6.5(c), as applicable, the Company shall give notice of such redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at his last address as it appears on the Rights Register or, prior to the Separation Time, on the register of Common Shares maintained by the Company's transfer agent. Each such notice of redemption shall state the method by which the payment of the Redemption Price shall be made. The Company may not redeem, acquire or purchase for any value any Rights at any time in any manner other than that specifically set forth in this section 6.1 or in connection with the purchase of Common Shares prior to the Separation Time.

(e) If the Board of Directors elects to or is deemed to have elected to redeem the Rights and, in circumstances where subsection 6.l(a) is applicable, such redemption is approved by the holders of Common Shares or the holders of Rights in accordance with subsection 6.5(b) or 6.5(c), as applicable, (i) the right to exercise the Rights will thereupon without further action and without notice terminate and the only right thereafter of the holder of a Right shall be to receive the Redemption Price, and (ii) no further Rights shall thereafter be issued.

(f) Upon written notice to the Rights Agent, the Board of Directors may, in respect of any Flip-in Event waive the application of section 4.1 in respect of that Flip-in Event, provided that both of the following conditions are satisfied: (i) the Board of Directors had determined, within ten (10) Business Days following a Stock Acquisition Date, that the Person became an Acquiring Person by inadvertence and without any intent to become, or knowledge that it would become, an Acquiring Person; and (ii) such Acquiring Person, within fourteen (14) days after such determination or such earlier or later period as the Board of Directors may determine (the "**Disposition Date**") has reduced its Beneficial Ownership of Common Shares such that at the time of waiver pursuant to this subsection 6.1(f) it is no longer an Acquiring Person; if the Acquiring Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and section 4.1 shall apply thereto. In the event of any such waiver pursuant to this subsection 6.l(g), for the purposes of this Agreement, such Flip-in Event shall be deemed not to have occurred and the Separation Time shall be deemed not to have occurred as a result of such Person having inadvertently become an Acquiring Person.

(g) The Board of Directors may, until a Flip-in Event shall have occurred, upon written notice delivered to the Rights Agent, determine to waive the application of section 4.1 to a Flip-in Event but only if such Flip-in Event occurs by reason of a Take-over Bid made by way of a take-over bid circular to all holders of record of the Common Shares of the Company which are subject to the Take-over Bid (which, for greater certainty, does not include the circumstances described in subsection 6.l(f)); provided however, that if the Board of Directors waives the application of section 4.1 to a particular Flip-in Event pursuant to this subsection 6.1(g), the Board of Directors shall be deemed to have waived the application of section 4.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a take-over bid circular to all holders of record of Common Shares prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this subsection 6.l(g).

(h) The Board of Directors may, with the prior consent of the holders of Common Shares given in accordance with subsection 6.5(b), determine, at any time prior to the occurrence of a Flip-in Event as to which the application of section 4.1 has not been waived pursuant to this section 6.1, if such Flip-in Event would occur by reason of an acquisition of Common Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Common Shares and otherwise than in the circumstances set forth in subsection 6.l(f), to waive the application of section 4.1 to such Flip-in Event. In the event that the Board of Directors proposes such a waiver, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than ten (10) Business Days following the meeting of shareholders called to approve such waiver.

6.2 Expiration

No Person shall have any rights pursuant to this Agreement or in respect of any Right after the expiration Time, except the Rights Agent as specified in section 5.1.

6.3 Issuance of New Rights Certificate

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

6.4 Fractional Rights and Fractional Shares

(a) The Company shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the fraction of the Market Price of a whole Right that the fraction of a Right which would otherwise be issuable is of one whole Right at the date of such issuance.

(b) The Company shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Company shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of a whole Common Shares that the fraction of a Common Share which would otherwise be issuable upon the exercise of such right is of one whole Common Share at the date of such exercise.

(c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to paragraph (a) or (b), respectively, unless and until the Company shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Common Shares.

6.5 Supplements and Amendments

(a) The Company may make, without the approval of the holders of Rights or Common Shares, any amendments to this Agreement (i) to correct any clerical or typographical error or (ii) which are required to maintain the validity and effectiveness of the Agreement as a result of any change in any applicable laws, rules or regulatory requirements. The Company may, prior to the due date of the shareholders' meeting referred to in section 6.15, supplement, amend, vary, rescind, or delete any of the provisions of this Agreement without the approval of any holders of Rights or Common Shares (whether or not such action would materially adversely affect the interest of the holders of Rights generally) where the Board of Directors acting in good faith deems such action necessary or desirable. Notwithstanding anything in this section 6.5 to the contrary, no amendment shall be made to the provisions of Article 5 except with the written concurrence of the Rights Agent to such supplement or amendment.

(b) Subject to subsection 6.S(a), the Company may, with the prior consent of the holders of Common Shares obtained as set forth below, at any time before the Separation Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Common Shares at a special meeting called and held in compliance with applicable laws, rules and regulatory requirements and the requirements in the articles and by-laws of the Company. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation, or rescission is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at the special meeting.

(c) Subject to subsection 6.S(a), the Company may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time and before the Expiration Time, amend, vary, or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Rights at a special meeting of holders of Rights called and held in compliance with applicable laws and regulatory requirements and, to the extent possible, with the requirements in the articles and by-laws of the Company applicable to meetings of holders of Common Shares, applied mutatis mutandis. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by holders of Rights (other than holders of Rights whose Rights have become null and void pursuant to subsection 4.l(b)), represented in person or by proxy at the special meeting.

(d) Any amendments made by the Company to this Agreement pursuant to subsection 6.5(a) which are required to maintain the validity and effectiveness of this Agreement as a result of any change in any applicable laws, rules or regulatory requirements shall:

(i) if made before the Separation Time, be submitted to the holders of Common Shares of the Company at the next meeting of shareholders and the shareholders may, by the majority referred to in subsection (b), confirm or reject such amendment; and

(ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Company and the holders of Rights may, by resolution passed by the majority referred to in subsection 6.5(c), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders of the Company or the holders of Rights or is not submitted to the shareholders of the Company or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights as the case may be.

(e) The Company shall give notice in writing to the Rights Agent of any supplement, amendment, deletion, variation or rescission to this Agreement pursuant to Section 6.5 within five (5) Business Days of the date of any such supplement, amendment, deletion, variation or rescission, provided that failure to give such notice, of any defect therein, shall not affect the validity of any such supplement, amendment, deletion, variation or rescission.

6.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights; and any holder of any Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations of, and injunctive relief against actual or threatened violations of the obligations of, any Person subject to this Agreement.

6.7 Notice of Proposed Actions

If after the Separation Time and prior to the Expiration Time:

(a) there shall occur an adjustment to the Rights pursuant to section 4.1 as a result of the occurrence of a Flip-in Event; or

(b) the Company proposes to effect the liquidation, dissolution, or winding-up of the Company or the sale of all or substantially all of the Company's assets;

then, in each such case, the Company shall give to each holder of a Right, in accordance with section 6.8, a notice of such proposed action, which shall specify the date on which such adjustment to the Rights, liquidation, dissolution, or winding-up occurred or is to take place, and such notice shall be so given at least ten (10) Business Days after the occurrence of an adjustment to the Rights or at least twenty (20) Business Days prior to the date of taking such proposed action.

6.8 Notices

Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Company shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

DiaMedica Therapeutics Inc.
c/o DiaMedica USA Inc.
Two Carlson Parkway, Suite 260
Minneapolis, Minnesota 55447
Attention: Chief Executive Officer

Any notice or demand authorized or required by this Agreement to be given or made by the Company or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
Attention: Client Services Manager
Facsimile: 416-981-9679

Notices or demands authorized or required by this Agreement to be given or made by the Company or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the Company for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

6.9 Costs of Enforcement

The Company agrees that if the Company fails to fulfill any of its obligations pursuant to this Agreement, then the Company will reimburse the holder of any Rights for the costs and expenses (including reasonable legal fees) incurred by such holder in actions to enforce his rights pursuant to any Rights or this Agreement.

6.10 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

6.11 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the holders of the Rights any legal or equitable right, remedy, or claim under this Agreement, and this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent, and the holders of the Rights.

6.12 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Ontario and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

6.13 Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

6.14 Severability

If any section, subsection, clause, subclause, term, or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such section, subsection, clause, subclause, term, or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining sections, subsections, clauses, subclauses, terms, and provisions hereof or the application of such section, subsection, clause, subclause, term, or provision to circumstances other than those as to which it is held invalid or unenforceable.

6.15 Effective Date

(a) Notwithstanding the date hereof, and subject to subsection 6.15(b), this Agreement:

(i) shall be effective and in full force and effect in accordance with its terms from and after the Effective Date and shall constitute the entire agreement between the parties pertaining to the subject matter hereof as of the Effective Date; and

(ii) shall expire and be of no further force or effect from and after the Expiration Time, provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 6.1 hereof) prior to the date upon which the Agreement would otherwise terminate pursuant to this Section 6.15.

(b) Notwithstanding subsection 6.15(a), if the Agreement is not approved by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of approval of this Agreement at the annual and special meeting of the holders of Common Shares, currently scheduled to be held on December 21, 2017, or any adjournment thereof, then the Plan and all outstanding Rights shall be null and void and of no further force and effect from and after the Effective Date.

6.16 Determinations and Actions by the Board of Directors

All actions, calculations and determinations (including any omissions with respect thereto) made or done by the Board of Directors in good faith for the purposes hereof shall not subject the Board of Directors, or any director of the Company, to any liability to the holders of Rights.

6.17 Time of the Essence

Time shall be of the essence in this Agreement.

6.18 Regulatory Approvals

Any obligation of the Company or action contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any applicable regulatory authority including, without limiting the generality of the foregoing, any necessary approvals of any stock exchanges on which any securities of the Company are listed.

6.19 Language

The parties hereto have required that this Agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in the English language.

6.20 Privacy Legislation

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

[signature page to follow]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

DIAMEDICA THERAPEUTICS INC.

By: *"Rick Pauls"* (signed)
President and Chief Executive Officer

COMPUTERSHARE INVESTOR SERVICES INC.

By: *"Josette Koffyberg"* (signed)
Name: Josette Koffyberg
Title: Professional Client Services

By: *"Roxanne Parsaud"* (signed)
Name: Roxanne Parsaud
Title: Professional Client Services

EXHIBIT "A"

FORM OF RIGHTS CERTIFICATE

Certificate No. _____ **Rights**

RIGHTS CERTIFICATE

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 4.l(b) OF THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH ANY OF THEM OR SUCH PERSON'S ASSOCIATES OR AFFILIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR TRANSFEREES OF ANY OF THE FOREGOING WILL BECOME VOID WITHOUT FURTHER ACTION.

This certifies that , or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement, as the same may be amended or supplemented from time to time, made as of December 21, 2017 (the "**Rights Agreement**") between DiaMedica Therapeutics Inc., a company existing under the laws of Canada (the "Company") and COMPUTERSHARE INVESTOR SERVICES INC., as Rights Agent (the "**Rights Agent**", which term shall include any successor Rights Agent under the Rights Agreement) to purchase from the Company at any time after the Separation Time and prior to the Expiration Time (as such terms are defined in the Rights Agreement), one fully paid Common Share of the Company (a "**Share**"), at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal office in any of the cities of Toronto.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions, and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties, and immunities thereunder of the Rights Agent, the Company and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the registered office of the Company and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Rights Certificate (i) may be, and under certain circumstances are required to be, redeemed by the Company at a redemption price of $0.0001 per Right and (ii) may be exchanged at the option of the Company for cash, debt or equity securities or other assets of the Company.

No fractional Common Shares will be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any Shares of the Company which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders of the Company at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders of the Company, or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company:

Date: _____

DIAMEDICA THERAPEUTICS INC.

By: _____

By: _____

Countersigned:

COMPUTERSHARE INVESTOR SERVICES INC.

By: _____

By: _____

FORM OF ELECTION TO EXERCISE

TO: **COMPUTERSHARE INVESTOR SERVICES INC.**

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase Common Shares (the "**Shares**") issuable upon the exercise of such Rights and requests that certificates for such Shares to be issued to:

Name

Address

City and Province

Social Insurance, Social Security Number, or other taxpayer identification number

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

Name

Address

City and Province

Social Insurance, Social Security Number, or other taxpayer identification number

Dated: _____

_____
Signature

Signature Guaranteed:

(Signatures must be guaranteed by a Schedule I Canadian Chartered Bank or a financial institution that is a member of a recognized STAMP, MSP, or SEMP Program.)

Note: The Signature must be guaranteed by one of the following methods:

***In Canada and the U.S.*: a Medallion Guarantee obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP). Many banks, credit unions and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".**

***In Canada*: a Signature Guarantee obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".**

***Outside Canada and the U.S.*: Warrantholders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the U.S. that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.**

(To be completed if true)

The undersigned hereby represents, for the benefit of the Company and all holders of Rights and of Shares of the Company, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in concert with any of the foregoing (as such terms are defined in the Rights Agreement).

_____
Signature

FORM OF ASSIGNMENT

FOR VALUE RECEIVED

hereby sells, assigns, and transfers unto

(Please print name and address of transferee)

the Rights represented by this Rights Certificate, together with all right, title, and interest therein. Dated:

Signature Guaranteed:

(Signatures must be guaranteed by a Schedule I Canadian Chartered Bank or a financial institution that is a member of a recognized STAMP, MSP, or SEMP Program.)

Note: Signature must be guaranteed by one of the following methods:

***In Canada and the U.S.*: a Medallion Guarantee obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP, or MSP). Many banks, credit unions, and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".**

***In Canada*: a Signature Guarantee obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".**

***Outside Canada and the U.S.*: Warrantholders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the U.S. that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.**

(To be completed if true)

The undersigned hereby represents, for the benefit of the Company and all holders of Rights and of Shares of the Company, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in concert with any of the foregoing (as defined in the Rights Agreement).

Signature

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election to Exercise is not completed, the Company will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and accordingly such Rights will be null and void.

Exhibit 4.3

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

THIS VOTING AGREEMENT is made effective on the _____ day of July, 2016.

BETWEEN:

DIAMEDICA INC.
(the "**Corporation**")

- and -

Rick Pauls
(the "**Shareholder**")

WHEREAS:

A. Hermeda Industrial Co., Ltd. (the "**Investor**") and the Corporation have entered into an Investment Agreement dated July 16, 2016 (the "**Investment Agreement**") which provides, among other things, that the investor will subscribe for common shares in the capital of the Corporation (the "**Common Shares**") on a private placement basis;

B. As of the date hereof, the Shareholder is the beneficial owner, directly or indirectly, or has control or direction over 379,100 Common Shares;

C. The holders of Common Shares, including the Shareholder, will be entitled to consider an ordinary resolution to elect directors of the Corporation at the next annual meeting of shareholders of the Corporation which is currently anticipated to be held on or about_____ 2016 (the "**Meeting**"); and

D. As a condition to the willingness of the Investor to enter into the Investment Agreement, and in order to induce the Investor to enter into the Investment Agreement, the Corporation has agreed to enter into this Voting Agreement with the Shareholder.

NOW THEREFORE, in consideration of the premises and of the mutual agreement and covenants set forth herein and in the Investment Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 - VOTING OF SHARES

1.1 The Shareholder, solely in the Shareholder's capacity as a shareholder of the Corporation, irrevocably and unconditionally agrees that on and after the Effective Date (as defined herein), at the Meeting or any adjournment thereof, the Shareholder shall:

(a) appear in person at such Meeting or otherwise cause all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting to be counted as present thereat for purposes of calculating a quorum;

(b) vote (or cause to be voted), in person or by proxy, all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting in favour of the ordinary resolution to be considered by shareholders of the Corporation at such Meeting to elect the Investor's nominee to the board of directors of the Corporation; and

(c) vote (or cause to be voted), in person or by proxy, all of the all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting against ally resolution submitted at such Meeting that is inconsistent with the resolution described in Section 1.1(b) hereof.

1.2 On and after the Effective Date, this Voting Agreement and the obligations of the Shareholder pursuant to this Voting Agreement shall terminate upon the earlier to occur of (a) the date of the termination of the Meeting or any adjournment thereof, and (b), the date that the Investor holds less than ten percent (10%) of the issued and outstanding Common Shares.

1.3 For the purposes of this Voting Agreement, "**Effective Date**" shall mean the date on which the Investor first acquires a minimum of ten percent (10%) of the issued and outstanding Common Shares pursuant to the terms of the Investment Agreement.

1.4 The parties hereto acknowledge and agree that this Voting Agreement is entered into by the Shareholder solely in its capacity to vote the Common Shares that it beneficially owns, directly or indirectly, or exercises control or direction over from time to time during the term of this Voting Agreement.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES

2.1 The Shareholder hereby represents and warrants to the Corporation as follows:

(a) the Shareholder is competent or duly authorized, as the case may be, to execute and deliver this Agreement and to perform its obligations hereunder;

(b) as at the date hereof, the Shareholder beneficially owns, directly or indirectly. or exercises control or direction over • Common Shares; and

(c) to the knowledge of the Shareholder, no person, firm or corporation has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, merger, transfer or assignment of any of the Common Shares beneficially owned, directly or indirectly by the Shareholder or over which the Shareholder exercises control or direction, or any interest therein or rights thereto.

ARTICLE 3 - GENERAL PROVISIONS

3.1 The representations and warranties made by the Shareholder in this Voting Agreement shall not survive any termination of the Investment Agreement or this Voting Agreement.

3.2 Notwithstanding any other provision of this Voting Agreement, nothing herein shall be interpreted as a limitation or prohibition on the Shareholder's right to deal with, sell, transfer or assign its Common Shares from time to time and in its sole discretion.

3.3 The provisions of this Voting Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither this Voting Agreement nor any of the rights, interest or obligations hereunder may be assigned by any party without the prior written consent of the other party hereto.

3.4 This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the parties irrevocably attorn to the jurisdiction of the courts of the Province of Manitoba.

3.5 The parties hereto agree that irreparable damage would occur in the event that any provision of this Voting Agreement is not performed in accordance with its specific terms or is otherwise breached.

3.6 If any term or other provision of this Voting Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Voting Agreement shall nevertheless remain in full force and effect.

3.7 No failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or on exercise of any other right, power or privilege. None of the parties hereto shall be deemed to have waived any claim available to such party arising out of this Voting Agreement, or any right, power or privilege hereunder, unless the waiver is expressly set forth in writing duly executed and delivered on behalf of such waiving party.

3.8 This Voting Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first above written.

DIAMEDICA INC.

Per: /s/ Rick Pauls
Name: Rick Pauls
Title: President and Chief Executive Officer

RICK PAULS

Per: /s/ Rick Pauls
Name:
Title:

Exhibit 4.4

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

THIS VOTING AGREEMENT is made effective on the _____ day of July, 2016.

BETWEEN:

DIAMEDICA INC.
(the "**Corporation**")

- and -

Werner Pauls
(the "**Shareholder**")

WHEREAS:

A. Hermeda Industrial Co., Ltd. (the "**Investor**") and the Corporation have entered into an Investment Agreement dated July 16, 2016 (the "**Investment Agreement**") which provides, among other things, that the investor will subscribe for common shares in the capital of the Corporation (the "**Common Shares**") on a private placement basis;

B. As of the date hereof, the Shareholder is the beneficial owner, directly or indirectly, or has control or direction over 644,018 Common Shares;

C. The holders of Common Shares, including the Shareholder, will be entitled to consider an ordinary resolution to elect directors of the Corporation at the next annual meeting of shareholders of the Corporation which is currently anticipated to be held on or about_____ 2016 (the "**Meeting**"); and

D. As a condition to the willingness of the Investor to enter into the Investment Agreement, and in order to induce the Investor to enter into the Investment Agreement, the Corporation has agreed to enter into this Voting Agreement with the Shareholder.

NOW THEREFORE, in consideration of the premises and of the mutual agreement and covenants set forth herein and in the Investment Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 - VOTING OF SHARES

1.1 The Shareholder, solely in the Shareholder's capacity as a shareholder of the Corporation, irrevocably and unconditionally agrees that on and after the Effective Date (as defined herein), at the Meeting or any adjournment thereof, the Shareholder shall:

(a) appear in person at such Meeting or otherwise cause all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting to be counted as present thereat for purposes of calculating a quorum;

(b) vote (or cause to be voted), in person or by proxy, all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting in favour of the ordinary resolution to be considered by shareholders of the Corporation at such Meeting to elect the Investor's nominee to the board of directors of the Corporation; and

(c) vote (or cause to be voted), in person or by proxy, all of the all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting against ally resolution submitted at such Meeting that is inconsistent with the resolution described in Section 1.1(b) hereof.

1.2 On and after the Effective Date, this Voting Agreement and the obligations of the Shareholder pursuant to this Voting Agreement shall terminate upon the earlier to occur of (a) the date of the termination of the Meeting or any adjournment thereof, and (b), the date that the Investor holds less than ten percent (10%) of the issued and outstanding Common Shares.

1.3 For the purposes of this Voting Agreement, " **Effective Date**" shall mean the date on which the Investor first acquires a minimum of ten percent (10%) of the issued and outstanding Common Shares pursuant to the terms of the Investment Agreement.

1.4 The parties hereto acknowledge and agree that this Voting Agreement is entered into by the Shareholder solely in its capacity to vote the Common Shares that it beneficially owns, directly or indirectly, or exercises control or direction over from time to time during the term of this Voting Agreement.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES

2.1 The Shareholder hereby represents and warrants to the Corporation as follows:

(a) the Shareholder is competent or duly authorized, as the case may be, to execute and deliver this Agreement and to perform its obligations hereunder;

(b) as at the date hereof, the Shareholder beneficially owns, directly or indirectly. or exercises control or direction over • Common Shares; and

(c) to the knowledge of the Shareholder, no person, firm or corporation has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, merger, transfer or assignment of any of the Common Shares beneficially owned, directly or indirectly by the Shareholder or over which the Shareholder exercises control or direction, or any interest therein or rights thereto.

ARTICLE 3 - GENERAL PROVISIONS

3.1 The representations and warranties made by the Shareholder in this Voting Agreement shall not survive any termination of the Investment Agreement or this Voting Agreement.

3.2 Notwithstanding any other provision of this Voting Agreement, nothing herein shall be interpreted as a limitation or prohibition on the Shareholder's right to deal with, sell, transfer or assign its Common Shares from time to time and in its sole discretion.

3.3 The provisions of this Voting Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither this Voting Agreement nor any of the rights, interest or obligations hereunder may be assigned by any party without the prior written consent of the other party hereto.

3.4 This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the parties irrevocably attorn to the jurisdiction of the courts of the Province of Manitoba.

3.5 The parties hereto agree that irreparable damage would occur in the event that any provision of this Voting Agreement is not performed in accordance with its specific terms or is otherwise breached.

3.6 If any term or other provision of this Voting Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Voting Agreement shall nevertheless remain in full force and effect.

3.7 No failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or on exercise of any other right, power or privilege. None of the parties hereto shall be deemed to have waived any claim available to such party arising out of this Voting Agreement, or any right, power or privilege hereunder, unless the waiver is expressly set forth in writing duly executed and delivered on behalf of such waiving party.

3.8 This Voting Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first above written.

DIAMEDICA INC.

Per: /s/ Rick Pauls
Name: Rick Pauls
Title: President and Chief Executive Officer

Werner Pauls

Per: /s/ Werner Pauls
Name:
Title:

Exhibit 4.5

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

THIS VOTING AGREEMENT is made effective on the _____ day of July, 2016.

BETWEEN:

DIAMEDICA INC.
(the "**Corporation**")

- and -

Chris Pauls
(the "**Shareholder**")

WHEREAS:

A. Hermeda Industrial Co., Ltd. (the "**Investor**") and the Corporation have entered into an Investment Agreement dated July 16, 2016 (the "**Investment Agreement**") which provides, among other things, that the investor will subscribe for common shares in the capital of the Corporation (the "**Common Shares**") on a private placement basis;

B. As of the date hereof, the Shareholder is the beneficial owner, directly or indirectly, or has control or direction over 272,000 Common Shares;

C. The holders of Common Shares, including the Shareholder, will be entitled to consider an ordinary resolution to elect directors of the Corporation at the next annual meeting of shareholders of the Corporation which is currently anticipated to be held on or about_____ 2016 (the "**Meeting**"); and

D. As a condition to the willingness of the Investor to enter into the Investment Agreement, and in order to induce the Investor to enter into the Investment Agreement, the Corporation has agreed to enter into this Voting Agreement with the Shareholder.

NOW THEREFORE, in consideration of the premises and of the mutual agreement and covenants set forth herein and in the Investment Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 - VOTING OF SHARES

1.1 The Shareholder, solely in the Shareholder's capacity as a shareholder of the Corporation, irrevocably and unconditionally agrees that on and after the Effective Date (as defined herein), at the Meeting or any adjournment thereof, the Shareholder shall:

(a) appear in person at such Meeting or otherwise cause all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting to be counted as present thereat for purposes of calculating a quorum;

(b) vote (or cause to be voted), in person or by proxy, all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting in favour of the ordinary resolution to be considered by shareholders of the Corporation at such Meeting to elect the Investor's nominee to the board of directors of the Corporation; and

(c) vote (or cause to be voted), in person or by proxy, all of the all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting against ally resolution submitted at such Meeting that is inconsistent with the resolution described in Section 1.1(b) hereof.

1.2 On and after the Effective Date, this Voting Agreement and the obligations of the Shareholder pursuant to this Voting Agreement shall terminate upon the earlier to occur of (a) the date of the termination of the Meeting or any adjournment thereof, and (b), the date that the Investor holds less than ten percent (10%) of the issued and outstanding Common Shares.

1.3 For the purposes of this Voting Agreement, " **Effective Date**" shall mean the date on which the Investor first acquires a minimum of ten percent (10%) of the issued and outstanding Common Shares pursuant to the terms of the Investment Agreement.

1.4 The parties hereto acknowledge and agree that this Voting Agreement is entered into by the Shareholder solely in its capacity to vote the Common Shares that it beneficially owns, directly or indirectly, or exercises control or direction over from time to time during the term of this Voting Agreement.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES

2.1 The Shareholder hereby represents and warrants to the Corporation as follows:

(a) the Shareholder is competent or duly authorized, as the case may be, to execute and deliver this Agreement and to perform its obligations hereunder;

(b) as at the date hereof, the Shareholder beneficially owns, directly or indirectly. or exercises control or direction over • Common Shares; and

(c) to the knowledge of the Shareholder, no person, firm or corporation has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, merger, transfer or assignment of any of the Common Shares beneficially owned, directly or indirectly by the Shareholder or over which the Shareholder exercises control or direction, or any interest therein or rights thereto.

ARTICLE 3 - GENERAL PROVISIONS

3.1 The representations and warranties made by the Shareholder in this Voting Agreement shall not survive any termination of the Investment Agreement or this Voting Agreement.

3.2 Notwithstanding any other provision of this Voting Agreement, nothing herein shall be interpreted as a limitation or prohibition on the Shareholder's right to deal with, sell, transfer or assign its Common Shares from time to time and in its sole discretion.

3.3 The provisions of this Voting Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither this Voting Agreement nor any of the rights, interest or obligations hereunder may be assigned by any party without the prior written consent of the other party hereto.

3.4 This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the parties irrevocably attorn to the jurisdiction of the courts of the Province of Manitoba.

3.5 The parties hereto agree that irreparable damage would occur in the event that any provision of this Voting Agreement is not performed in accordance with its specific terms or is otherwise breached.

3.6 If any term or other provision of this Voting Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Voting Agreement shall nevertheless remain in full force and effect.

3.7 No failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or on exercise of any other right, power or privilege. None of the parties hereto shall be deemed to have waived any claim available to such party arising out of this Voting Agreement, or any right, power or privilege hereunder, unless the waiver is expressly set forth in writing duly executed and delivered on behalf of such waiving party.

3.8 This Voting Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first above written.

DIAMEDICA INC.

Per: /s/ Rick Pauls
Name: Rick Pauls
Title: President and Chief Executive Officer

Chris Pauls

Per: /s/ Chirs Pauls
Name:
Title:

Exhibit 4.6

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

THIS VOTING AGREEMENT is made effective on the _____ day of July, 2016.

BETWEEN:

DIAMEDICA INC.
(the "**Corporation**")

- and -

Michael Giuffre
(the "**Shareholder**")

WHEREAS:

A. Hermeda Industrial Co., Ltd. (the "**Investor**") and the Corporation have entered into an Investment Agreement dated July 16, 2016 (the "**Investment Agreement**") which provides, among other things, that the investor will subscribe for common shares in the capital of the Corporation (the "**Common Shares**") on a private placement basis;

B. As of the date hereof, the Shareholder is the beneficial owner, directly or indirectly, or has control or direction over 2,350,100 Common Shares;

C. The holders of Common Shares, including the Shareholder, will be entitled to consider an ordinary resolution to elect directors of the Corporation at the next annual meeting of shareholders of the Corporation which is currently anticipated to be held on or about_____ 2016 (the "**Meeting**"); and

D. As a condition to the willingness of the Investor to enter into the Investment Agreement, and in order to induce the Investor to enter into the Investment Agreement, the Corporation has agreed to enter into this Voting Agreement with the Shareholder.

NOW THEREFORE, in consideration of the premises and of the mutual agreement and covenants set forth herein and in the Investment Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 - VOTING OF SHARES

1.1 The Shareholder, solely in the Shareholder's capacity as a shareholder of the Corporation, irrevocably and unconditionally agrees that on and after the Effective Date (as defined herein), at the Meeting or any adjournment thereof, the Shareholder shall:

(a) appear in person at such Meeting or otherwise cause all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting to be counted as present thereat for purposes of calculating a quorum;

(b) vote (or cause to be voted), in person or by proxy, all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting in favour of the ordinary resolution to be considered by shareholders of the Corporation at such Meeting to elect the Investor's nominee to the board of directors of the Corporation; and

(c) vote (or cause to be voted), in person or by proxy, all of the all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting against ally resolution submitted at such Meeting that is inconsistent with the resolution described in Section 1.1(b) hereof.

1.2 On and after the Effective Date, this Voting Agreement and the obligations of the Shareholder pursuant to this Voting Agreement shall terminate upon the earlier to occur of (a) the date of the termination of the Meeting or any adjournment thereof, and (b), the date that the Investor holds less than ten percent (10%) of the issued and outstanding Common Shares.

1.3 For the purposes of this Voting Agreement, " **Effective Date**" shall mean the date on which the Investor first acquires a minimum of ten percent (10%) of the issued and outstanding Common Shares pursuant to the terms of the Investment Agreement.

1.4 The parties hereto acknowledge and agree that this Voting Agreement is entered into by the Shareholder solely in its capacity to vote the Common Shares that it beneficially owns, directly or indirectly, or exercises control or direction over from time to time during the term of this Voting Agreement.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES

2.1 The Shareholder hereby represents and warrants to the Corporation as follows:

(a) the Shareholder is competent or duly authorized, as the case may be, to execute and deliver this Agreement and to perform its obligations hereunder;

(b) as at the date hereof, the Shareholder beneficially owns, directly or indirectly. or exercises control or direction over • Common Shares; and

(c) to the knowledge of the Shareholder, no person, firm or corporation has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, merger, transfer or assignment of any of the Common Shares beneficially owned, directly or indirectly by the Shareholder or over which the Shareholder exercises control or direction, or any interest therein or rights thereto.

ARTICLE 3 - GENERAL PROVISIONS

3.1 The representations and warranties made by the Shareholder in this Voting Agreement shall not survive any termination of the Investment Agreement or this Voting Agreement.

3.2 Notwithstanding any other provision of this Voting Agreement, nothing herein shall be interpreted as a limitation or prohibition on the Shareholder's right to deal with, sell, transfer or assign its Common Shares from time to time and in its sole discretion.

3.3 The provisions of this Voting Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither this Voting Agreement nor any of the rights, interest or obligations hereunder may be assigned by any party without the prior written consent of the other party hereto.

3.4 This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the parties irrevocably attorn to the jurisdiction of the courts of the Province of Manitoba.

3.5 The parties hereto agree that irreparable damage would occur in the event that any provision of this Voting Agreement is not performed in accordance with its specific terms or is otherwise breached.

3.6 If any term or other provision of this Voting Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Voting Agreement shall nevertheless remain in full force and effect.

3.7 No failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or on exercise of any other right, power or privilege. None of the parties hereto shall be deemed to have waived any claim available to such party arising out of this Voting Agreement, or any right, power or privilege hereunder, unless the waiver is expressly set forth in writing duly executed and delivered on behalf of such waiving party.

3.8 This Voting Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first above written.

DIAMEDICA INC.

Per: /s/ Rick Pauls
Name: Rick Pauls
Title: President and Chief Executive Officer

MICHAEL GIUFFRE

Per: /s/ Michael Giuffre
Name:
Title:

Exhibit 4.7

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

THIS VOTING AGREEMENT is made effective on the 20th day of July, 2016.

BETWEEN:

DIAMEDICA INC.
(the "**Corporation**")

- and -

Stephen Mullie
(the "**Shareholder**")

WHEREAS:

A. Hermeda Industrial Co., Ltd. (the "**Investor**") and the Corporation have entered into an Investment Agreement dated July 16, 2016 (the "**Investment Agreement**") which provides, among other things, that the investor will subscribe for common shares in the capital of the Corporation (the "**Common Shares**") on a private placement basis;

B. As of the date hereof, the Shareholder is the beneficial owner, directly or indirectly, or has control or direction over 1,127,000 Common Shares;

C. The holders of Common Shares, including the Shareholder, will be entitled to consider an ordinary resolution to elect directors of the Corporation at the next annual meeting of shareholders of the Corporation which is currently anticipated to be held on or about October 2016 (the "**Meeting**"); and

D. As a condition to the willingness of the Investor to enter into the Investment Agreement, and in order to induce the Investor to enter into the Investment Agreement, the Corporation has agreed to enter into this Voting Agreement with the Shareholder.

NOW THEREFORE, in consideration of the premises and of the mutual agreement and covenants set forth herein and in the Investment Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 - VOTING OF SHARES

1.1 The Shareholder, solely in the Shareholder's capacity as a shareholder of the Corporation, irrevocably and unconditionally agrees that on and after the Effective Date (as defined herein), at the Meeting or any adjournment thereof, the Shareholder shall:

(a) appear in person at such Meeting or otherwise cause all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting to be counted as present thereat for purposes of calculating a quorum;

(b) vote (or cause to be voted), in person or by proxy, all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting in favour of the ordinary resolution to be considered by shareholders of the Corporation at such Meeting to elect the Investor's nominee to the board of directors of the Corporation; and

(c) vote (or cause to be voted), in person or by proxy, all of the all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting against ally resolution submitted at such Meeting that is inconsistent with the resolution described in Section 1.1(b) hereof.

1.2 On and after the Effective Date, this Voting Agreement and the obligations of the Shareholder pursuant to this Voting Agreement shall terminate upon the earlier to occur of (a) the date of the termination of the Meeting or any adjournment thereof, and (b), the date that the Investor holds less than ten percent (10%) of the issued and outstanding Common Shares.

1.3 For the purposes of this Voting Agreement, " **Effective Date**" shall mean the date on which the Investor first acquires a minimum of ten percent (10%) of the issued and outstanding Common Shares pursuant to the terms of the Investment Agreement.

1.4 The parties hereto acknowledge and agree that this Voting Agreement is entered into by the Shareholder solely in its capacity to vote the Common Shares that it beneficially owns, directly or indirectly, or exercises control or direction over from time to time during the term of this Voting Agreement.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES

2.1 The Shareholder hereby represents and warrants to the Corporation as follows:

(a) the Shareholder is competent or duly authorized, as the case may be, to execute and deliver this Agreement and to perform its obligations hereunder;

(b) as at the date hereof, the Shareholder beneficially owns, directly or indirectly. or exercises control or direction over 1,127,000 Common Shares; and

(c) to the knowledge of the Shareholder, no person, firm or corporation has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, merger, transfer or assignment of any of the Common Shares beneficially owned, directly or indirectly by the Shareholder or over which the Shareholder exercises control or direction, or any interest therein or rights thereto.

ARTICLE 3 - GENERAL PROVISIONS

3.1 The representations and warranties made by the Shareholder in this Voting Agreement shall not survive any termination of the Investment Agreement or this Voting Agreement.

3.2 Notwithstanding any other provision of this Voting Agreement, nothing herein shall be interpreted as a limitation or prohibition on the Shareholder's right to deal with, sell, transfer or assign its Common Shares from time to time and in its sole discretion.

3.3 The provisions of this Voting Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither this Voting Agreement nor any of the rights, interest or obligations hereunder may be assigned by any party without the prior written consent of the other party hereto.

3.4 This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the parties irrevocably attorn to the jurisdiction of the courts of the Province of Manitoba.

3.5 The parties hereto agree that irreparable damage would occur in the event that any provision of this Voting Agreement is not performed in accordance with its specific terms or is otherwise breached.

3.6 If any term or other provision of this Voting Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Voting Agreement shall nevertheless remain in full force and effect.

3.7 No failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or on exercise of any other right, power or privilege. None of the parties hereto shall be deemed to have waived any claim available to such party arising out of this Voting Agreement, or any right, power or privilege hereunder, unless the waiver is expressly set forth in writing duly executed and delivered on behalf of such waiving party.

3.8 This Voting Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first above written.

DIAMEDICA INC.

Per: /s/ Rick Pauls
Name: Rick Pauls
Title: President and Chief Executive Officer

Stephen Mullie

Per: /s/ Stephen Mullie
Name:
Title:

Exhibit 4.8

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

THIS VOTING AGREEMENT is made effective on the 20th day of July, 2016.

BETWEEN:

DIAMEDICA INC.
(the "**Corporation**")

- and -

J. Roderick Matheson
(the "**Shareholder**")

WHEREAS:

A. Hermeda Industrial Co., Ltd. (the "**Investor**") and the Corporation have entered into an Investment Agreement dated July 16, 2016 (the "**Investment Agreement**") which provides, among other things, that the investor will subscribe for common shares in the capital of the Corporation (the "**Common Shares**") on a private placement basis;

B. As of the date hereof, the Shareholder is the beneficial owner, directly or indirectly, or has control or direction over 5,270,835 Common Shares;

C. The holders of Common Shares, including the Shareholder, will be entitled to consider an ordinary resolution to elect directors of the Corporation at the next annual meeting of shareholders of the Corporation which is currently anticipated to be held on or about October 2016 (the "**Meeting**"); and

D. As a condition to the willingness of the Investor to enter into the Investment Agreement, and in order to induce the Investor to enter into the Investment Agreement, the Corporation has agreed to enter into this Voting Agreement with the Shareholder.

NOW THEREFORE, in consideration of the premises and of the mutual agreement and covenants set forth herein and in the Investment Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 - VOTING OF SHARES

1.1 The Shareholder, solely in the Shareholder's capacity as a shareholder of the Corporation, irrevocably and unconditionally agrees that on and after the Effective Date (as defined herein), at the Meeting or any adjournment thereof, the Shareholder shall:

(a) appear in person at such Meeting or otherwise cause all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting to be counted as present thereat for purposes of calculating a quorum;

(b) vote (or cause to be voted), in person or by proxy, all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting in favour of the ordinary resolution to be considered by shareholders of the Corporation at such Meeting to elect the Investor's nominee to the board of directors of the Corporation; and

(c) vote (or cause to be voted), in person or by proxy, all of the all of the Common Shares that it beneficially owns, directly or indirectly, or has control or direction over as at the date of the Meeting against ally resolution submitted at such Meeting that is inconsistent with the resolution described in Section 1.1(b) hereof.

1.2 On and after the Effective Date, this Voting Agreement and the obligations of the Shareholder pursuant to this Voting Agreement shall terminate upon the earlier to occur of (a) the date of the termination of the Meeting or any adjournment thereof, and (b), the date that the Investor holds less than ten percent (10%) of the issued and outstanding Common Shares.

1.3 For the purposes of this Voting Agreement, " **Effective Date**" shall mean the date on which the Investor first acquires a minimum of ten percent (10%) of the issued and outstanding Common Shares pursuant to the terms of the Investment Agreement.

1.4 The parties hereto acknowledge and agree that this Voting Agreement is entered into by the Shareholder solely in its capacity to vote the Common Shares that it beneficially owns, directly or indirectly, or exercises control or direction over from time to time during the term of this Voting Agreement.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES

2.1 The Shareholder hereby represents and warrants to the Corporation as follows:

(a) the Shareholder is competent or duly authorized, as the case may be, to execute and deliver this Agreement and to perform its obligations hereunder;

(b) as at the date hereof, the Shareholder beneficially owns, directly or indirectly. or exercises control or direction over 5,270,835 Common Shares; and

(c) to the knowledge of the Shareholder, no person, firm or corporation has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, merger, transfer or assignment of any of the Common Shares beneficially owned, directly or indirectly by the Shareholder or over which the Shareholder exercises control or direction, or any interest therein or rights thereto.

ARTICLE 3 - GENERAL PROVISIONS

3.1 The representations and warranties made by the Shareholder in this Voting Agreement shall not survive any termination of the Investment Agreement or this Voting Agreement.

3.2 Notwithstanding any other provision of this Voting Agreement, nothing herein shall be interpreted as a limitation or prohibition on the Shareholder's right to deal with, sell, transfer or assign its Common Shares from time to time and in its sole discretion.

3.3 The provisions of this Voting Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither this Voting Agreement nor any of the rights, interest or obligations hereunder may be assigned by any party without the prior written consent of the other party hereto.

3.4 This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the parties irrevocably attorn to the jurisdiction of the courts of the Province of Manitoba.

3.5 The parties hereto agree that irreparable damage would occur in the event that any provision of this Voting Agreement is not performed in accordance with its specific terms or is otherwise breached.

3.6 If any term or other provision of this Voting Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Voting Agreement shall nevertheless remain in full force and effect.

3.7 No failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or on exercise of any other right, power or privilege. None of the parties hereto shall be deemed to have waived any claim available to such party arising out of this Voting Agreement, or any right, power or privilege hereunder, unless the waiver is expressly set forth in writing duly executed and delivered on behalf of such waiving party.

3.8 This Voting Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first above written.

DIAMEDICA INC.

Per: /s/ Rick Pauls
Name: Rick Pauls
Title: President and Chief Executive Officer

J. RODERICK MATHESON

Per: /s/ J. Roderick Matheson_____
Name:
Title:

Exhibit 4.9

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

WARRANT CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [●], 2018.

WITHOUT PRIOR WRITTEN APPROVAL OF TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO THE BENEFIT OF A CANADIAN RESIDENT UNTIL [●], 2018.

THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A "U.S. PERSON" OR A PERSON IN THE UNITED STATES UNLESS THE WARRANT AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

DIAMEDICA THERAPEUTICS INC.
(Continued under the federal laws of Canada)

WARRANT
CERTIFICATE NO. [●]

THIS IS TO CERTIFY THAT:

[●]

is the registered holder of [●] transferable warrants of DiaMedica Therapeutics Inc.

The warrants ("**Warrants**") of DiaMedica Therapeutics Inc. (the "**Corporation**") represented by this certificate are issued upon the terms and subject to the conditions set forth in Schedule to the Warrant Certificate attached hereto (the "**Terms and Conditions**") and, by acceptance of this certificate, the holder agrees to be bound by all of the terms and conditions thereby.

The Warrants represented by this certificate may only be transferred, upon compliance with the conditions prescribed in this certificate and in the Terms and Conditions.

The Warrants represented by this certificate may only be exercised at the principal office of the Corporation at DiaMedica Therapeutics Inc., c/o DiaMedica USA Inc., Two Carlson Parkway, Suite 260, Minneapolis, Minnesota 55447, to the attention of the Chief Executive Officer, upon surrender of this certificate with the exercise form on the reverse side hereof (or a separate notice on substantially the same form (the "**Exercise Form**") duly completed and executed, and a certified cheque or bank draft payable to or to the order of the Corporation in immediately available funds, for the full purchase price of the Common Shares (as defined herein) so subscribed for.

IN WITNESS WHEREOF, DiaMedica Therapeutics Inc. has caused this certificate to be executed by a duly authorized director or officer.

Dated the [●] of March, 2018**:**

DIAMEDICA THERAPEUTICS INC.

By:_____

(Authorized Officer)

EXERCISE AND TERMS OF SUBSCRIPTION RIGHT

Subject to the terms, covenants, conditions and provisions attached to this Warrant Certificate as set forth in the Schedule to the Warrant Certificate (the "**Terms and Conditions**") each whole Warrant entitles the holder thereof, at any time prior to 5:00 p.m. (Central Time) on the Expiry Date (as defined below) (the "**Time of Expiry**") to acquire in the manner and subject to the restrictions and adjustments set forth herein and in the Terms and Conditions, one (1) fully paid and non-assessable common share ("**Common Share**") of DiaMedica Therapeutics Inc. (the "**Corporation**") as such shares were constituted on the Effective Date, upon payment of USD$0.35 per share (or the Canadian dollar equivalent, calculated based on the closing foreign currency exchange rate posted by the Bank of Canada on the day prior to the date of exercise) (the "**Exercise Price**") payable to the Corporation by way of certified cheque, money order or bank draft. The "**Expiry Date**" means [●], 2020, or if on any date the volume-weighted average trading price of the Common Shares (the "**VWAP**") on the TSX Venture Exchange (or such other recognized Canadian or United States stock exchange on which the Common Shares are then listed) equals or exceeds USD$0.60 per Common Share for a period of 21 consecutive Trading Days (the "**Accelerated Exercise Date**"), then, at the Corporation's sole discretion and upon the Corporation sending the holder written notice of such Accelerated Exercise Date (the "**Acceleration Notice**") and issuing a news release announcing such Accelerated Exercise Date (the "**Acceleration Press Release**"), the day that is 21 days following the later of: (i) the date on which such Acceleration Notice is sent to the holder; or (ii) the date on which the Acceleration Press Release is issued. The Acceleration Notice shall be conclusively deemed to have been sent by the Corporation on the date the Acceleration Notice is sent by first class mail to the registered address of the Warrantholder as reflected on the register of Warrantholders maintained pursuant to the Terms and Conditions. To the extent trading in the Common Shares is denoted in a currency other than United States dollars, the VWAP shall be calculated based on the applicable closing foreign exchange rate published by the Bank of Canada on the Accelerated Exercise Date. **Any Warrants not exercised prior to the Time of Expiry shall be void and of no effect.**

Any terms utilized herein and not otherwise defined shall have the meanings ascribed thereto in the Terms and Conditions.

A holder of Warrants may exercise his/her/its Warrants and subscribe for the number of Common Shares indicated above, or any lesser whole number of Common Shares, by forwarding the aggregate Exercise Price for each Common Share subscribed for in accordance with the Terms and Conditions.

The Exercise Price is payable in US dollars, or the Canadian dollar equivalent, by certified cheque, bank draft or money order drawn to the order of the Corporation, or by electronic funds transfer or other similar payment mechanism as the Corporation may determine. All payments must be forwarded to the Corporation attention: the Chief Executive Officer. The entire Exercise Price for Common Shares subscribed for must be paid at the time of subscription and must be received by the Corporation prior to the Time of Expiry on the applicable Expiry Date.

The subscription rights in effect under the Warrants for Common Shares of the Corporation issuable upon the exercise of the Warrants shall be subject to adjustment from time to time as set forth in the Terms and Conditions. Any determination as to such adjustment shall be made by the Corporation, in its sole and absolute discretion, shall be subject to the prior approval of the TSX Venture Exchange, or any other Exchange on which the shares of the Corporation are then listed, and shall for all purposes be conclusive and binding on all holders of Warrants.

The holding of the Warrants evidenced by this Warrant Certificate shall not confer to the holder hereof any rights of a shareholder of the Corporation or entitle the holder to any right or interest in respect thereof except as expressly provided in the Terms and Conditions and in this Warrant Certificate.

The Terms and Conditions provide that all holders of Warrants shall be bound by any resolution passed at a meeting of the holders of Warrants held in accordance with the provisions of the Terms and Conditions and resolutions signed by the holders of Warrants entitled to acquire a specified majority of the Common Shares which may be acquired pursuant to all then outstanding Warrants.

The Warrants evidenced by this Warrant Certificate may be transferred on the register kept at the office of the Corporation by the registered holder hereof or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation, upon compliance with the conditions prescribed in the Terms and Conditions including the execution of the Transfer Form attached to this Warrant Certificate and all applicable laws and upon compliance with such reasonable requirements as the Corporation may prescribe.

Neither the Warrants nor the Common Shares issuable upon exercise of the Warrants have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any applicable securities laws of any state of the United States. The Warrants may not be exercised in the United States, or by or on behalf of, or for the account or benefit of, a U.S. person or a person in the United States, unless (i) this Warrant and such Common Shares have been registered under the U.S. Securities Act and the applicable laws of any such state, or (ii) an exemption from such registration requirements is available and the requirements set forth in the Exercise Form have been satisfied. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to

(full name of Transferee)	(full address of Transferee)

_____ Warrants of DiaMedica Therapeutics Inc. registered in the name of the undersigned on the records of the Corporation represented by the attached Warrant Certificate and irrevocably appoints the Corporation the attorney of the undersigned to transfer the said securities on the books or register with full power of substitution.

DATED the _____ day of _____, _____

Signature Guaranteed	(Signature of Warrantholder)

Instructions:

1) The signature of the Warrantholder must be the signature of the person appearing on the face of this Warrant Certificate.

2) If the Transfer Form is signed on behalf of a corporation, partnership, association, or by an agent, trustee, executor, administrator, curator, guardian, attorney or any person acting in a judicial or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

3) The signature on the Transfer Form must be guaranteed by one of the following methods:

   ***In Canada and the US*: a Medallion Guarantee** obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP). Many banks, credit unions and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".

   ***In Canada*: a Signature Guarantee** obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".

   Outside Canada and the US: Warrantholders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the US that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.

4) This Warrant bears a restrictive legend under the U.S. Securities Act of 1933. This transfer must be accompanied by a legal opinion of counsel or other evidence of exemption reasonably satisfactory to DiaMedica Therapeutics Inc.

5) Warrants shall only be transferable in accordance with applicable laws.

EXERCISE FORM

TO: DiaMedica Therapeutics Inc.

The undersigned hereby exercises the right to acquire _____Common Shares of DiaMedica Therapeutics Inc. as constituted on [●] (or such number of other securities or property to which such Warrants entitle the undersigned in lieu thereof or in addition thereto under the provisions of the accompanying Warrant Certificate) in accordance with and subject to the provisions of such Warrant Certificate. The Exercise Price payable shall be the number of Common Shares listed above multiplied by the Exercise Price (as defined in the Terms and Conditions and the Warrant Certificate).

The undersigned represents, warrants and certifies as follows (one (only) of the following must be checked):

☐ (A) It (i) is not in the United States (as defined in Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"); (ii) is not a U.S. Person as defined in Regulation S; (iii) is not exercising the Warrants on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (iv) did not acquire the Warrants in the United States or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (v) did not receive an offer to exercise the Warrants in the United States; and (vi) did not execute or deliver this Exercise Form in the United States; and it has, in all other respects, complied with the terms of Regulation S in connection herewith.

☐ (B) It is the original purchaser from the Corporation of the Warrants being exercised and at the time of such acquisition was a U.S. Person or was in the United States (or was acting on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States), and confirms, as of the date of hereof, each of the representations, warranties, certifications and agreements made by it in connection with its acquisition of such Warrants, including, without limitation, its status as an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act, as though such representations, warranties, certifications and agreements were made on the date hereof and in respect of the acquisition of the Common Shares issuable upon exercise of the Warrants being exercised.

☐ (C) An exemption from the registration requirements of the U.S. Securities Act and all applicable state securities laws is available for the exercise of the Warrants, and attached hereto is a written opinion of U.S. counsel or other evidence in form and substance reasonably satisfactory to the Corporation to that effect.

It is understood that the Corporation may require evidence to verify the foregoing representations.

Notes: (1) Common Shares will not be registered or delivered to an address in the United States unless Box B or C above is checked and the applicable requirements have been satisfied.

(2) If Box C above is checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion or other evidence tendered in connection with the exercise will be satisfactory in form and substance to the Corporation.

"United States" and "U.S. Person" are as defined in Rule 902 of Regulation S.

The Common Shares (or other securities or property) are to be issued as follows:

Name: _____

Address in full: _____

_____

Social Insurance Number/Business Number: _____

Note: If further nominees intended, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, _____

_____ _____
Signature Guaranteed (Signature of Warrantholder)

_____
(Print full name)

_____
(Print full address)

Instructions:

1. The certificates are issued subject to the Terms and Conditions in the attached as Schedule to the Warrant Certificate.

   If the Exercise Form indicates that Common Shares are to be issued to a person or persons other than the registered holder of the Warrant Certificate, the signature of such holder on the Exercise Form must be guaranteed by one of the following methods:

   ***In Canada and the US*: a Medallion Guarantee** obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP). Many banks, credit unions and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".

   ***In Canada*: a Signature Guarantee** obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".

   Outside Canada and the US: Warrantholders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the US that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.

2. If the Exercise Form is signed on behalf of a corporation, partnership, association, or by an agent, trustee, executor, administrator, curator, guardian, attorney or any person acting in a judicial or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.[conformed to language in section 2 of transfer form]

SCHEDULE TO WARRANT CERTIFICATE

TERMS AND CONDITIONS OF WARRANTS OF DIAMEDICA THERAPEUTICS INC.
(the "Terms and Conditions")

ARTICLE 1
INTERPRETATION

1.1 Definitions

In these Terms and Conditions, unless there is something in the subject matter or context inconsistent therewith:

(a) "**Acceleration Event**" has the meaning ascribed thereto in Section 3.5(b);

(b) "**Acceleration Notice**" has the meaning ascribed thereto in Section 3.5(b);

(c) "**Acceleration Press Release**" has the meaning ascribed thereto in Section 3.5(b);

(d) "**Applicable Legislation**" means the provisions of the *Canada Business Corporations Act,* as from time to time amended;

(e) "**Business Day**" means a day that is not a Saturday, Sunday, a day on which banks are closed in the City of Vancouver, British Columbia or in the City of Toronto, Ontario or a civic or statutory holiday in the City of Vancouver, British Columbia or in the City of Toronto, Ontario;

(f) "**certificate of the Corporation**" means a certificate signed in the name of the Corporation by its Chairman, President or Chief Financial Officer and may consist of one or more instruments so executed.

(g) "**Common Shares**" means, subject to Section 4.1, fully paid and non-assessable common shares of the Corporation as presently constituted;

(h) "**Corporation's Auditors**" means a firm of chartered accountants duly appointed as auditors of the Corporation;

(i) "**Counsel**" means a barrister or solicitor or a firm of barristers and solicitors retained by the Corporation;

(j) "**Current Market Price**" of the Common Shares at any date means the volume-weighted average trading price per share for such shares for the ten consecutive Trading Days ending three trading days prior to such date on the Exchange. If on such date the Common Shares are not listed on any stock exchange, then on such over the counter market or otherwise as may be determined by the directors, acting reasonably;

(k) "**director**" means a director of the Corporation for the time being and, unless otherwise specified herein, reference without more to action "by the directors" means action by the directors of the Corporation as a board or, whenever duly empowered, action by any committee of such board;

(l) "**Effective Date**" means the date hereof;

(m) "**Exchange**" means the TSX Venture Exchange or such other nationally recognized exchange in Canada or the United States on which the Corporation's shares may be listed and as selected by the directors of the Corporation;

(n) "**Exercise Date**" means, with respect to any Warrant, the date on which the Warrant Certificate representing such Warrant is duly surrendered for exercise along with full payment of the Exercise Price, all in accordance with the terms hereof;

(o) "**Exercise Price**" means USD$0.35 per share (or the Canadian dollar equivalent, calculated based on the closing foreign currency exchange rate posted by the Bank of Canada on the day prior to the date of exercise), subject to adjustment as provided herein;

(p) "**Expiry Date**" means [●], 2020;

(q) "**person**" means an individual, body corporate, partnership, trust, trustee, executor, administrator, legal representative or any unincorporated organization;

(r) "**Shareholder**" means a holder record of one or more Common Shares;

(s) "**Subsidiary of the Corporation**" or "**Subsidiary**" means any corporation of which more than fifty (50%) percent of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

(t) **"Terms and Conditions"** means these Terms and Conditions which form a part of the Warrant Certificate;

(u) "**Time of Expiry**" means 5:00p.m. (Central time) on the Expiry Date;

(v) "**Trading Day**" means, with respect to a stock exchange, a day on which such exchange is open for the transaction of business and with respect to the over the counter market, a day on which the market is open for the transaction of business;

(w) "**Units**" means the units offered by the Corporation pursuant to a non-brokered private placement, each such unit consisting of one Common Share and one-half of one Warrant;

(x) "**Voting Shares**" means shares of the capital stock of any class of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares, whether or not such event shall have occurred, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event;

(y) "**Warrant**" means a whole Common Share purchase warrant of the Corporation, to be issued pursuant to and in accordance with this Warrant Certificate entitling holders of each whole Warrant to acquire one Common Share at the Exercise Price until the Time of Expiry, subject to the terms and conditions herein;

(z) "**Warrant Certificate**" means this Warrant certificate, exhibits, attachments and schedules thereto;

(aa) "**this Warrant Certificate**" "**this Certificate**", "**herein**", "**hereby**", "**hereof**" and similar expressions mean and refer to this Warrant Certificate; and the expressions "**Article**", "**Section**", "**subsection**" and "**paragraph**" followed by a number, letter or both mean and refer to the specified article, section, subsection or paragraph of this Warrant Certificate;

(bb) "**Warrantholder**", or "**holder**" means the person who is the registered owner of the Warrants;

1.2 Gender and Number

Unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.3 Interpretation not Affected by Headings, etc.

The division of these Terms and Conditions into Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of these Terms and Conditions.

1.4 Day not a Business Day

In the event that any day on which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence of this Warrant Certificate.

1.6 Currency

Except as otherwise stated, all dollar amounts herein are expressed in United States dollars.

1.7 Applicable Law

This Warrant Certificate shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each of the parties irrevocably attorns to the exclusive jurisdiction of the courts of the Province of British Columbia with respect to all matters arising out of this Warrant Certificate and the transactions contemplated herein.

ARTICLE 2
ISSUE OF WARRANTS

2.1 Terms of Warrants

(a) Each Warrant shall entitle the holder thereof, upon the exercise thereof prior to the Time of Expiry, to acquire one (1) Common Share on payment of the Exercise Price.

(b) No fractional Warrants shall be issued or otherwise provided for hereunder.

(c) The number of Common Shares which may be acquired pursuant to the exercise of Warrants shall be adjusted in the circumstances and in the manner specified in Article 4.

2.2 Warrantholder not a Shareholder

Nothing in the holding of a Warrant or Warrant Certificate or otherwise, shall, in itself, confer or be construed as conferring upon a Warrantholder any right or interest whatsoever as a Shareholder or as any other shareholder of the Corporation, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of Shareholders or any other proceedings of the Corporation, or the right to receive dividends and other distributions.

2.3 Form of Warrants

The Warrants shall be issued in certificated form and shall be dated as of the Effective Date regardless of the date of issuance, shall bear such legends and distinguishing letters and numbers as the Corporation may, subject to applicable securities laws, prescribe, and shall be issuable in any denomination excluding fractions.

2.4 Signing of Warrant Certificates

The Warrant Certificates shall be signed (with or without the seal of the Corporation) by any one director or officer of the Corporation. The signatures of any such director or officer may be mechanically reproduced in facsimile or other electronically transmitted form and Warrant Certificates bearing such a signature shall be binding upon the Corporation as if they had been manually signed by such director or officer. Notwithstanding that any person whose manual or facsimile or other electronically transmitted signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of such Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate signed as aforesaid shall, be a valid and binding obligation of the Corporation and the holder thereof shall be entitled to the benefits of this Warrant Certificate.

2.5 Issue in Substitution for Warrant Certificates Lost, etc.

(a) If any Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law and to Subsection 2.5(b), shall issue, a new Warrant Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in substantially the same as this Warrant Certificate and the Warrants evidenced thereby shall be entitled to the benefits hereof.

(b) The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.5 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation, in its sole discretion, acting reasonably, and such applicant shall also be required to furnish an indemnity or security in amount and form satisfactory to the Corporation, in its sole discretion, and shall pay the reasonable charges of the Corporation in connection therewith.

2.6 Exchange of Warrant Certificates

(a) Any one or more Warrant Certificates representing any number of Warrants may, upon compliance with the reasonable requirements of the Corporation, be exchanged for one or more other Warrant Certificates representing the same aggregate number of Warrants as represented by the Warrant Certificate or Warrant Certificates tendered for exchange.

(b) Warrant Certificates may be exchanged only at the Corporation or at any other place that is designated by the Corporation. Any Warrant Certificate tendered for exchange shall be cancelled by the Corporation.

(c) The Corporation shall sign all Warrant Certificates necessary to carry out exchanges as aforesaid.

(d) Warrant Certificates issued pursuant to this Section 2.6 shall be in same form and shall bear the same legends as those Warrant Certificates they are exchanged for.

2.7 Transfer and Ownership of Warrants

(a) A Warrantholder may transfer his or her Warrants in the manner and subject to the terms set out in this Warrant Certificate. Each Warrantholder, by its acceptance of the Warrants, will be deemed to have acknowledged and agreed to the restrictions on the transfer of Warrants set out herein.

(b) Subject to Subsection 2.7(c), title to the Warrants shall be transferable by delivery of the Warrant Certificates and the duly completed and executed transfer form, together with all necessary endorsements or proper instruments of transfer; provided that registration of the transfer by the Corporation shall be necessary to become a registered holder of the Warrant Certificate and to enjoy the rights and benefits of registration set out in this Warrant Certificate. The Corporation may deem and treat the registered owner of any Warrant as the beneficial owner thereof for all purposes and the Corporation shall not be affected by any notice or knowledge to the contrary except as required by statute or court of competent jurisdiction.

(c) Warrants may only be transferred on the register of the Corporation kept at the Corporation by the registered holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation, upon surrendering to the Corporation for cancellation the Warrant Certificate evidencing such Warrants and upon compliance with:

(i) the conditions set forth in this Warrant Certificate;

(ii) such reasonable requirements as the Corporation may prescribe, including, without limitation, the payment of all stamp taxes or governmental or other charges arising by reason of such transfer; and

(iii) all applicable securities legislation and requirements of regulatory authorities.

Upon satisfaction of all such requirements, the Corporation shall, subject to Subsection 2.7(d), record such transfer in such register and issue to the transferee a Warrant Certificate evidencing the Warrants transferred.

(d) Notwithstanding any provision to the contrary contained in this Warrant Certificate, the Corporation will, on the advice of counsel, acting reasonably, be entitled to refuse to recognize and transfer, or enter the name of any transferee of any Warrant on the register if such transfer would constitute a violation of the securities laws of any jurisdiction.

(e) The holder of Warrants evidenced by a Warrant Certificate may transfer a number of Warrants less than the total number of Warrants evidenced by such Warrant Certificate. In the event of a transfer by a holder of a number of Warrants of less than the total number evidenced by a surrendered Warrant Certificate, the holder shall be entitled to receive a new Warrant Certificate evidencing the balance of the Warrants that are not being transferred.

(f) The Corporation will deem and treat the registered owner of any Warrant as the beneficial owner thereof for all purposes and the Corporation shall not be affected by any notice to the contrary. Subject to the provisions of this Warrant Certificate and applicable legislation, the Warrantholder shall be entitled to the rights and privileges attaching to the Warrants free from all equities or rights of set off or counterclaims between the Corporation and the original and any intermediate holder of the Warrants, and the issue of Common Shares by the Corporation, upon the exercise of Warrants by any Warrantholder in accordance with the terms and conditions herein contained, shall discharge all responsibilities of the Corporation with respect to such Warrants and the Corporation shall not be bound to inquire into the title of any such holder.

(g) If the Warrants bear a legend restricting transfers under the U.S. Securities Act, the Corporation shall not permit the transfer of any Warrants unless the holder thereof has provided to the Corporation an opinion of counsel, or other evidence, in form reasonably satisfactory to the Corporation, to the effect that such transfer of Warrants does not require registration under the U.S. Securities.

2.8 Charges for Exchange or Transfer

Except as otherwise herein provided, a reasonable charge shall be levied by the Corporation in respect of the transfer or the exchange of a Warrant Certificate or the issue of a new Warrant Certificate(s) pursuant hereto including the reimbursement of the Corporation for any and all transfer, stamp or similar taxes or other governmental charges required to be paid by the holder requesting such transfer or exchange as a condition precedent to such transfer or exchange.

2.9 Cancellation of Surrendered Warrants

All Warrant Certificates surrendered pursuant to this Warrant Certificate shall be returned to the Corporation for cancellation and, after the expiry of any period of retention prescribed by law, destroyed by the Corporation.

2.10 Assumption by Transferee and Release of Transferor

Upon becoming a Warrantholder in accordance with the provisions of this Warrant Certificate, the transferee thereof shall be deemed to have acknowledged and agreed to be bound by these Terms and Conditions. Upon the registration of such transferee as the holder of a Warrant, the transferor shall cease to have any further rights under this Warrant Certificate with respect to such Warrant or the Common Share in respect thereof.

ARTICLE 3
EXERCISE OF WARRANTS

3.1 Exercise of Warrants by the Holder

(a) Prior to the Exercise Date, the registered holder of Warrants may exercise the right conferred on such holder to purchase Common Shares by delivering to the Corporation, as hereinafter provided, a duly completed and executed exercise form in the form approved by the Corporation and substantially in the form attached hereto as the "**Exercise Form**") by the registered holder or his or her executors or administrators or other legal representative or his or her attorney duly appointed by an instrument in writing in a form and manner satisfactory to the Corporation, together with such other documentation as may be required by the Exercise Form or as the Corporation may reasonably require, specifying the number of Common Shares subscribed for together with a certified cheque, bank draft or money order in lawful currency of the United States, or equivalent Canadian dollar amount as noted in Subsection 1.1(o), payable to or to the order of the Corporation in an amount equal to the Exercise Price multiplied by the number of Common Shares being purchased.

(b) Each Exercise Form referred to in Subsection 3.1(a) shall be completed and signed by the Warrantholder or the Warrantholder's executors or administrators or other legal representatives or an attorney of the Warrantholder duly appointed by an instrument in writing satisfactory to the Corporation, acting reasonably, and shall specify the number of Common Shares which the holder wishes to acquire (being not more than those which the holder is entitled to acquire pursuant to the applicable Warrant Certificate surrendered).

(c) The Corporation may stipulate such requirements respecting the exercise of Warrants as it determines to be necessary for the purpose of effecting such exercise in a commercially reasonable manner. Any expense associated with the preparation and delivery of Exercise Forms will be for the account of the Warrantholder.

3.2 Transfer Fees and Taxes

If any of the Common Shares subscribed for are to be issued to a person or persons other than the Warrantholder, the Warrantholder shall comply with such reasonable requirements as the Corporation may prescribe and shall pay to the Corporation, all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates evidencing Common Shares unless or until such Warrantholder shall have paid to the Corporation, the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that no tax is due.

3.3 Effect of Exercise of Warrants

(a) Upon the exercise of Warrants pursuant to Section 3.1 and subject to Section 3.4, the Common Shares to be issued shall be issued and the person or persons to whom such Common Shares are to be issued shall become the holder or holders of record of such Common Shares on the Exercise Date unless the transfer registers of the Corporation shall be closed on such date, in which case the Common Shares issued upon the exercise of any Warrants shall be issued and such person or persons shall become the holder or holders of record of such Common Shares, on the date on which such transfer registers are reopened.

(b) Upon the due exercise of Warrants pursuant to Section 3.1 and subject to Section 3.4, the Corporation or its nominee shall, as soon as practicable and in any event within three (3) Business Days after the Exercise Date, cause to be mailed to the person or persons in whose name or names the Warrant is registered or, if so specified in writing by the holder, cause to be delivered to such person or persons at the Corporation where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Common Shares issued upon exercise of the Warrants evidenced by the Warrant Certificate.

3.4 Partial Exercise of Warrants; Fractions

(a) The holder of any Warrants may exercise his right to acquire Common Shares in part and may thereby acquire a number of Common Shares less than the aggregate number to which such holder is entitled. In the event of any exercise of a number of Warrants less than the number to which the holder is entitled to exercise, the holder of the Warrants upon such exercise shall, in addition, be entitled to receive, without charge therefor, a new Warrant Certificate(s) in respect of the balance of the Warrants represented by the surrendered Warrant Certificate(s) and which were not then exercised.

(b) Notwithstanding anything herein contained, including any adjustment provided for in Article 4, the Corporation shall not be required, upon the exercise of any Warrants (and after taking into account the aggregate number of Common Shares purchased pursuant to the exercise of all Warrants by a particular holder on a particular Exercise Date), to issue fractions of Common Shares or to distribute certificates which evidence a fractional Common Share. The Corporation shall not be required to make any payment to a Warrantholder who, absent this Subsection 3.4(b), would otherwise have been entitled to receive a fractional Common Share.

3.5 Expiration of Warrants

(a) Immediately after the Time of Expiry, all rights under any Warrant in respect of which the right of acquisition herein and therein provided for shall not have been exercised shall cease and terminate and such Warrant shall be void and of no further force or effect except to the extent that the Warrantholder has not received certificates representing the Common Shares held by it, in which instances the Warrantholder's rights hereunder shall continue until it has received that to which it is entitled hereunder.

(b) Notwithstanding anything else to the contrary contained herein, if at any time prior to [●], 2020 the volume-weighted average trading price of the Common Shares (the "**VWAP**") on the Exchange exceeds USD$0.60 per share for a period of 21 consecutive trading days (the "**Acceleration Event**"), the Corporation may, at its option, accelerate the Expiry Date by delivery of a notice (the "**Acceleration Notice**") to the Warrantholder and issuing a press release (the "**Acceleration Press Release**"), and, in such case, the Expiry Date shall be deemed to be the 21st day following the later of (i) the date on which the Acceleration Notice is sent to the Warrantholder or (ii) the date of issuance of the Acceleration Press Release. To the extent trading in the Common Shares is denoted in a currency other than United States dollars, the VWAP shall be calculated based on the applicable closing foreign exchange rate published by the Bank of Canada on the date of the Acceleration Event.

3.6 Securities Restrictions

Notwithstanding anything herein contained, no Common Shares will be issued pursuant to the exercise of any Warrant if the issuance of such Common Shares would constitute a violation of the securities laws of any applicable jurisdiction, and without limiting the generality of the foregoing, in the event that the Warrants are exercised pursuant to Section 3.1, the certificates representing the Common Shares thereby issued will bear such legend as may, in the opinion of Counsel to the Corporation, be necessary in order to avoid a violation of any securities laws of any province or territory in Canada or of the United States or to comply with the requirements of any stock exchange on which the Common Shares are listed, provided that if, at any time, in the opinion of Counsel to the Corporation, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder's expense, provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Common Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Corporation in exchange for a certificate which does not bear such legend.

ARTICLE 4
ADJUSTMENT OF NUMBER OF COMMON SHARES

4.1 Adjustment of Number of Common Shares

The acquisition rights in effect at any date attaching to the Warrants shall be subject to adjustment from time to time as follows:

(a) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall:

(i) subdivide, redivide or change its outstanding Common Shares into a greater number of shares;

(ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of shares; or

(iii) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the then outstanding Common Shares by way of stock dividend or otherwise (other than the issue of Common Shares to holders of Common Shares pursuant to their exercise of options or the exercise of previously granted warrants, including the Warrants issued hereunder, or as dividends in the form of Common Shares in lieu of dividends paid in the ordinary course on the Common Shares);

then the Exercise Price shall be adjusted, in the case of any action described in (i) or (ii) above, on the effective date thereof, and, in the case of any action described in (iii) above, immediately after the record date thereof by multiplying the Exercise Price in effect immediately prior to such effective date or the close of business on such record date, as the case may be, by a fraction of which the numerator shall be the total number of Common Shares outstanding immediately prior to such effective date or the close of business on such record date, as the case may be, and the denominator shall be the total number of Common Shares outstanding on such effective date or immediately after such record date, as the case may be, and, upon any adjustment of the Exercise Price pursuant to this subsection 4.1(a), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment. Such adjustment shall be made successively whenever any event referred to in this subsection 4.1(a) shall occur;

(b) if and whenever at any time from the date hereof and prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Subsection 4.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale, lease, exchange or transfer of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, a Warrantholder shall be entitled to receive and shall accept, in lieu of the number of Common Shares originally sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such consolidation, amalgamation, arrangement or merger, or to which such sale, lease, exchange or transfer may be made, as the case may be, that such Warrantholder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale, lease, exchange or transfer, if, on the record date or the effective date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Common Shares originally sought to be acquired by it and to which it was entitled to acquire upon the exercise of the Warrants. If determined appropriate by the Corporation to give effect to or to evidence the provisions of this Subsection 4.1(b), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, reorganization, consolidation, amalgamation, arrangement, merger, sale, lease, exchange or transfer, issue a new Warrant Certificate or amend this Warrant Certificate which shall provide, to the extent possible, for the application of the provisions set forth herein with respect to the rights and interests thereafter of the Warrantholder to the end that the provisions set forth in this Warrant Certificate shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Warrantholder is entitled on the exercise of its acquisition rights thereafter. Any warrant certificate issued by the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Corporation shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which shall apply to successive reclassifications, reorganizations, consolidations, amalgamations, arrangements, mergers, sales, leases, exchanges or transfers;

(c) the adjustments provided for in this Article 4 in the number of Common Shares and classes of securities which are to be received on the exercise of Warrants are cumulative. After any adjustment pursuant to this Section 4.1, the term "Common Shares" where used in this Warrant Certificate shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, the Warrantholder is entitled to receive upon the exercise of its Warrant, and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of a Warrant;

(d) subject only to this Article 4, no Warrantholder shall be entitled to receive at any time cash or property of any kind in lieu of those Common Shares issuable on the exercise of the Warrants held by such Warrantholder; and

(e) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall take any action affecting or relating to the Common Shares, other than any action described in this Article, which in the opinion of the Corporation would prejudicially affect the rights of any holders of Warrants, the number of Common Shares to be issued on the exercise of Warrants and the exercise price thereof will, subject to the approval of the Exchange, be adjusted by the Corporation in such manner, if any, and at such time, as the Corporation may in its sole discretion determine to be equitable in the circumstances.

4.2 No De Minimis Adjustments

No adjustment in the Exercise Price or in the number of Common Shares subject to the right of purchase under each Warrant shall be required unless such adjustment would result in a change of at least 1% in the Exercise Price then in effect or unless the number of Common Shares subject to the right of purchase under each Warrant would change by at least 1/100th of a Common Share, provided, however, that any adjustments, which, except for the provisions of this Subsection 4.2 would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

4.3 Entitlement to Shares on Exercise of Warrant

All shares of any class or other securities which a Warrantholder is at the time in question entitled to receive on the exercise of its Warrant, whether or not as a result of adjustments made pursuant to this Article 4, shall, for the purposes of the interpretation of this Warrant Certificate, be deemed to be shares which such Warrantholder is entitled to acquire pursuant to such Warrant.

4.4 Determination by Corporation's Auditors

In the event of any question or dispute of the Warrantholder arising with respect to the adjustments provided for in this Article 4, such question shall be conclusively determined by the Corporation's Auditors who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Warrantholder and all other persons interested therein.

4.5 Proceedings Prior to any Action Requiring Adjustment

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of Counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non assessable, all the shares which the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

4.6 Certificate of Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Article 4, deliver a certificate of the Corporation to the Warrantholder specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's Auditors verifying such calculation.

4.7 Notice of Special Matters

The Corporation covenants with the Warrantholder that, so long as any Warrants remain outstanding, it will give notice to the Warrantholder of its intention to fix a record date that is prior to the Expiry Date for the issuance of rights, options or warrants (other than the Warrants) to all or substantially all the holders of its outstanding Common Shares. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case at least 14 days prior to such applicable record date.

4.8 No Action after Notice

The Corporation covenants with the Warrantholder that it will not close its transfer books or take any other corporate action which might deprive the Warrantholder of the opportunity to have exercised its right of acquisition pursuant thereto during the period of 14 days after the giving of the notice set forth in Section 4.7.

ARTICLE 5
RIGHTS OF THE CORPORATION AND COVENANTS

5.1 General Covenants

The Corporation covenants with the Warrantholder that so long as any Warrants remain outstanding:

(a) it will allot and reserve and keep available a sufficient number of Common Shares for the purpose of enabling it to satisfy its obligations to issue Common Shares upon the exercise of the Warrants;

(b) it will cause the Common Shares and any certificates representing the Common Shares from time to time acquired pursuant to the exercise of the Warrants to be duly issued and delivered in accordance with this Warrant Certificate, if any, and the terms hereof;

(c) upon payment of the Exercise Price, all Common Shares which shall be issued upon exercise of the rights to acquire provided for in this Warrant Certificate shall be fully paid and non assessable;

(d) it will use its reasonable commercial efforts to maintain its corporate existence; carry on and conduct its business in a proper, efficient and business-like manner in accordance with good business practice; keep or cause to be kept proper books of account in accordance with generally accepted accounting practices in Canada or the United States, as determined by the Corporation in its sole discretion;

(e) it will use its reasonable commercial efforts to ensure that all Common Shares outstanding or issuable from time to time (including without limitation the Common Shares issuable on the exercise of the Warrants) continue to be or are listed and posted for trading on the Exchange, provided that the foregoing shall not restrict or prevent the Corporation from (i) completing a plan of arrangement, take over bid or other business combination which could or may result in delisting of the Common Shares or (ii) graduating to the Toronto Stock Exchange or listing its shares on another recognized stock exchange in Canada or the United States;

(f) it will use its reasonable commercial efforts to maintain its status as a reporting issuer in good standing, in the provinces of Alberta, British Columbia, Manitoba, Ontario and Québec provided that the foregoing shall not restrict or prevent the Corporation from completing a plan of arrangement, take over bid or other business combination which could or may result in the Corporation ceasing to be a reporting issuer in any such jurisdiction;

(g) it will use its reasonable commercial efforts to make all requisite filings to be made by it under applicable Canadian securities legislation and stock exchange rules including without limitation to report the exercise of the rights to acquire Common Shares pursuant to Warrants or otherwise; and

(h) generally, it will well and truly perform and carry out all of the acts or things to be done by it as provided in this Warrant Certificate.

5.2 Optional Purchases by the Corporation

Subject to compliance with applicable securities legislation, the Corporation may purchase from time to time by private contract or otherwise any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the directors, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons and on such other terms as the Corporation, in its sole discretion, may determine. Any Warrant Certificates representing the Warrants purchased pursuant to this Section 5.2 shall forthwith be cancelled by the Corporation upon receipt by the Corporation of the Warrant Certificate. No Warrants shall be issued in replacement thereof.

ARTICLE 6
ENFORCEMENT

6.1 Immunity of Shareholders, etc.

By the acceptance of the Warrant Certificates, and as part of the consideration for the issue of the Warrants, the Warrantholder hereby waives and releases any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, director, officer, employee or agent of the Corporation or of any successor Corporation on any covenant, agreement, representation or warranty by the Corporation contained in this Warrant Certificate.

6.2 Limitation of Liability

The obligations hereunder are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future shareholders, directors, officers, employees or agents of the Corporation or of any successor Corporation, but only the property of the Corporation or of any successor Corporation shall be bound in respect hereof.

ARTICLE 7
GENERAL

7.1 Notice to the Corporation and the Warrantholder

(a) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrantholder shall be deemed to be validly given if delivered or if sent by registered letter, postage prepaid or if sent by facsimile:

If to the Corporation:

DiaMedica Therapeutics Inc.
c/o Diamedica USA Inc,
Two Carlson Parkway
Suite 260
Minneapolis, Minnesota
55447

Attention: Chief Executive Officer
Facsimile: (763) 710-4456

If to the Warrantholder:

[●]

and any such notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery or, if mailed, on the fifth Business Day following the actual posting of the notice, or if sent by facsimile or email, the next Business Day after transmission provided that transmission has been completely and accurately transmitted.

(b) The Corporation or the Warrantholder may from time to time notify the other in the manner provided in subsection 7.1(a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrantholder, as the case may be, for all purposes of this Warrant Certificate.

(c) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholder or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered or sent by telecopier or facsimile at the appropriate address or number provided in Subsection 7.1(a).

7.2 Satisfaction and Discharge of Warrant Certificate

Upon the earlier of:

(a) the date by which there shall have been delivered to the Corporation for exercise or destruction all Warrant Certificates theretofore certified hereunder; or

(b) the Time of Expiry,

and if all certificates representing Common Shares required to be issued in compliance with the provisions hereof have been issued and delivered hereunder and if all payments required to be made in compliance with the provisions of Article 4 have been made in accordance with such provisions, this Warrant Certificate shall cease to be of further effect and the Corporation, shall execute proper instruments acknowledging satisfaction of and discharging this Warrant Certificate.

7.3 Provisions of Warrant Certificate and Warrants for the Sole Benefit of the Corporation and Warrantholder

Nothing in this Warrant Certificate, expressed or implied, shall give or be construed to give to any person other than the Corporation and the Warrantholder, any legal or equitable right, remedy or claim under this Warrant Certificate, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the Corporation and the Warrantholder.

7.4 Evidence of Ownership

(a) Upon receipt of a certificate of any bank, trust company or other depositary satisfactory to the Corporation stating that the Warrants specified therein have been deposited by a named person with such bank, trust company or other depositary and will remain so deposited until the expiry of the period specified therein, the Corporation may treat the person so named as the owner, and such certificate as sufficient evidence of the ownership by such person of such Warrant during such period, for the purpose of any requisition, direction, consent, instrument or other document to be made, signed or given by the holder of the Warrant so deposited.

(b) The Corporation may accept as sufficient evidence of the fact and date of the signing of any requisition, direction, consent, instrument or other document by any person:

(i) the signature of any officer of any bank, trust company, or other depositary satisfactory to the Corporation as witness of such execution,

(ii) the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded at the place where such certificate is made that the person signing acknowledged to him the execution thereof,

(iii) a statutory declaration of a witness of such execution, or

(iv) such other documentation as is satisfactory to the Corporation.

7.5 Privacy Laws

The Corporation acknowledges that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Warrant Certificate. Despite any other provision of this Warrant Certificate, the Corporation shall not take or direct any action that would contravene applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws.

7.6 Severability

The invalidity or unenforceability of any particular provision of this Warrant Certificate shall not affect or limit the validity or enforceability of the remaining provisions of this Warrant Certificate.

Exhibit 4.10

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

THE BROKER WARRANTS REPRESENTED BY THIS CERTIFICATE WILL BE VOID IF NOT EXERCISED PRIOR TO THE EXPIRY TIME REFERRED TO HEREIN

BROKER WARRANT CERTIFICATE

DIAMEDICA THERAPEUTICS INC.
(THE "CORPORATION")
(Continued under the laws of Canada)

BROKER WARRANT CERTIFICATE NO. [●]	[●] **BROKER WARRANTS** entitling the holder to purchase one Common Share (as defined below) for each Broker Warrant represented hereby (subject to adjustment as hereinafter provided).

THIS IS TO CERTIFY THAT [●] (the " **Holder**") of [●] is entitled to purchase, at any time and from time, prior to the Expiry Time (as defined below), at the Exercise Price (as defined below) and on the other terms and conditions set forth herein, one Common Share for each Broker Warrant represented hereby. The Exercise Price and the number of Common Shares which the Holder is entitled to purchase on exercise of the Broker Warrants are subject to adjustment as hereinafter provided.

"**Expiry Time**" means 5:00 p.m. (Central Standard Time) on the Expiry Date.

"**Expiry Date**" means [●], provided however that if at any time the volume weighted average trading price (the "**VWAP**") of the Common Shares on the TSX Venture Exchange exceeds USD$0.60 for a period of 21 consecutive trading days at any point following the date hereof, the Corporation may, at its option, accelerate the Expiry Date by delivery of a written notice to the Holder. In such case, the Expiry Date shall be deemed to be the 30th day following the date on which such notice is sent to the Holder. To the extent that trading in the Common Shares is denoted in a currency other than United States dollars, the VWAP shall be calculated based on the applicable closing foreign exchange rate published by the Bank of Canada on the later of the date of notice hereinbefore referred to.

"**Exercise Price**" means USD$0.245 per Common Share (or the Canadian dollar equivalent, calculated based on the closing foreign currency exchange rate posted by the Bank of Canada on the day prior to the date of exercise), subject to adjustment as provided herein.

The Holder may exercise its rights to purchase Common Shares hereunder by delivering to the Corporation c/o DiaMedica USA Inc. Two Carlson Parkway, Suite 260, Minneapolis, Minnesota 55447 this certificate with the Exercise Form forming part hereof duly completed and executed by the Holder, together with a certified cheque or bank draft, payable to or to the order of the Corporation, at par, in immediately available funds, in an amount equal to the product of the Exercise Price multiplied by the number of Common Shares specified in the Exercise Form to be purchased by the Holder hereunder. The date on which this certificate, the Exercise Form and payment are so delivered to the Corporation is hereinafter referred to as the "Exercise Date".

IN WITNESS WHEREOF, the Corporation has caused this certificate to be executed by a duly authorized director or officer.

DATED as of [●].

DIAMEDICA THERAPEUTICS INC.

Per: _____
Name: _____
Title: _____

The Broker Warrants represented hereby are not transferable.

EXERCISE FORM

TO:DIAMEDICA THERAPEUTICS INC.

The undersigned hereby exercises its right to purchase _____ Common Shares and tenders herewith a certified cheque or bank draft payable to DiaMedica Therapeutics Inc. in the amount of $_____, being the aggregate purchase price for such Common Shares.

The Common Shares are to be registered as follows:

Name of Registered Holder: _____

Address of Registered Holder: _____

_____

Social Insurance Number/
Business Number:

Note: If further nominees are intended, please attach (and initial) a schedule providing these particulars.

DATED this _____ day of _____, _____.

_____ Per: _____
Signature Guaranteed Name:
Title:

Instructions:

1. If the Exercise Form indicates that Common Shares are to be issued to a person or persons other than the Holder, the signature of such Holder on the Exercise Form must be guaranteed by an authorized officer of a chartered bank, trust company or an investment dealer who is a member of a recognized stock exchange, and the Holder must pay any applicable transfer taxes or fees.

2. If the Exercise Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, this Broker Warrant Certificate must be accompanied by evidence, satisfactory to the Corporation, of the authority of such person to sign the Exercise Form.

ADDITIONAL TERMS AND CONDITIONS

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Broker Warrant Certificate, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the meanings ascribed to them below:

(a) "**Broker Warrants**" means the warrants to acquire Common Shares represented by this Broker Warrant Certificate;

(b) "**Business Day**" means a day that is not a Saturday, Sunday, a day on which banks are closed in the City of Vancouver, British Columbia or in the City of Toronto, Ontario or a civic or statutory holiday in the City of Vancouver, British Columbia or in the City of Toronto, Ontario;

(c) "**Common Shares**" means the common shares in the capital of the Corporation as such shares existed at the close of business on the Business Day immediately preceding the Effective Date;

(d) "**Current Market Price"** of the Common Shares at any date means the volume-weighted average trading price per share for such shares for the last ten consecutive Trading Days ending three trading days prior to such date on the Exchange. If on such date the Common Shares are not listed on any stock exchange, then on such over-the-counter market or otherwise as may be determined by the directors, acting reasonably;

(e) "**Effective Date**" means [●];

(f) "**Exchange**" means the means the TSX Venture Exchange or such other nationally recognized exchange in Canada or the United States on which the Corporation's shares may be listed and as selected by the directors of the Corporation;

(g) "**person**" means an individual, body corporate, partnership, trust, trustee, executor, administrator, legal representative or any unincorporated organization; and

(h) "**Trading Day**" means, with respect to a stock exchange, a day on which such exchange is open for the transaction of business and with respect to the over-the-counter market a day on which the market is open for the transaction of business.

Words importing the singular number include the plural and *vice versa* and words importing the masculine gender include the feminine and neuter genders.

1.2 Interpretation Not Affected by Headings

The division of these Additional Terms and Conditions into Articles, Sections and subsections, and the insertion of headings, are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless the context otherwise requires, references herein to Articles, Sections and subsections are to Articles, Sections and subsections of this Broker Warrant Certificate.

1.3 Applicable Law

These Additional Terms and Conditions shall be construed in accordance with, and the rights and obligations of the Holder and the Corporation hereunder shall be governed by, the laws of the Province of Manitoba and the federal laws of Canada applicable therein, without regard to principles of conflicts of law. The Holder attorns to the non-exclusive jurisdiction of the courts of the Province of Manitoba in respect of all matters and disputes arising hereunder.

ARTICLE 2
ISSUE OF BROKER WARRANTS

2.1 Issue of Broker Warrants

That number of Broker Warrants set out on the Broker Warrant Certificate have been duly created, authorized and issued.

2.2 Additional Broker Warrants

Subject to any other written agreement between the Corporation and the Holder, the Corporation may at any time and from time to time undertake further equity or debt financing and may issue additional Common Shares, Broker Warrants or grant options or similar rights to purchase Common Shares to any person.

2.3 Issue in Substitution for Lost Broker Warrants

That number of Broker Warrants set out on the Broker Warrant Certificate have been duly created, authorized and issued.

(a) If any Broker Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law and to Subsection 2.3(b), shall issue a new Broker Warrant Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Broker Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Broker Warrant Certificate, and the Broker Warrants evidenced thereby shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Broker Warrants issued or to be issued hereunder.

(b) The applicant for the issue of a new Broker Warrant Certificate pursuant to this Section 2.3 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Broker Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation, in its sole discretion, acting reasonably, and such applicant shall be satisfactory to the Corporation, in its sole discretion, acting reasonably.

2.4 Warrantholder Not a Shareholder

Nothing in the holding of a Broker Warrant or Broker Warrant Certificate shall, in itself, confer or be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Corporation, including, but not limited to, the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Corporation, or the right to receive dividends and other distributions.

ARTICLE 3
EXERCISE OF BROKER WARRANTS

3.1 Method of Exercise

(a) The Holder may exercise the right conferred on such holder to purchase Common Shares by delivering to the Corporation a duly completed and executed exercise form in the form approved by the Corporation and substantially in the form attached hereto (the "**Exercise Form**") of the registered holder, or his or her executors, or administrators or other legal representative or his or her attorney duly appointed by an instrument in writing in a form and manner satisfactory to the Corporation, together with such other documentation and the Corporation may reasonably require.

(b) Each Exercise Form referred to in Subsection 3.1(a) shall be signed by the Holder or the Holder's executors or administrators or other legal representatives or an attorney of the Holder duly appointed by an instrument in writing satisfactory to the Corporation, acting reasonably, and shall specify the number of Common Shares which the Holder wishes to acquire (being not more than those which the Holder is entitled to acquire pursuant to this Broker Warrant Certificate).

(c) Notwithstanding the foregoing in this Section 3.1, a holder who exercises Broker Warrants pursuant to this Section 3.1 will be deemed to have certified that the Holder is not a resident of the United States or a U.S. Person on the Exercise Date. "United States" and "U.S. Person" are as defined in Regulations S under the *United States Securities Act* of 1933, as amended.

3.2 Effect of Exercise

Common Shares purchased on the exercise of Broker Warrants shall be issued as fully paid and non-assessable shares in the capital of the Corporation and the Holder (or its nominee(s) as provided in the Exercise Form) shall become the holder of record of such Common Shares effective as of the Exercise Date. The Corporation will mail or deliver or cause to be mailed or delivered to the Holder at the Holder's address set out herein or, if so specified by the Holder, as set out in the Exercise Form, certificate(s) representing the Common Shares so purchased within three Business Days of the applicable Exercise Date.

3.3 Partial Exercise; Fractions

(a) The Holder may exercise less than the total number of Broker Warrants represented hereby, in which case, the Corporation shall mail or deliver or cause to be mailed or delivered to the Holder at the Holder's address set out herein or, if so specified by the Holder, as set out in the applicable Exercise Form, a Broker Warrant Certificate duly executed by the Corporation representing the balance of the Broker Warrants not so exercised by the Holder within five Business Days of the applicable Exercise Date.

(b) Notwithstanding anything herein contained, including any adjustment provided for in Article 4, the Corporation shall not be required, upon the exercise of any Broker Warrants (and after taking into account the aggregate number of Common Shares purchased pursuant to the exercise of all Broker Warrants by a particular Holder on a particular Exercise Date), to issue fractions of Common Shares or to distribute certificates which evidence a fractional Common Shares. The Corporation shall not be required to make any payment to a holder who, absent this Subsection 3.3(b), would otherwise have been entitled to receive a fractional share.

3.4 Expiration

At the Expiry Time all rights hereunder shall wholly cease and terminate and the Broker Warrants shall be void and of no effect whatsoever.

3.5 Securities Restrictions

Notwithstanding anything herein contained, no Common Shares will be issued pursuant to the exercise of any Broker Warrant if the issuance of such Common Shares would constitute a violation of the securities laws of any applicable jurisdiction, and without limiting the generality of the foregoing, in the event that the Broker Warrants are exercised pursuant to Section 3.1, the certificates representing the Common Shares thereby issued will bear such legend as may, in the opinion of counsel to the Corporation, be necessary in order to avoid a violation of any securities laws of any province in Canada or of the United States or to comply with the requirements of any stock exchange on which the Common Shares are listed, provided that if, at any time, in the opinion of counsel to the Corporation, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder’s expense, provides the Corporation with satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Common Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Corporation in exchange for a certificate which does not bear such legend.

ARTICLE 4
GENERAL

4.1 Common Shares

Until the Expiry Time, the Corporation shall reserve and keep available for issue upon the exercise of the Broker Warrants such number of authorized but unissued Common Shares as may be necessary to satisfy in full the rights of the Holder to purchase Common Shares hereunder.

4.2 Notice to Regulatory Authorities

If so required by law or the rules of any stock exchange or securities regulatory authority, the Corporation may give notice of the issuance of any Common Shares pursuant to the exercise of Broker Warrants in such detail as may be required by such regulatory authority.

4.3 Legends

If so required by law or the rules of any stock exchange or securities regulatory authority, the Corporation may endorse certificates representing Common Shares issued on exercise of Broker Warrants with such legends as may be so required.

4.4 Transfer Taxes

The Corporation shall pay any and all transfer taxes (if any) that may be payable in respect of the issuance or delivery of Common Shares upon the exercise of the Broker Warrants; *provided, however*, that the Corporation shall not be required to pay any such tax or taxes that may be payable in respect of the issuance or delivery of Common Shares issued upon the exercise of the Broker Warrants in the name of a person or persons other than the Holder.

ARTICLE 5
ADJUSTMENTS

5.1 Adjustments of Exercise Price and Number of Common Shares Issuable

The acquisition rights in effect at any date attaching to the Broker Warrants shall be subject to adjustment from time to time as follows:

(a) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall:

(i) subdivide, redivide or change its outstanding Common Shares into a greater number of shares;

(ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of shares; or

(iii) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the then outstanding Common Shares by way of stock dividend or otherwise (other than the issue of Common Shares to holders of Common Shares pursuant to their exercise of options or the exercise of previously granted warrants, including the Warrants issued hereunder, or as dividends in the form of Common Shares in lieu of dividends paid in the ordinary course on the Common Shares);

then the Exercise Price shall be adjusted, in the case of any action described in (i) or (ii) above, on the effective date thereof, and, in the case of any action described in (iii) above, immediately after the record date thereof by multiplying the Exercise Price in effect immediately prior to such effective date or the close of business on such record date, as the case may be, by a fraction of which the numerator shall be the total number of Common Shares outstanding immediately prior to such effective date or the close of business on such record date, as the case may be, and the denominator shall be the total number of Common Shares outstanding on such effective date or immediately after such record date, as the case may be, and, upon any adjustment of the Exercise Price pursuant to this subsection 5.1(a), the number of Common Shares subject to the right of purchase under each Broker Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment. Such adjustment shall be made successively whenever any event referred to in this subsection 5.1(a) shall occur;

(b) if and whenever at any time from the date hereof and prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Subsection 5.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale, lease, exchange or transfer of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, the Holder shall be entitled to receive and shall accept, in lieu of the number of Common Shares originally sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such consolidation, amalgamation, arrangement or merger, or to which such sale, lease, exchange or transfer may be made, as the case may be, that such Holder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale, lease, exchange or transfer, if, on the record date or the effective date thereof, as the case may be, the Holder had been the registered holder of the number of Common Shares originally sought to be acquired by it and to which it was entitled to acquire upon the exercise of the Broker Warrants. If determined appropriate by the Corporation to give effect to or to evidence the provisions of this Subsection 5.1(b), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, reorganization, consolidation, amalgamation, arrangement, merger, sale, lease, exchange or transfer, issue a new Broker Warrant Certificate or amend this Broker Warrant Certificate which shall provide, to the extent possible, for the application of the provisions set forth herein with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Broker Warrant Certificate shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Holder is entitled on the exercise of its acquisition rights thereafter. Any broker warrant certificate issued by the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Corporation shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 5.1 and which shall apply to successive reclassifications, reorganizations, consolidations, amalgamations, arrangements, mergers, sales, leases, exchanges or transfers;

(c) the adjustments provided for in this Article 5 in the number of Common Shares and classes of securities which are to be received on the exercise of Broker Warrants are cumulative. After any adjustment pursuant to this Section 5.1, the term "Common Shares" where used herein shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 5.1, the Holder is entitled to receive upon the exercise of its Broker Warrant, and the number of Common Shares indicated by any exercise made pursuant to a Broker Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Holder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 5.1, upon the full exercise of a Broker Warrant;

(d) subject only to this Article 5, no Holder shall be entitled to receive at any time cash or property of any kind in lieu of those Common Shares issuable on the exercise of the Broker Warrants held by such Holder; and

(e) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall take any action affecting or relating to the Common Shares, other than any action described in this Article, which in the opinion of the Corporation would prejudicially affect the rights of any holders of Broker Warrants, the number of Common Shares to be issued on the exercise of Broker Warrants and the exercise price thereof will, subject to the approval of the Exchange, be adjusted by the Corporation in such manner, if any, and at such time, as the Corporation may in its sole discretion determine to be equitable in the circumstances.

5.2 No De Minimis Adjustments

No adjustment in the Exercise Price or in the number of Common Shares subject to the right of purchase under each Broker Warrant shall be required unless such adjustment would result in a change of at least 1% in the Exercise Price then in effect or unless the number of Common Shares subject to the right of purchase under each Warrant would change by at least 1/100th of a Common Share, provided, however, that any adjustments, which, except for the provisions of this Subsection 5.2 would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

5.3 Entitlement to Shares on Exercise of Warrant

All shares of any class or other securities which a Holder is at the time in question entitled to receive on the exercise of its Broker Warrant, whether or not as a result of adjustments made pursuant to this Article 5, shall, for the purposes of the interpretation of this Broker Warrant Certificate, be deemed to be shares which such Holder is entitled to acquire pursuant to such Broker Warrant.

5.4 Determination by Corporation's Auditors

In the event of any question or dispute of the holder arising with respect to the adjustments provided for in this Article 5, such question shall be conclusively determined by the Corporation's Auditors who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Holders and all other persons interested therein.

5.5 Proceedings Prior to any Action Requiring Adjustment

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Broker Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of Corporation's counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non assessable all the shares which the holders of such Broker Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

ARTICLE 6
COVENANTS OF THE CORPORATION

6.1 Covenants of the Corporation

The Corporation hereby covenants and agrees as follows:

(a) subject to Subsection 5.1(b), it will at all times maintain its corporate existence and will carry on its business as currently carried on;

(b) it will reserve and there will remain unissued out of its authorize capital a sufficient number of Common Shares to satisfy the rights of acquisition provided for in the Broker Warrant Certificate; and

(c) all Common Shares issued upon exercise of the right to purchase provided for herein shall, upon payment of the Exercise Price therefore, be issued as fully paid and non-assessable shares.

ARTICLE 7
TRANSFER OF BROKER WARRANTS

7.1 Transfer of Broker Warrants

The Broker Warrants evidences by this Broker Warrant Certificate cannot be transferred or otherwise disposed of, in whole or in part, to any person.

ARTICLE 8
AMENDMENTS

8.1 Amendments Generally

The terms of the Broker Warrants represented by the Broker Warrant Certificate may be amended only by a written instrument signed by the Corporation and the Holder.

ARTICLE 9
NOTICES

9.1 Notices

Notices required or permitted to be given hereunder shall be validly given by a party if such notice is sent to the address of the other party at the address of such party hereinbefore set forth. Such address may be changed from time to time by a party on written notice thereof given by such party to the other party.

Exhibit 4.11

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

WARRANT CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE IN THE SECURITY BEFORE [●], 2018.

THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED BY OR ON BEHALF OF A "U.S. PERSON" OR A PERSON IN THE UNITED STATES UNLESS THE WARRANT AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

DIAMEDICA THERAPEUTICS INC.
(Continued under the laws of Canada)

WARRANT
CERTIFICATE NO. [●]

THIS IS TO CERTIFY THAT:

RAY COLASIMONE

is the registered holder of **[●]** transferable warrants of DiaMedica Therapeutics Inc.

The warrants ("**Warrants**") of DiaMedica Therapeutics Inc. (the "**Corporation**") represented by this certificate are issued upon the terms and subject to the conditions set forth in Schedule "A" attached hereto (the "**Terms and Conditions**") and, by acceptance of this certificate, the holder agrees to be bound by all of the terms and conditions thereby.

This certificate may only be transferred, upon compliance with the conditions prescribed in this certificate and in the Terms and Conditions.

The Warrants represented by this certificate may only be exercised at the U.S. office of the Corporation at DiaMedica Therapeutics Inc., c/o DiaMedica USA Inc., Two Carlson Parkway, Suite 260, Minneapolis, Minnesota 55447, to the attention of the Chief Executive Office, upon surrender of this certificate with the exercise form on the reverse side hereof (or a separate notice on substantially the same form (the "Exercise Form") duly completed and executed, and a certified cheque or bank draft payable to or to the order of the Corporation in immediately available funds, for the full purchase price of the Common Shares so subscribed for.

IN WITNESS WHEREOF, DiaMedica Therapeutics Inc. has caused this certificate to be executed by a duly authorized director or officer.

Dated the ___ day of _____, 2017**:**

DIAMEDICA THERAPEUTICS INC.

By:_____

(Authorized Officer)

EXERCISE AND TERMS OF SUBSCRIPTION RIGHT

Subject to the terms, covenants, conditions and provisions attached to this Warrant Certificate as Schedule "A" (the "**Terms and Conditions**") each whole Warrant entitles the holder thereof, at any time prior to 5:00 p.m. (Central time) on the Expiry Date (as defined below) (the "**Time of Expiry**") to acquire in the manner and subject to the restrictions and adjustments set forth herein and in the Terms and Conditions, one (1) fully paid and non-assessable common share ("**Common Share**") of DiaMedica Therapeutics Inc. (the "**Corporation**") as such shares were constituted on the Effective Date, upon payment of USD$0.35 per share payable to the Corporation by way of certified cheque, money order or bank draft. The "Expiry Date" means December 19, 2019, or if on any date (the "Accelerated Exercise Date") the volume-weighted average trading price of the Common Shares on the TSX Venture Exchange (or such other recognized Canadian stock exchange on which the Common Shares are then listed) equals or exceeds USD$0.60 per Common Share for a period of 21 consecutive Trading Days, then, at the Corporation's sole discretion and upon the Corporation sending the holder written notice of such Accelerated Exercise Date (the "Acceleration Notice") and issuing a news release announcing such Accelerated Exercise Date (the "Acceleration Press Release"), the day that is 21 days following the later of: (i) the date on which such Acceleration Notice is sent to the holder; and (ii) the date on which the Acceleration Press Release is issued. The Acceleration Notice shall be conclusively deemed to have been sent by the Corporation on the date the Acceleration Notice is sent by first class mail to the registered address of the Warrantholder as reflected on the register of Warrantholders maintained pursuant to the Terms and Conditions. **Any Warrants not exercised prior to the Time of Expiry shall be void and of no effect.** Any terms utilized herein and not otherwise defined shall have the meanings ascribed thereto in the Terms and Conditions.

A holder of Warrants may exercise his/her/its Warrants and subscribe for the resulting whole number of Common Shares or any lesser whole number of Common Shares by forwarding the aggregate Exercise Price for each Common Share subscribed for in accordance with the Terms and Conditions.

The Exercise Price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of the Corporation, or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the Corporation attention: the Chief Executive Officer. The entire Exercise Price for Common Shares subscribed for must be paid at the time of subscription and must be received by the Corporation prior to the Time of Expiry on the applicable Exercise Date.

The subscription rights in effect under the Warrants for Common Shares of the Corporation issuable upon the exercise of the Warrants shall be subject to adjustment from time to time as set forth in the Terms and Conditions. Any determination as to such adjustment shall be made by the Corporation, in its sole and absolute discretion, shall be subject to the prior approval of the TSX Venture Exchange, and shall for all purposes be conclusive and binding on all holders of Warrants.

The holding of the Warrants evidenced by this Warrant Certificate shall not constitute the holder hereof a shareholder of the Corporation or entitle the holder to any right or interest in respect thereof except as expressly provided in the Terms and Conditions and in this Warrant Certificate.

The Terms and Conditions provide that all holders of Warrants shall be bound by any resolution passed at a meeting of the holders of Warrants held in accordance with the provisions of the Terms and Conditions and resolutions signed by the holders of Warrants entitled to acquire a specified majority of the Common Shares which may be acquired pursuant to all then outstanding Warrants.

The Warrants evidenced by this Warrant Certificate may be transferred on the register kept at the office of the Corporation by the registered holder hereof or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation, upon compliance with the conditions prescribed in the Terms and Conditions including the execution of the Transfer Form attached to this Warrant Certificate and all applicable laws and upon compliance with such reasonable requirements as the Corporation may prescribe.

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to

(full name of Transferee)	(full address of Transferee)

_____ Warrants of DiaMedica Therapeutics Inc. registered in the name of the undersigned on the records of the Corporation represented by the attached Warrant Certificate and irrevocably appoints the Corporation the attorney of the undersigned to transfer the said securities on the books or register with full power of substitution.

DATED the _____ day of _____, _____

Signature Guaranteed	(Signature of Warrantholder)

Instructions:

1) The signature of the Warrantholder must be the signature of the person appearing on the face of this Warrant Certificate.

2) If the Transfer Form is signed on behalf of a corporation, partnership, association, or by an agent, trustee, executor, administrator, curator, guardian, attorney or any person acting in a judicial or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

3) The signature on the Transfer Form must be guaranteed by one of the following methods:

   ***In Canada and the US*: a Medallion Guarantee** obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP). Many banks, credit unions and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".

   ***In Canada*: a Signature Guarantee** obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".

   Outside Canada and the US: Warrantholders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the US that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.

4) This Warrant bears a restrictive legend under the U.S. Securities Act of 1933, this transfer must be accompanied by a legal opinion of counsel or other evidence of exemption reasonably satisfactory to DiaMedica Therapeutics Inc.

5) Warrants shall only be transferable in accordance with applicable laws.

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

EXERCISE FORM

TO: DiaMedica Therapeutics Inc.

The undersigned hereby exercises the right to acquire _____Common Shares of DiaMedica Therapeutics Inc. as constituted on December 18, 2017 (or such number of other securities or property to which such Warrants entitle the undersigned in lieu thereof or in addition thereto under the provisions of the accompanying Warrant Certificate) in accordance with and subject to the provisions of such Warrant Certificate. The Exercise Price payable shall be the number of Common Shares listed above multiplied by the Exercise Price (as defined in the Terms and Conditions attached to the Warrant Certificate).

The Common Shares (or other securities or property) are to be issued as follows:

Name: _____

Address in full: _____

_____

Social Insurance Number/Business Number: _____

Note: If further nominees intend, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, _____

_____ _____
Signature Guaranteed (Signature of Warrantholder)

_____
(Print full name)

_____
(Print full address)

Instructions:

1. The certificates are issued subject to the terms and conditions attached as Schedule "A" to the Warrant Certificate.

   If the Exercise Form indicates that Common Shares are to be issued to a person or persons other than the registered holder of the Warrant Certificate, the signature of such holder on the Exercise Form must be guaranteed by one of the following methods:

   ***In Canada and the US*: a Medallion Guarantee** obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP). Many banks, credit unions and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".

   ***In Canada*: a Signature Guarantee** obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".

   Outside Canada and the US: Warrantholders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the US that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.

2. If the Exercise Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a judicial or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

SCHEDULE TO WARRANT CERTIFICATE

**TERMS AND CONDITIONS OF WARRANTS OF DIAMEDICA THERAPEUTICS INC.
(the "Terms and Conditions")**

ARTICLE 1
INTERPRETATION

1.1 Definitions

In these Terms and Conditions, unless there is something in the subject matter or context inconsistent therewith:

(a) "**Applicable Legislation**" means the provisions of the *Canada Business Corporations Act* as from time to time amended;

(b) "**Business Day**" means a day that is not a Saturday, Sunday, a day on which banks are closed in the City of Toronto, Ontario or a civic or statutory holiday in the City of Toronto, Ontario;

(c) "**certificate of the Corporation**" means a certificate signed in the name of the Corporation by its Chairman, President or Chief Financial Officer and may consist of one or more instruments so executed.

(d) "**Common Shares**" means, subject to Section 4.1, fully paid and non assessable common shares of the Corporation as presently constituted;

(e) "**Corporation's Auditors**" means a firm of chartered accountants duly appointed as auditors of the Corporation;

(f) "**Counsel**" means a barrister or solicitor or a firm of barristers and solicitors retained by the Corporation;

(g) "**Current Market Price**" of the Common Shares at any date means the volume-weighted average trading price per share for such shares for the last ten consecutive Trading Days ending three trading days prior to such date on the Exchange or, if on such date the Common Shares are not listed on the Exchange, on such stock exchange upon which such shares are listed and as selected by the directors, or, if such shares are not listed on any stock exchange, then on such over the counter market or otherwise as may be determined by the directors, acting reasonably;

(h) "**director**" means a director of the Corporation for the time being and, unless otherwise specified herein, reference without more to action "by the directors" means action by the directors of the Corporation as a board or, whenever duly empowered, action by any committee of such board;

(i) "**Effective Date**" means the date hereof;

(j) "**Exchange**" means the TSX Venture Exchange;

(k) "**Exercise Date**" means, with respect to any Warrant, the date on which the Warrant Certificate representing such Warrant is duly surrendered for exercise along with full payment of the Exercise Price, all in accordance with the terms hereof;

(l) "**Exercise Price**" means USD$0.35 per share, subject to adjustment as provided herein;

(m) "**Expiry Date**" means December 18, 2019;

(n) "**person**" means an individual, body corporate, partnership, trust, trustee, executor, administrator, legal representative or any unincorporated organization;

(o) "**Shareholder**" means a holder of record of one or more Common Shares;

(p) "**Subsidiary of the Corporation**" or "**Subsidiary**" means any corporation of which more than fifty (50%) percent of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

(q) **"Terms and Conditions"** means these Terms and Conditions which form a part of the Warrant Certificate;

(r) "**Time of Expiry**" means 5:00p.m. (Central time) on the Expiry Date;

(s) "**Trading Day**" means, with respect to a stock exchange, a day on which such exchange is open for the transaction of business and with respect to the over the counter market means a day on which the Exchange is open for the transaction of business;

(t) "**Units**" means the units offered by the Corporation pursuant to a non-brokered private placement, each such unit consisting of one Common Share and one Warrant;

(u) "**Voting Shares**" means shares of the capital stock of any class of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares, whether or not such event shall have occurred, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event;

(v) "**Warrant**" means a whole Common Share purchase warrant of the Corporation, with one Warrant forming part of each Unit, and to be issued pursuant to and in accordance with this Warrant Certificate entitling holders of each whole Warrant to acquire one Common Share at the Exercise Price until the Time of Expiry for each whole common share purchase Warrant held, subject to the terms and conditions herein;

(w) "**Warrant Certificate**" means this Warrant certificate exhibits, attachments and schedules thereto;

(x) "**this Warrant Certificate**" "**this Certificate**", "**herein**", "**hereby**", "**hereof**" and similar expressions mean and refer to this Warrant Certificate; and the expressions "**Article**", "**Section**", "**subsection**" and "**paragraph**" followed by a number, letter or both mean and refer to the specified article, section, subsection or paragraph of this Warrant Certificate;

(y) "**Warrantholder**", or "**holder**" means the person who is the registered owner of the Warrants;

1.2 Gender and Number

Unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.3 Interpretation not Affected by Headings, etc.

The division of these Terms and Conditions into Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of these Terms and Conditions.

1.4 Day not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence of this Warrant Certificate.

1.6 Currency

Except as otherwise stated, all dollar amounts herein are expressed in United States dollars.

1.7 Applicable Law

This Warrant Certificate shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and shall be treated in all respects as British Columbia contracts. Each of the parties irrevocably attorns to the exclusive jurisdiction of the courts of the Province of British Columbia with respect to all matters arising out of this Warrant Certificate and the transactions contemplated herein.

ARTICLE 2
ISSUE OF WARRANTS

2.1 Terms of Warrants

(a) Each Warrant shall entitle the holder thereof, upon the exercise thereof prior to the Time of Expiry, to acquire one (1) Common Share on payment of the Exercise Price.

(b) No fractional Warrants shall be issued or otherwise provided for hereunder.

(c) The number of Common Shares which may be acquired pursuant to the exercise of Warrants shall be adjusted in the circumstances and in the manner specified in Article 4.

2.2 Warrantholder not a Shareholder

Nothing in the holding of a Warrant or Warrant Certificate or otherwise, shall, in itself, confer or be construed as conferring upon a Warrantholder any right or interest whatsoever as a Shareholder or as any other shareholder of the Corporation, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of Shareholders or any other proceedings of the Corporation, or the right to receive dividends and other distributions.

2.3 Form of Warrants

The Warrants shall be issued in certificated form and shall be dated as of the Effective Date regardless of the date of issuance, shall bear such legends and distinguishing letters and numbers as the Corporation may, subject to applicable securities laws, prescribe, and shall be issuable in any denomination excluding fractions.

2.4 Signing of Warrant Certificates

The Warrant Certificates shall be signed (with or without the seal of the Corporation) by any one director or officer of the Corporation. The signatures of any such director or officer may be mechanically reproduced in facsimile or other electronically transmitted form and Warrant Certificates bearing such a signature shall be binding upon the Corporation as if they had been manually signed by such director or officer. Notwithstanding that any person whose manual or facsimile or other electronically transmitted signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of such Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate signed as aforesaid shall, be a valid and binding obligation of the Corporation and the holder thereof shall be entitled to the benefits of this Warrant Certificate.

2.5 Issue in Substitution for Warrant Certificates Lost, etc.

(a) If any Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law and to Subsection 2.5(b), shall issue, a new Warrant Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in substantially the same as this Warrant Certificate and the Warrants evidenced thereby shall be entitled to the benefits hereof.

(b) The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.5 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation, in its sole discretion, acting reasonably, and such applicant shall also be required to furnish an indemnity or security in amount and form satisfactory to the Corporation, in its sole discretion, and shall pay the reasonable charges of the Corporation in connection therewith.

2.6 Exchange of Warrant Certificates

(a) Any one or more Warrant Certificates representing any number of Warrants may, upon compliance with the reasonable requirements of the Corporation, be exchanged for one or more other Warrant Certificates representing the same aggregate number of Warrants as represented by the Warrant Certificate or Warrant Certificates tendered for exchange.

(b) Warrant Certificates may be exchanged only at the Corporation or at any other place that is designated by the Corporation. Any Warrant Certificate tendered for exchange shall be cancelled by the Corporation.

(c) The Corporation shall sign all Warrant Certificates necessary to carry out exchanges as aforesaid.

(d) Warrant Certificates issued pursuant to this Section 2.6 shall be in same form and shall bear the same legends as those Warrant Certificates they are exchanged for.

2.7 Transfer and Ownership of Warrants

(a) A Warrantholder may transfer his or her Warrants in the manner and subject to the terms set out in this Warrant Certificate. Each Warrantholder, by its acceptance of the Warrants, will be deemed to have acknowledged and agreed to the restrictions on the transfer of Warrants set out herein.

(b) Subject to Subsection 2.7(c), title to the Warrants shall be transferable by delivery of the Warrant Certificates and the duly completed and executed transfer form, together with all necessary endorsements or proper instruments of transfer; provided that registration of the transfer by the Corporation shall be necessary to become a registered holder of the Warrant Certificate and to enjoy the rights and benefits of registration set out in this Warrant Certificate. The Corporation may deem and treat the registered owner of any Warrant as the beneficial owner thereof for all purposes and the Corporation shall not be affected by any notice or knowledge to the contrary except as required by statute or court of competent jurisdiction.

(c) Warrants may only be transferred on the register of the Corporation kept at the Corporation by the registered holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation, upon surrendering to the Corporation for cancellation the Warrant Certificate evidencing such Warrants and upon compliance with:

(i) the conditions set forth in this Warrant Certificate;

(ii) such reasonable requirements as the Corporation may prescribe, including, without limitation, the payment of all stamp taxes or governmental or other charges arising by reason of such transfer; and

(iii) all applicable securities legislation and requirements of regulatory authorities.

Upon satisfaction of all such requirements, the Corporation shall, subject to Subsection 2.7(d), record such transfer in such register and issue to the transferee a Warrant Certificate evidencing the Warrants transferred.

(d) Notwithstanding any provision to the contrary contained in this Warrant Certificate, the Corporation will, on the advice of counsel, acting reasonably, be entitled to refuse to recognize and transfer, or enter the name of any transferee of any Warrant on the register if such transfer would constitute a violation of the securities laws of any jurisdiction.

(e) The holder of Warrants evidenced by a Warrant Certificate may transfer a number of Warrants less than the total number of Warrants evidenced by such Warrant Certificate. In the event of a transfer by a holder of a number of Warrants of less than the total number evidenced by a surrendered Warrant Certificate, the holder shall be entitled to receive a new Warrant Certificate evidencing the balance of the Warrants that are not being transferred.

(f) The Corporation will deem and treat the registered owner of any Warrant as the beneficial owner thereof for all purposes and the Corporation shall not be affected by any notice to the contrary. Subject to the provisions of this Warrant Certificate and applicable legislation, the Warrantholder shall be entitled to the rights and privileges attaching to the Warrants free from all equities or rights of set off or counterclaims between the Corporation and the original and any intermediate holder of the Warrants, and the issue of Common Shares by the Corporation, upon the exercise of Warrants by any Warrantholder in accordance with the terms and conditions herein contained, shall discharge all responsibilities of the Corporation with respect to such Warrants and the Corporation shall not be bound to inquire into the title of any such holder.

(g) The Warrants and the Common Shares issuable upon exercise thereof have not been registered under the U.S. Securities Act, or the securities laws of any State, and may not be transferred unless the Warrants and the Common Shares issuable upon exercise thereof have been registered under the U.S. Securities Act and the securities laws of all applicable States or an exemption or exclusion from such registration requirements is available. The Corporation shall not permit the transfer of any Warrants unless the holder thereof has provided to the Corporation an opinion of counsel, or other evidence, in form reasonably satisfactory to the Corporation, to the effect that such transfer of Warrants does not require registration under the U.S. Securities Act or any applicable State laws and regulations governing the offer and sale of securities.

The Corporation shall be protected in acting and relying on the address provided for purposes of determining if the transfer is to a U.S. Person.

2.8 Charges for Exchange or Transfer

Except as otherwise herein provided, a reasonable charge shall be levied to the Corporation in respect of the transfer or the exchange of a Warrant Certificate or the issue of a new Warrant Certificate(s) pursuant hereto including the reimbursement of the Corporation for any and all transfer, stamp or similar taxes or other governmental charges required to be paid by the holder requesting such transfer or exchange as a condition precedent to such transfer or exchange.

2.9 Cancellation of Surrendered Warrants

All Warrant Certificates surrendered pursuant to this Warrant Certificate shall be returned to the Corporation for cancellation and, after the expiry of any period of retention prescribed by law, destroyed by the Corporation.

2.10 Assumption by Transferee and Release of Transferor

Upon becoming a Warrantholder in accordance with the provisions of this Warrant Certificate, the transferee thereof shall be deemed to have acknowledged and agreed to be bound by these Terms and Conditions. Upon the registration of such transferee as the holder of a Warrant, the transferor shall cease to have any further rights under this Warrant Certificate with respect to such Warrant or the Common Share in respect thereof.

ARTICLE 3
EXERCISE OF WARRANTS

3.1 Exercise of Warrants by the Holder

(a) Prior to the Exercise Date, the registered holder of Warrants may exercise the right conferred on such holder to purchase Common Shares by delivering to the Corporation as hereinafter provided, a duly completed and executed exercise form in the form approved by the Corporation and substantially in the form attached hereto as Schedule "A" (the "**Exercise Form**") of the registered holder, or his or her executors, or administrators or other legal representative or his or her attorney duly appointed by an instrument in writing in a form and manner satisfactory to the Corporation, together with such other documentation as the Corporation may reasonably require, specifying the number of Common Shares subscribed for together with a certified cheque, bank draft or money order in lawful currency of Canada payable to or to the order of the Corporation at par in an amount equal to the Exercise Price multiplied by the number of Common Shares being purchased.

(b) Each Exercise Form referred to in Subsection 3.1(a) shall be signed by the Warrantholder or the Warrantholder's executors or administrators or other legal representatives or an attorney of the Warrantholder duly appointed by an instrument in writing satisfactory to the Corporation, acting reasonably, and shall specify the number of Common Shares which the holder wishes to acquire (being not more than those which the holder is entitled to acquire pursuant to the applicable Warrant Certificate surrendered).

(c) The Corporation may stipulate such requirements respecting the exercise of Warrants as it determines to be necessary for the purpose of effecting such exercise in a commercially reasonable manner. Any expense associated with the preparation and delivery of Exercise Forms will be for the account of the Warrantholder.

(d) Notwithstanding the foregoing in this Section 3.1, a Warrantholder who exercises Warrants pursuant to this Section 3.1 will be deemed to have certified that the Warrantholder is not a resident of the United States or a U.S. Person on the Exercise Date. "United States" and "U.S. Person" are as defined in Regulation S under the *United States Securities Act* of 1933, as amended.

3.2 Transfer Fees and Taxes

If any of the Common Shares subscribed for are to be issued to a person or persons other than the Warrantholder, the Warrantholder shall comply with such reasonable requirements as the Corporation may prescribe and shall pay to the Corporation, all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates evidencing Common Shares unless or until such Warrantholder shall have paid to the Corporation, the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that no tax is due.

3.3 Effect of Exercise of Warrants

(a) Upon the exercise of Warrants pursuant to Section 3.1 and subject to Section 3.4, the Common Shares to be issued shall be issued and the person or persons to whom such Common Shares are to be issued shall become the holder or holders of record of such Common Shares on the Exercise Date unless the transfer registers of the Corporation shall be closed on such date, in which case the Common Shares issued upon the exercise of any Warrants shall be issued and such person or persons shall become the holder or holders of record of such Common Shares, on the date on which such transfer registers are reopened.

(b) Upon the due exercise of Warrants pursuant to Section 3.1 and subject to Section 3.4, the Corporation or its nominee shall, as soon as practicable and in any event within five (5) Business Days after the Exercise Date, cause to be mailed to the person or persons in whose name or names the Warrant is registered or, if so specified in writing by the holder, cause to be delivered to such person or persons at the Corporation where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Common Shares issued upon exercise of the Warrants evidenced by the Warrant Certificate.

3.4 Partial Exercise of Warrants; Fractions

(a) The holder of any Warrants may exercise his right to acquire Common Shares in part and may thereby acquire a number of Common Shares less than the aggregate number which such holder is entitled. In the event of any exercise of a number of Warrants less than the number which the holder is entitled to exercise, the holder of the Warrants upon such exercise shall, in addition, be entitled to receive, without charge therefor, a new Warrant Certificate(s) in respect of the balance of the Warrants represented by the surrendered Warrant Certificate(s) and which were not then exercised.

(b) Notwithstanding anything herein contained, including any adjustment provided for in Article 4, the Corporation shall not be required, upon the exercise of any Warrants (and after taking into account the aggregate number of Common Shares purchased pursuant to the exercise of all Warrants by a particular holder on a particular Exercise Date), to issue fractions of Common Shares or to distribute certificates which evidence a fractional Common Share. The Corporation shall not be required to make any payment to a Warrantholder who, absent this Subsection 3.4(b), would otherwise have been entitled to receive a fractional Common Share.

3.5 Expiration of Warrants

(a) Immediately after the Time of Expiry, all rights under any Warrant in respect of which the right of acquisition herein and therein provided for shall not have been exercised shall cease and terminate and such Warrant shall be void and of no further force or effect except to the extent that the Warrantholder has not received certificates representing the Common Shares held by it, in which instances the Warrantholder's rights hereunder shall continue until it has received that to which it is entitled hereunder.

(b) Notwithstanding anything else to the contrary contained herein, if at any time prior to December 19, 2019 the volume-weighted average trading price of the Common Shares on the Exchange (or such other recognized Canadian stock exchange as the Common Shares are then trading on) exceeds USD$0.60 per share for a period of 21 consecutive trading days, the Corporation may, at its option, accelerate the Expiry Date by delivery of an Acceleration Notice to the Warrantholder and issuing an Acceleration Press Release, and, in such case, the Expiry Date shall be deemed to be the 21st day following the later of (i) the date on which the Acceleration Notice is sent to the Warrantholder, and (ii) the date of issuance of the Acceleration Press Release.

3.6 Securities Restrictions

Notwithstanding anything herein contained, no Common Shares will be issued pursuant to the exercise of any Warrant if the issuance of such Common Shares would constitute a violation of the securities laws of any applicable jurisdiction, and without limiting the generality of the foregoing, in the event that the Warrants are exercised pursuant to Section 3.1, the certificates representing the Common Shares thereby issued will bear such legend as may, in the opinion of Counsel to the Corporation, be necessary in order to avoid a violation of any securities laws of any province in Canada or of the United States or to comply with the requirements of any stock exchange on which the Common Shares are listed, provided that if, at any time, in the opinion of Counsel to the Corporation, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder's expense, provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Common Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Corporation in exchange for a certificate which does not bear such legend.

ARTICLE 4
ADJUSTMENT OF NUMBER OF COMMON SHARES

4.1 Adjustment of Number of Common Shares

The acquisition rights in effect at any date attaching to the Warrants shall be subject to adjustment from time to time as follows:

(a) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall:

(i) subdivide, redivide or change its outstanding Common Shares into a greater number of shares;

(ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of shares; or

(iii) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the then outstanding Common Shares by way of stock dividend or otherwise (other than the issue of Common Shares to holders of Common Shares pursuant to their exercise of options or the exercise of previously granted warrants, including the Warrants issued hereunder, or as dividends in the form of Common Shares in lieu of dividends paid in the ordinary course on the Common Shares);

then the Exercise Price shall be adjusted, in the case of any action described in (i) or (ii) above, on the effective date thereof, and, in the case of any action described in (iii) above, immediately after the record date thereof by multiplying the Exercise Price in effect immediately prior to such effective date or the close of business on such record date, as the case may be, by a fraction of which the numerator shall be the total number of Common Shares outstanding immediately prior to such effective date or the close of business on such record date, as the case may be, and the denominator shall be the total number of Common Shares outstanding on such effective date or immediately after such record date, as the case may be, and, upon any adjustment of the Exercise Price pursuant to this subsection 4.1(a), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment. Such adjustment shall be made successively whenever any event referred to in this subsection 4.1(a) shall occur;

(b) if and whenever at any time from the date hereof and prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Subsection 4.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale, lease, exchange or transfer of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, a Warrantholder shall be entitled to receive and shall accept, in lieu of the number of Common Shares originally sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such consolidation, amalgamation, arrangement or merger, or to which such sale, lease, exchange or transfer may be made, as the case may be, that such Warrantholder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale, lease, exchange or transfer, if, on the record date or the effective date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Common Shares originally sought to be acquired by it and to which it was entitled to acquire upon the exercise of the Warrants. If determined appropriate by the Corporation to give effect to or to evidence the provisions of this Subsection 4.1(b), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, reorganization, consolidation, amalgamation, arrangement, merger, sale, lease, exchange or transfer, issue a new Warrant Certificate or amend this Warrant Certificate which shall provide, to the extent possible, for the application of the provisions set forth herein with respect to the rights and interests thereafter of the Warrantholder to the end that the provisions set forth in this Warrant Certificate shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Warrantholder is entitled on the exercise of its acquisition rights thereafter. Any warrant certificate issued by the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Corporation shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which shall apply to successive reclassifications, reorganizations, consolidations, amalgamations, arrangements, mergers, sales, leases, exchanges or transfers;

(c) if and whenever at any time after the date hereof and prior to the Time of Expiry:

(i) the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all of the holders of Common Shares entitling them to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for Common Shares) at a price per share (or having a conversion price per share or exchange price per share) less than 95% of the Current Market Price on such record date, and

(ii) the Corporation does not fix a record date for the same date as the record date provided in (c)(i) for the issuance to the Warrantholder of equivalent rights, options or warrants as provided to holders of Common Shares in the event described in (c)(i) and on equivalent terms thereto,

then, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by the following fraction:

$$\frac{A + (B / C)}{A + D}$$

Where:

A	**=**	**Total number of Common Shares outstanding on the record date**
B	**=**	**Aggregate gross price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered)**
C	**=**	**Current Market Price on the record date**
D	**=**	**Total number of additional Common Shares offered for subscription or purchase (or into or for which the convertible or exchangeable securities so offered are convertible or exchangeable)**

and,

(iii) any Common Shares owned by or held for the account of the Corporation or any Subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation;

(iv) such adjustment shall be made successively whenever such a record date is fixed;

(v) to the extent that any such rights, options or warrants are not so issued or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon the number and aggregate price of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be; and

(vi) upon any adjustment of the Exercise Price pursuant to this subsection 4.1(c), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment;

(d) if and whenever at any time after the date hereof and prior to the Time of Expiry:

(i) the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of:

(A) securities of any class, whether of the Corporation or any other corporation (other than a distribution of securities in respect of which an adjustment is provided for in Section 4.1(a), (b) or (c));

(B) evidence of its indebtedness; or

(C) assets or property of the Corporation; and

(ii) the Corporation does not fix a record date for the same date as the record date provided for in (d)(i) for the issuance to the Warrantholder of equivalent shares, evidence of indebtedness, assets or property as provided to holders of Common Shares in the event described in (d)(i) and on equivalent terms thereto,

then, and in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by the following fraction:

$$\frac{(A \times B) - C}{A \times B}$$

Where:

A	**=**	**Total number of Common Shares outstanding on such record date**
B	**=**	**Current Market Price on such record date**
C	**=**	**Aggregate fair market value of such securities, evidence of indebtedness or assets so distributed**

and,

(iii) any Common Shares owned by or held for the account of the Corporation or any Subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation;

(iv) such adjustment shall be made successively whenever such a record date is fixed;

(v) to the extent that such distribution is not so made or any rights, options or warrants distributed are not exercised prior to their expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon such shares, evidences of indebtedness or assets actually distributed, as the case may be; and

(vi) upon any adjustment of the Exercise Price pursuant to Subsection 4.1(d), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment;

(e) the adjustments provided for in this Article 4 in the number of Common Shares and classes of securities which are to be received on the exercise of Warrants are cumulative. After any adjustment pursuant to this Section 4.1, the term "Common Shares" where used in this Warrant Certificate shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, the Warrantholder is entitled to receive upon the exercise of its Warrant, and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of a Warrant;

(f) subject only to this Article 4, no Warrantholder shall be entitled to receive at any time cash or property of any kind in lieu of those Common Shares issuable on the exercise of the Warrants held by such Warrantholder; and

(g) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall take any action affecting or relating to the Common Shares, other than any action described in this Article, which in the opinion of the Corporation would prejudicially affect the rights of any holders of Warrants, the number of Common Shares to be issued on the exercise of Warrants and the exercise price thereof will, subject to the approval of the Exchange, be adjusted by the Corporation in such manner, if any, and at such time, as the Corporation may in its sole discretion determine to be equitable in the circumstances.

4.2 No De Minimis Adjustments

No adjustment in the Exercise Price or in the number of Common Shares subject to the right of purchase under each Warrant shall be required unless such adjustment would result in a change of at least 1% in the Exercise Price then in effect or unless the number of Common Shares subject to the right of purchase under each Warrant would change by at least 1/100th of a Common Share, provided, however, that any adjustments, which, except for the provisions of this Subsection 4.2 would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

4.3 Entitlement to Shares on Exercise of Warrant

All shares of any class or other securities which a Warrantholder is at the time in question entitled to receive on the exercise of its Warrant, whether or not as a result of adjustments made pursuant to this Article 4, shall, for the purposes of the interpretation of this Warrant Certificate, be deemed to be shares which such Warrantholder is entitled to acquire pursuant to such Warrant.

4.4 Determination by Corporation's Auditors

In the event of any question arising with respect to the adjustments provided for in this Article 4, such question shall be conclusively determined by the Corporation's Auditors who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Warrantholder and all other persons interested therein.

4.5 Proceedings Prior to any Action Requiring Adjustment

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of Counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non assessable all the shares which the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

4.6 Certificate of Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Article 4, deliver a certificate of the Corporation to the Warrantholder specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's Auditors verifying such calculation.

4.7 Notice of Special Matters

The Corporation covenants with the Warrantholder that, so long as any Warrants remain outstanding, it will give notice to the Warrantholder of its intention to fix a record date that is prior to the Expiry Date for the issuance of rights, options or warrants (other than the Warrants) to all or substantially all the holders of its outstanding Common Shares. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case at least 14 days prior to such applicable record date.

4.8 No Action after Notice

The Corporation covenants with the Warrantholder that it will not close its transfer books or take any other corporate action which might deprive the Warrantholder of the opportunity to have exercised its right of acquisition pursuant thereto during the period of 14 days after the giving of the notice set forth in Section 4.7.

ARTICLE 5
RIGHTS OF THE CORPORATION AND COVENANTS

5.1 General Covenants

The Corporation covenants with the Warrantholder that so long as any Warrants remain outstanding:

(a) it will allot and reserve and keep available a sufficient number of Common Shares for the purpose of enabling it to satisfy its obligations to issue Common Shares upon the exercise of the Warrants;

(b) it will cause the Common Shares and any certificates representing the Common Shares from time to time acquired pursuant to the exercise of the Warrants to be duly issued and delivered in accordance with this Warrant Certificate, if any, and the terms hereof;

(c) upon payment of the Exercise Price, all Common Shares which shall be issued upon exercise of the rights to acquire provided for in this Warrant Certificate shall be fully paid and non assessable;

(d) it will use its reasonable commercial efforts to maintain its corporate existence; carry on and conduct its business in a proper, efficient and business-like manner in accordance with good business practice; keep or cause to be kept proper books of account in accordance with Canadian generally accepted accounting practice;

(e) it will use its reasonable commercial efforts to ensure that all Common Shares outstanding or issuable from time to time (including without limitation the Common Shares issuable on the exercise of the Warrants) continue to be or are listed and posted for trading on the Exchange, provided that the foregoing shall not restrict or prevent the Corporation from (i) completing a plan of arrangement, take over bid or other business combination which could or may result in delisting of the Common Shares or (ii) graduating to the Toronto Stock Exchange or listing its shares on another recognized stock exchange in Canada or the United States;

(f) it will use its reasonable commercial efforts to maintain its status as a reporting issuer in good standing, in the provinces of Alberta, British Columbia, Manitoba, Ontario and Québec provided that the foregoing shall not restrict or prevent the Corporation from completing a plan of arrangement, take over bid or other business combination which could or may result in the Corporation ceasing to be a reporting issuer in any such jurisdiction;

(g) it will use its reasonable commercial efforts to make all requisite filings to be made by it under applicable Canadian securities legislation and stock exchange rules including without limitation to report the exercise of the rights to acquire Common Shares pursuant to Warrants or otherwise; and

(h) generally, it will well and truly perform and carry out all of the acts or things to be done by it as provided in this Warrant Certificate.

5.2 Optional Purchases by the Corporation

Subject to compliance with applicable securities legislation, the Corporation may purchase from time to time by private contract or otherwise any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the directors, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons and on such other terms as the Corporation, in its sole discretion, may determine. Any Warrant Certificates representing the Warrants purchased pursuant to this Section 5.2 shall forthwith be cancelled by the Corporation upon receipt by the Corporation of the Warrant Certificate. No Warrants shall be issued in replacement thereof.

ARTICLE 6
ENFORCEMENT

6.1 Immunity of Shareholders, etc.

By the acceptance of the Warrant Certificates and as part of the consideration for the issue of the Warrants, the Warrantholder hereby waives and releases any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, director, officer, employee or agent of the Corporation or of any successor Corporation on any covenant, agreement, representation or warranty by the Corporation contained in this Warrant Certificate.

6.2 Limitation of Liability

The obligations hereunder are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future shareholders, directors, officers, employees or agents of the Corporation or of any successor Corporation, but only the property of the Corporation or of any successor Corporation shall be bound in respect hereof.

ARTICLE 7
GENERAL

7.1 Notice to the Corporation and the Warrantholder

(a) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrantholder shall be deemed to be validly given if delivered or if sent by registered letter, postage prepaid or if sent by facsimile:

If to the Corporation:

DiaMedica Therapeutics Inc.
c/o Diamedica USA Inc,
Two Carlson Parkway
Suite 260
Minneapolis, Minnesota
55447

Attention: Chief Executive Officer
Facsimile: (763) 710-4456

If to the Warrantholder:

[●]

Attention: [●]
Email: [●]

and any such notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery or, if mailed, on the fifth Business Day following the actual posting of the notice, or if sent by facsimile or email, the next Business Day after transmission provided that transmission has been completely and accurately transmitted.

(b) The Corporation or the Warrantholder may from time to time notify the other in the manner provided in subsection 7.1(a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrantholder, as the case may be, for all purposes of this Warrant Certificate.

(c) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholder or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered or sent by telecopier or facsimile at the appropriate address or number provided in Subsection 7.1(a).

7.2 Satisfaction and Discharge of Warrant Certificate

Upon the earlier of:

(a) the date by which there shall have been delivered to the Corporation for exercise or destruction all Warrant Certificates theretofore certified hereunder; or

(b) the Time of Expiry,

and if all certificates representing Common Shares required to be issued in compliance with the provisions hereof have been issued and delivered hereunder and if all payments required to be made in compliance with the provisions of Article 4 have been made in accordance with such provisions, this Warrant Certificate shall cease to be of further effect and the Corporation, shall execute proper instruments acknowledging satisfaction of and discharging this Warrant Certificate.

7.3 Provisions of Warrant Certificate and Warrants for the Sole Benefit of the Corporation and Warrantholder

Nothing in this Warrant Certificate, expressed or implied, shall give or be construed to give to any person other than the Corporation and the Warrantholder, any legal or equitable right, remedy or claim under this Warrant Certificate, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the Corporation and the Warrantholder.

7.4 Evidence of Ownership

(a) Upon receipt of a certificate of any bank, trust company or other depositary satisfactory to the Corporation stating that the Warrants specified therein have been deposited by a named person with such bank, trust company or other depositary and will remain so deposited until the expiry of the period specified therein, the Corporation may treat the person so named as the owner, and such certificate as sufficient evidence of the ownership by such person of such Warrant during such period, for the purpose of any requisition, direction, consent, instrument or other document to be made, signed or given by the holder of the Warrant so deposited.

(b) The Corporation may accept as sufficient evidence of the fact and date of the signing of any requisition, direction, consent, instrument or other document by any person:

(i) the signature of any officer of any bank, trust company, or other depositary satisfactory to the Corporation as witness of such execution,

(ii) the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded at the place where such certificate is made that the person signing acknowledged to him the execution thereof,

(iii) a statutory declaration of a witness of such execution, or

(iv) such other documentation as is satisfactory to the Corporation.

7.5 Privacy Laws

The Corporation acknowledges that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Warrant Certificate. Despite any other provision of this Warrant Certificate, the Corporation shall take or direct any action that would contravene applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws.

7.6 Severability

The invalidity or unenforceability of any particular provision of this Warrant Certificate shall not affect or limit the validity or enforceability of the remaining provisions of this Warrant Certificate.

Exhibit 4.12

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

WARRANT CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE IN THE SECURITY BEFORE [●], 2017.

THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A "U.S. PERSON" OR A PERSON IN THE UNITED STATES UNLESS THE WARRANT AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

THIS WARRANT AND THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER OF SUCH SECURITIES AND ITS SUCCESSORS (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER HAS PRIOR TO SUCH TRANSFER FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.]

DIAMEDICA THERAPEUTICS INC.
(Continued under the federal laws of Canada)

WARRANT

CERTIFICATE NO. [●]

THIS IS TO CERTIFY THAT:

[●]

is the registered holder of **[●]** transferable warrants of DiaMedica Therapeutics Inc.

The warrants ("**Warrants**") of DiaMedica Therapeutics Inc. (the "**Corporation**") represented by this certificate are issued upon the terms and subject to the conditions set forth in Schedule "A" attached hereto (the "**Terms and Conditions**") and, by acceptance of this certificate, the holder agrees to be bound by all of the terms and conditions thereby.

The Warrants represented by this certificate may only be transferred, upon compliance with the conditions prescribed in this certificate and in the Terms and Conditions.

The Warrants represented by this certificate may only be exercised at the principal office of the Corporation at DiaMedica Therapeutics Inc. c/o DiaMedica USA Inc. Two Carlson Parkway, Suite 165, Minneapolis, Minnesota 55447 to the attention of the Chief Executive Officer, upon surrender of this certificate with the exercise form on the reverse side hereof (or a separate notice in substantially the same form (the "**Exercise Form**") duly completed and executed, and a certified cheque or bank draft payable to or to the order of the Corporation in immediately available funds, for the full purchase price of the Common Shares (as defined herein) so subscribed for.

IN WITNESS WHEREOF, DiaMedica Therapeutics Inc. has caused this certificate to be executed by a duly authorized director or officer.

Dated the ___ day of _____, 2017**:**

DIAMEDICA THERAPEUTICS INC.

By:_____

(Authorized Officer)

EXERCISE AND TERMS OF SUBSCRIPTION RIGHT

Subject to the terms, covenants, conditions and provisions attached to this Warrant Certificate as Schedule "A" (the "**Terms and Conditions**") each whole Warrant entitles the holder thereof, at any time prior to 5:00 p.m. (Central Time) on the Expiry Date (as defined below) (the "**Time of Expiry**") to acquire in the manner and subject to the restrictions and adjustments set forth herein and in the Terms and Conditions, one (1) fully paid and non-assessable common share ("**Common Share**") of DiaMedica Therapeutics Inc. (the "**Corporation**") as such shares were constituted on the Effective Date, upon payment of USD$0.23 per share (the "**Exercise Price**") payable to the Corporation by way of certified cheque, money order or bank draft. The "Expiry Date" means April 17, 2019, or if on any date (the "**Accelerated Exercise Date**") the volume-weighted average trading price of the Common Shares on the TSX Venture Exchange (or such other recognized Canadian stock exchange on which the Common Shares are then listed) equals or exceeds USD$0.30 per Common Share for a period of 10 consecutive Trading Days, then, at the Corporation's sole discretion and upon the Corporation sending the holder written notice of such Accelerated Exercise Date (the "**Acceleration Notice**") and issuing a news release announcing such Accelerated Exercise Date (the "**Acceleration Press Release**"), the day that is 21 days following the later of: (i) the date on which such Acceleration Notice is sent to the holder; and (ii) the date on which the Acceleration Press Release is issued. The Acceleration Notice shall be conclusively deemed to have been sent by the Corporation on the date the Acceleration Notice is sent by first class mail to the registered address of the Warrantholder as reflected on the register of Warrantholders maintained pursuant to the Terms and Conditions. **Any Warrants not exercised prior to the Time of Expiry shall be void and of no effect.** Any terms utilized herein and not otherwise defined shall have the meanings ascribed thereto in the Terms and Conditions.

A subscriber may subscribe for the resulting whole number of Common Shares or any lesser whole number of Common Shares by forwarding the Exercise Price for each Common Share subscribed for in accordance with the Terms and Conditions.

The Exercise Price is payable in U.S. funds by certified cheque, bank draft or money order drawn to the order of the Corporation, or by electronic funds transfer or other similar payment mechanism as the Corporation may determine. All payments must be forwarded to the Corporation attention: the Chief Executive Officer. The entire Exercise Price for Common Shares subscribed for must be paid at the time of subscription and must be received by the Corporation prior to the Time of Expiry.

The subscription rights in effect under the Warrants for Common Shares of the Corporation issuable upon the exercise of the Warrants shall be subject to adjustment from time to time as set forth in the Terms and Conditions. Any determination as to such adjustment shall be made by the Corporation, in its sole and absolute discretion, shall be subject to the prior approval of the TSX Venture Exchange (or such other recognized Canadian stock exchange on which the Common Shares are then listed), and shall for all purposes be conclusive and binding on all holders of Warrants.

The holding of the Warrants evidenced by this Warrant Certificate shall not constitute the holder hereof a shareholder of the Corporation or entitle the holder to any right or interest in respect thereof except as expressly provided in the Terms and Conditions and in this Warrant Certificate.

The Terms and Conditions provides that all holders of Warrants shall be bound by any resolution passed at a meeting of the holders of Warrants held in accordance with the provisions of the Terms and Conditions and resolutions signed by the holders of Warrants entitled to acquire a specified majority of the Common Shares which may be acquired pursuant to all then outstanding Warrants.

The Warrants evidenced by this Warrant Certificate may be transferred on the register kept at the office of the Corporation by the registered holder hereof or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation, upon compliance with the conditions prescribed in the Terms and Conditions including the execution of the Transfer Form attached to this Warrant Certificate and all applicable laws and upon compliance with such reasonable requirements as the Corporation may prescribe.

Neither the Warrants nor the Common Shares issuable upon exercise of the Warrants have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any applicable securities laws of any state of the United States. The Warrants may not be exercised in the United States, or by or on behalf of, or for the account or benefit of, a U.S. person or a person in the United States, unless (i) this Warrant and such Common Shares have been registered under the U.S. Securities Act and the applicable laws of any such state, or (ii) an exemption from such registration requirements is available and the requirements set forth in the Exercise Form have been satisfied. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to

(full name of Transferee)	(full address of Transferee)

_____ Warrants of DiaMedica Therapeutics Inc. registered in the name of the undersigned on the records of the Corporation represented by the attached Warrant Certificate and irrevocably appoints the Corporation the attorney of the undersigned to transfer the said securities on the books or register with full power of substitution.

DATED the _____ day of _____, _____

Signature Guaranteed	(Signature of Warrantholder)

Instructions:

1) The signature of the Warrantholder must be the signature of the person appearing on the face of this Warrant Certificate.

2) If the Transfer Form is signed on behalf of a corporation, partnership, association, or by an agent, trustee, executor, administrator, curator, guardian, attorney or any person acting in a judicial or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

3) The signature on the Transfer Form must be guaranteed by one of the following methods:

   ***In Canada and the US*: a Medallion Guarantee** obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP). Many banks, credit unions and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".

   ***In Canada*: a Signature Guarantee** obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".

   Outside Canada and the US: Warrantholders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the US that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.

4) If this Warrant bears a restrictive legend under the U.S. Securities Act of 1933, this transfer must be accompanied by a legal opinion of counsel or other evidence of exemption reasonably satisfactory to DiaMedica Therapeutics Inc.

5) Warrants shall only be transferable in accordance with applicable laws.

EXERCISE FORM

TO: DiaMedica Therapeutics Inc.

The undersigned hereby exercises the right to acquire _____Common Shares of DiaMedica Therapeutics Inc. as constituted on April 17, 2017 (or such number of other securities or property to which such Warrants entitle the undersigned in lieu thereof or in addition thereto under the provisions of the accompanying Warrant Certificate) in accordance with and subject to the provisions of such Warrant Certificate. The Exercise Price payable shall be the number of Common Shares listed above multiplied by the Exercise Price (as defined in the Terms and Conditions attached to the Warrant Certificate).

The undersigned represents, warrants and certifies as follows (one (only) of the following must be checked):

☐ (A) It (i) is not in the United States (as defined in Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"); (ii) is not a U.S. Person as defined in Regulation S; (iii) is not exercising the Warrants on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (iv) did not acquire the Warrants in the United States or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (v) did not receive an offer to exercise the Warrants in the United States; and (vi) did not execute or deliver this Exercise Form in the United States; and it has, in all other respects, complied with the terms of Regulation S in connection herewith.

☐ (B) It is the original purchaser from the Corporation of the Warrants being exercised and at the time of such acquisition was a U.S. Person or was in the United States (or was acting on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States), and confirms, as of the date of hereof, each of the representations, warranties, certifications and agreements made by it in connection with its acquisition of such Warrants, including, without limitation, its status as an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act, as though such representations, warranties, certifications and agreements were made on the date hereof and in respect of the acquisition of the Common Shares issuable upon exercise of the Warrants being exercised.

☐ (C) An exemption from the registration requirements of the U.S. Securities Act and all applicable state securities laws is available for the exercise of the Warrants, and attached hereto is a written opinion of U.S. counsel or other evidence in form and substance reasonably satisfactory to the Corporation to that effect.

It is understood that the Corporation may require evidence to verify the foregoing representations.

Notes: (1) Common Shares will not be registered or delivered to an address in the United States unless Box B or C above is checked and the applicable requirements have been satisfied.

(2) If Box C above is checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion or other evidence tendered in connection with the exercise will be satisfactory in form and substance to the Corporation.

"United States" and "U.S. Person" are as defined in Rule 902 of Regulation S.

The Common Shares (or other securities or property) are to be issued as follows:

Name: _____

Address in full: _____

_____

Social Insurance Number/Business Number: _____

Note: If further nominees intend, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, _____

_____ _____
Signature Guaranteed (Signature of Warrantholder)

_____
(Print full name)

_____
(Print full address)

Instructions:

1. The certificates are issued subject to the terms and conditions attached as Schedule "A" to the Warrant Certificate.

   If the Exercise Form indicates that Common Shares are to be issued to a person or persons other than the registered holder of the Warrant Certificate, the signature of such holder on the Exercise Form must be guaranteed by one of the following methods:

   ***In Canada and the US*: a Medallion Guarantee** obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP). Many banks, credit unions and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".

   ***In Canada*: a Signature Guarantee** obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".

   Outside Canada and the US: Warrantholders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the US that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.

2. If the Exercise Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a judicial or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

SCHEDULE TO WARRANT CERTIFICATE

**TERMS AND CONDITIONS OF WARRANTS OF DIAMEDICA THERAPEUTICS INC.
(the "Terms and Conditions")**

ARTICLE 1
INTERPRETATION

1.1 Definitions

In these Terms and Conditions, unless there is something in the subject matter or context inconsistent therewith:

(a) "**Acceleration Event**" has the meaning ascribed thereto in Section 3.5(b);

(b) "**Acceleration Notice**" has the meaning ascribed thereto in Section 3.5(b);

(c) "**Acceleration Press Release**" has the meaning ascribed thereto in Section 3.5(b);

(d) "**Applicable Legislation**" means the provisions of the *Canada Business Corporations Act* as from time to time amended;

(e) "**Business Day**" means a day that is not a Saturday, Sunday, a day on which banks are closed in the City of Vancouver, British Columbia or in the City of Toronto, Ontario or a civic or statutory holiday in the City of Vancouver, British Columbia or in the City of Toronto, Ontario;

(f) "**certificate of the Corporation**" means a certificate signed in the name of the Corporation by its Chairman, President or Chief Financial Officer and may consist of one or more instruments so executed.

(g) "**Common Shares**" means, subject to Section 4.1, fully paid and non-assessable common shares of the Corporation as presently constituted;

(h) "**Corporation's Auditors**" means a firm of chartered accountants duly appointed as auditors of the Corporation;

(i) "**Counsel**" means a barrister or solicitor or a firm of barristers and solicitors retained by the Corporation;

(j) "**Current Market Price**" of the Common Shares at any date means the volume-weighted average trading price per share for such shares for the last ten consecutive Trading Days ending three trading days prior to such date on the Exchange or, if on such date the Common Shares are not listed on the Exchange, on such stock exchange upon which such shares are listed and as selected by the directors, or, if such shares are not listed on any stock exchange, then on such over the counter market or otherwise as may be determined by the directors, acting reasonably;

(k) "**director**" means a director of the Corporation for the time being and, unless otherwise specified herein, reference without more to action "by the directors" means action by the directors of the Corporation as a board or, whenever duly empowered, action by any committee of such board;

(l) "**Effective Date**" means the date hereof;

(m) "**Exchange**" means the TSX Venture Exchange;

(n) "**Exercise Date**" means, with respect to any Warrant, the date on which the Warrant Certificate representing such Warrant is duly surrendered for exercise along with full payment of the Exercise Price, all in accordance with the terms hereof;

(o) "**Exercise Price**" means USD$0.23 per share, subject to adjustment as provided herein;

(p) "**Expiry Date**" means April 17, 2019, or upon the occurrence of the Acceleration Event, the day that is 21 days following the later of: (i) the date on which the Acceleration Notice is sent to the Warrantholder; and (ii) the date on which the Acceleration Press Release is issued;

(q) "**person**" means an individual, body corporate, partnership, trust, trustee, executor, administrator, legal representative or any unincorporated organization;

(r) "**Shareholder**" means a holder of record of one or more Common Shares;

(s) "**Subsidiary of the Corporation**" or "**Subsidiary**" means any corporation of which more than fifty (50%) percent of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

(t) **"Terms and Conditions"** means these Terms and Conditions which form a part of the Warrant Certificate;

(u) "**Time of Expiry**" means 5:00p.m. (Central Time) on the Expiry Date;

(v) "**Trading Day**" means, with respect to a stock exchange, a day on which such exchange is open for the transaction of business and with respect to the over the counter market means a day on which the Exchange is open for the transaction of business;

(w) "**Units**" means the units offered by the Corporation pursuant to a non-brokered private placement, each such unit consisting of one Common Share and one-half of one Warrant;

(x) "**Voting Shares**" means shares of the capital stock of any class of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares, whether or not such event shall have occurred, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event;

(y) "**Warrant**" means a whole Common Share purchase warrant of the Corporation, with one-half of one Warrant forming part of each Unit, and to be issued pursuant to and in accordance with this Warrant Certificate entitling holders of each whole Warrant to acquire one Common Share at the Exercise Price until the Time of Expiry for each whole Warrant held, subject to the terms and conditions herein;

(z) "**Warrant Certificate**" means this Warrant certificate exhibits, attachments and schedules thereto;

(aa) "**this Warrant Certificate**" "**this Certificate**", "**herein**", "**hereby**", "**hereof**" and similar expressions mean and refer to this Warrant Certificate; and the expressions "**Article**", "**Section**", "**subsection**" and "**paragraph**" followed by a number, letter or both mean and refer to the specified article, section, subsection or paragraph of this Warrant Certificate;

(bb) "**Warrantholder**", or "**holder**" means the person who is the registered owner of the Warrants;

1.2 Gender and Number

Unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.3 Interpretation not Affected by Headings, etc.

The division of these Terms and Conditions into Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of these Terms and Conditions.

1.4 Day not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence of this Warrant Certificate.

1.6 Currency

Except as otherwise stated, all dollar amounts herein are expressed in Canadian dollars.

1.7 Applicable Law

This Warrant Certificate shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each of the parties irrevocably attorns to the exclusive jurisdiction of the courts of the Province of British Columbia with respect to all matters arising out of this Warrant Certificate and the transactions contemplated herein.

ARTICLE 2
ISSUE OF WARRANTS

2.1 Terms of Warrants

(a) Each Warrant shall entitle the holder thereof, upon the exercise thereof prior to the Time of Expiry, to acquire one (1) Common Share on payment of the Exercise Price.

(b) No fractional Warrants shall be issued or otherwise provided for hereunder.

(c) The number of Common Shares which may be acquired pursuant to the exercise of Warrants shall be adjusted in the circumstances and in the manner specified in Article 4.

2.2 Warrantholder not a Shareholder

Nothing in the holding of a Warrant or Warrant Certificate or otherwise, shall, in itself, confer or be construed as conferring upon a Warrantholder any right or interest whatsoever as a Shareholder or as any other shareholder of the Corporation, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of Shareholders or any other proceedings of the Corporation, or the right to receive dividends and other distributions.

2.3 Form of Warrants

The Warrants shall be issued in certificated form and shall be dated as of the Effective Date regardless of the date of issuance, shall bear such legends and distinguishing letters and numbers as the Corporation may, subject to applicable securities laws, prescribe, and shall be issuable in any denomination excluding fractions.

2.4 Signing of Warrant Certificates

The Warrant Certificates shall be signed (with or without the seal of the Corporation) by any one director or officer of the Corporation. The signatures of any such director or officer may be mechanically reproduced in facsimile or other electronically transmitted form and Warrant Certificates bearing such a signature shall be binding upon the Corporation as if they had been manually signed by such director or officer. Notwithstanding that any person whose manual or facsimile or other electronically transmitted signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of such Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate signed as aforesaid shall, be a valid and binding obligation of the Corporation and the holder thereof shall be entitled to the benefits of this Warrant Certificate.

2.5 Issue in Substitution for Warrant Certificates Lost, etc.

(a) If any Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law and to Subsection 2.5(b), shall issue, a new Warrant Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in substantially the same as this Warrant Certificate and the Warrants evidenced thereby shall be entitled to the benefits hereof.

(b) The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.5 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation, in its sole discretion, acting reasonably, and such applicant shall also be required to furnish an indemnity or security in amount and form satisfactory to the Corporation, in its sole discretion, and shall pay the reasonable charges of the Corporation in connection therewith.

2.6 Exchange of Warrant Certificates

(a) Any one or more Warrant Certificates representing any number of Warrants may, upon compliance with the reasonable requirements of the Corporation, be exchanged for one or more other Warrant Certificates representing the same aggregate number of Warrants as represented by the Warrant Certificate or Warrant Certificates tendered for exchange.

(b) Warrant Certificates may be exchanged only at the Corporation or at any other place that is designated by the Corporation. Any Warrant Certificate tendered for exchange shall be cancelled by the Corporation.

(c) The Corporation shall sign all Warrant Certificates necessary to carry out exchanges as aforesaid.

(d) Warrant Certificates issued pursuant to this Section 2.6 shall be in same form and shall bear the same legends as those Warrant Certificates they are exchanged for.

2.7 Transfer and Ownership of Warrants

(a) A Warrantholder may transfer his or her Warrants in the manner and subject to the terms set out in this Warrant Certificate. Each Warrantholder, by its acceptance of the Warrants, will be deemed to have acknowledged and agreed to the restrictions on the transfer of Warrants set out herein.

(b) Subject to Subsection 2.7(c), title to the Warrants shall be transferable by delivery of the Warrant Certificates and the duly completed and executed transfer form, together with all necessary endorsements or proper instruments of transfer; provided that registration of the transfer by the Corporation shall be necessary to become a registered holder of the Warrant Certificate and to enjoy the rights and benefits of registration set out in this Warrant Certificate. The Corporation may deem and treat the registered owner of any Warrant as the beneficial owner thereof for all purposes and the Corporation shall not be affected by any notice or knowledge to the contrary except as required by statute or court of competent jurisdiction.

(c) Warrants may only be transferred on the register of the Corporation kept at the Corporation by the registered holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation, upon surrendering to the Corporation for cancellation the Warrant Certificate evidencing such Warrants and upon compliance with:

(i) the conditions set forth in this Warrant Certificate;

(ii) such reasonable requirements as the Corporation may prescribe, including, without limitation, the payment of all stamp taxes or governmental or other charges arising by reason of such transfer; and

(iii) all applicable securities legislation and requirements of regulatory authorities.

Upon satisfaction of all such requirements, the Corporation shall, subject to Subsection 2.7(d), record such transfer in such register and issue to the transferee a Warrant Certificate evidencing the Warrants transferred.

(d) Notwithstanding any provision to the contrary contained in this Warrant Certificate, the Corporation will, on the advice of counsel, acting reasonably, be entitled to refuse to recognize and transfer, or enter the name of any transferee of any Warrant on the register if such transfer would constitute a violation of the securities laws of any jurisdiction.

(e) The holder of Warrants evidenced by a Warrant Certificate may transfer a number of Warrants less than the total number of Warrants evidenced by such Warrant Certificate. In the event of a transfer by a holder of a number of Warrants of less than the total number evidenced by a surrendered Warrant Certificate, the holder shall be entitled to receive a new Warrant Certificate evidencing the balance of the Warrants that are not being transferred.

(f) The Corporation will deem and treat the registered owner of any Warrant as the beneficial owner thereof for all purposes and the Corporation shall not be affected by any notice to the contrary. Subject to the provisions of this Warrant Certificate and applicable legislation, the Warrantholder shall be entitled to the rights and privileges attaching to the Warrants free from all equities or rights of set off or counterclaims between the Corporation and the original and any intermediate holder of the Warrants, and the issue of Common Shares by the Corporation, upon the exercise of Warrants by any Warrantholder in accordance with the terms and conditions herein contained, shall discharge all responsibilities of the Corporation with respect to such Warrants and the Corporation shall not be bound to inquire into the title of any such holder.

(g) If the Warrants bear a legend restricting transfers under the U.S. Securities Act, the Corporation shall not permit the transfer of any Warrants unless the holder thereof has provided to the Corporation an opinion of counsel, or other evidence, in form reasonably satisfactory to the Corporation, to the effect that such transfer of Warrants does not require registration under the U.S. Securities Act.

2.8 Charges for Exchange or Transfer

Except as otherwise herein provided, a reasonable charge shall be levied to the Corporation in respect of the transfer or the exchange of a Warrant Certificate or the issue of a new Warrant Certificate(s) pursuant hereto including the reimbursement of the Corporation for any and all transfer, stamp or similar taxes or other governmental charges required to be paid by the holder requesting such transfer or exchange as a condition precedent to such transfer or exchange.

2.9 Cancellation of Surrendered Warrants

All Warrant Certificates surrendered pursuant to this Warrant Certificate shall be returned to the Corporation for cancellation and, after the expiry of any period of retention prescribed by law, destroyed by the Corporation.

2.10 Assumption by Transferee and Release of Transferor

Upon becoming a Warrantholder in accordance with the provisions of this Warrant Certificate, the transferee thereof shall be deemed to have acknowledged and agreed to be bound by these Terms and Conditions. Upon the registration of such transferee as the holder of a Warrant, the transferor shall cease to have any further rights under this Warrant Certificate with respect to such Warrant or the Common Share in respect thereof.

ARTICLE 3
EXERCISE OF WARRANTS

3.1 Exercise of Warrants by the Holder

(a) Prior to the Exercise Date, the registered holder of Warrants may exercise the right conferred on such holder to purchase Common Shares by delivering to the Corporation as hereinafter provided, a duly completed and executed exercise form in the form approved by the Corporation and substantially in the form attached hereto (the "**Exercise Form**") of the registered holder, or his or her executors, or administrators or other legal representative or his or her attorney duly appointed by an instrument in writing in a form and manner satisfactory to the Corporation, together with such other documentation as may be required by the Exercise Form or as the Corporation may reasonably require, specifying the number of Common Shares subscribed for together with a certified cheque, bank draft or money order in lawful currency of the U.S. payable to or to the order of the Corporation at par in an amount equal to the Exercise Price multiplied by the number of Common Shares being purchased.

(b) Each Exercise Form referred to in Subsection 3.1(a) shall be completed and signed by the Warrantholder or the Warrantholder's executors or administrators or other legal representatives or an attorney of the Warrantholder duly appointed by an instrument in writing satisfactory to the Corporation, acting reasonably, and shall specify the number of Common Shares which the holder wishes to acquire (being not more than those which the holder is entitled to acquire pursuant to the applicable Warrant Certificate surrendered).

(c) The Corporation may stipulate such requirements respecting the exercise of Warrants as it determines to be necessary for the purpose of effecting such exercise in a commercially reasonable manner. Any expense associated with the preparation and delivery of Exercise Forms will be for the account of the Warrantholder.

3.2 Transfer Fees and Taxes

If any of the Common Shares subscribed for are to be issued to a person or persons other than the Warrantholder, the Warrantholder shall comply with such reasonable requirements as the Corporation may prescribe and shall pay to the Corporation, all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates evidencing Common Shares unless or until such Warrantholder shall have paid to the Corporation, the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that no tax is due.

3.3 Effect of Exercise of Warrants

(a) Upon the exercise of Warrants pursuant to Section 3.1 and subject to Section 3.4, the Common Shares to be issued shall be issued and the person or persons to whom such Common Shares are to be issued shall become the holder or holders of record of such Common Shares on the Exercise Date unless the transfer registers of the Corporation shall be closed on such date, in which case the Common Shares issued upon the exercise of any Warrants shall be issued and such person or persons shall become the holder or holders of record of such Common Shares, on the date on which such transfer registers are reopened.

(b) Upon the due exercise of Warrants pursuant to Section 3.1 and subject to Section 3.4, the Corporation or its nominee shall, as soon as practicable and in any event within five (5) Business Days after the Exercise Date, cause to be mailed to the person or persons in whose name or names the Warrant is registered or, if so specified in writing by the holder, cause to be delivered to such person or persons at the Corporation where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Common Shares issued upon exercise of the Warrants evidenced by the Warrant Certificate.

3.4 Partial Exercise of Warrants; Fractions

(a) The holder of any Warrants may exercise his right to acquire Common Shares in part and may thereby acquire a number of Common Shares less than the aggregate number which such holder is entitled. In the event of any exercise of a number of Warrants less than the number which the holder is entitled to exercise, the holder of the Warrants upon such exercise shall, in addition, be entitled to receive, without charge therefor, a new Warrant Certificate(s) in respect of the balance of the Warrants represented by the surrendered Warrant Certificate(s) and which were not then exercised.

(b) Notwithstanding anything herein contained, including any adjustment provided for in Article 4, the Corporation shall not be required, upon the exercise of any Warrants (and after taking into account the aggregate number of Common Shares purchased pursuant to the exercise of all Warrants by a particular holder on a particular Exercise Date), to issue fractions of Common Shares or to distribute certificates which evidence a fractional Common Share. The Corporation shall not be required to make any payment to a Warrantholder who, absent this Subsection 3.4(b), would otherwise have been entitled to receive a fractional Common Share.

3.5 Expiration of Warrants

(a) Immediately after the Time of Expiry, all rights under any Warrant in respect of which the right of acquisition herein and therein provided for shall not have been exercised shall cease and terminate and such Warrant shall be void and of no further force or effect except to the extent that the Warrantholder has not received certificates representing the Common Shares held by it, in which instances the Warrantholder's rights hereunder shall continue until it has received that to which it is entitled hereunder.

(b) Notwithstanding anything else to the contrary contained herein, if at any time prior to April 17, 2019 the volume-weighted average trading price of the Common Shares on the Exchange (or such other recognized Canadian stock exchange as the Common Shares are then trading on) exceeds USD$0.30 per share for a period of 10 consecutive trading days (the "**Acceleration Event**"), the Corporation may, at its option, accelerate the Expiry Date by delivery of notice (the "**Acceleration Notice**") to the Warrantholder and issuing a press release announcing such acceleration (the "**Acceleration Press Release**"), and, in such case, the Expiry Date shall be deemed to be the 21st day following the later of (i) the date on which the Acceleration Notice is sent to the Warrantholder, and (ii) the date of issuance of the Acceleration Press Release.

3.6 Securities Restrictions

Notwithstanding anything herein contained, no Common Shares will be issued pursuant to the exercise of any Warrant if the issuance of such Common Shares would constitute a violation of the securities laws of any applicable jurisdiction, and without limiting the generality of the foregoing, in the event that the Warrants are exercised pursuant to Section 3.1, the certificates representing the Common Shares thereby issued will bear such legend as may, in the opinion of Counsel to the Corporation, be necessary in order to avoid a violation of any securities laws of any province or territory in Canada or of the United States or to comply with the requirements of any stock exchange on which the Common Shares are listed, provided that if, at any time, in the opinion of Counsel to the Corporation, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder's expense, provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Common Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Corporation in exchange for a certificate which does not bear such legend.

ARTICLE 4
ADJUSTMENT OF NUMBER OF COMMON SHARES

4.1 Adjustment of Number of Common Shares

The acquisition rights in effect at any date attaching to the Warrants shall be subject to adjustment from time to time as follows:

(a) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall:

(i) subdivide, redivide or change its outstanding Common Shares into a greater number of shares;

(ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of shares; or

(iii) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the then outstanding Common Shares by way of stock dividend or otherwise (other than the issue of Common Shares to holders of Common Shares pursuant to their exercise of options or the exercise of previously granted warrants, including the Warrants issued hereunder, or as dividends in the form of Common Shares in lieu of dividends paid in the ordinary course on the Common Shares);

then the Exercise Price shall be adjusted, in the case of any action described in (i) or (ii) above, on the effective date thereof, and, in the case of any action described in (iii) above, immediately after the record date thereof by multiplying the Exercise Price in effect immediately prior to such effective date or the close of business on such record date, as the case may be, by a fraction of which the numerator shall be the total number of Common Shares outstanding immediately prior to such effective date or the close of business on such record date, as the case may be, and the denominator shall be the total number of Common Shares outstanding on such effective date or immediately after such record date, as the case may be, and, upon any adjustment of the Exercise Price pursuant to this subsection 4.1(a), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment. Such adjustment shall be made successively whenever any event referred to in this subsection 4.1(a) shall occur;

(b) if and whenever at any time from the date hereof and prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Subsection 4.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale, lease, exchange or transfer of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, a Warrantholder shall be entitled to receive and shall accept, in lieu of the number of Common Shares originally sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such consolidation, amalgamation, arrangement or merger, or to which such sale, lease, exchange or transfer may be made, as the case may be, that such Warrantholder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale, lease, exchange or transfer, if, on the record date or the effective date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Common Shares originally sought to be acquired by it and to which it was entitled to acquire upon the exercise of the Warrants. If determined appropriate by the Corporation to give effect to or to evidence the provisions of this Subsection 4.1(b), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, reorganization, consolidation, amalgamation, arrangement, merger, sale, lease, exchange or transfer, issue a new Warrant Certificate or amend this Warrant Certificate which shall provide, to the extent possible, for the application of the provisions set forth herein with respect to the rights and interests thereafter of the Warrantholder to the end that the provisions set forth in this Warrant Certificate shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Warrantholder is entitled on the exercise of its acquisition rights thereafter. Any warrant certificate issued by the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Corporation shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which shall apply to successive reclassifications, reorganizations, consolidations, amalgamations, arrangements, mergers, sales, leases, exchanges or transfers;

(c) if and whenever at any time after the date hereof and prior to the Time of Expiry:

(i) the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all of the holders of Common Shares entitling them to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for Common Shares) at a price per share (or having a conversion price per share or exchange price per share) less than 95% of the Current Market Price on such record date, and

(ii) the Corporation does not fix a record date for the same date as the record date provided in (c)(i) for the issuance to the Warrantholder of equivalent rights, options or warrants as provided to holders of Common Shares in the event described in (c)(i) and on equivalent terms thereto,

then, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by the following fraction:

$$\frac{A + (B / C)}{A + D}$$

Where:

A = Total number of Common Shares outstanding on the record date

B = Aggregate gross price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered)

C = Current Market Price on the record date

D = Total number of additional Common Shares offered for subscription or purchase (or into or for which the convertible or exchangeable securities so offered are convertible or exchangeable)

and,

(iii) any Common Shares owned by or held for the account of the Corporation or any Subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation;

(iv) such adjustment shall be made successively whenever such a record date is fixed;

(v) to the extent that any such rights, options or warrants are not so issued or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon the number and aggregate price of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be; and

(vi) upon any adjustment of the Exercise Price pursuant to this subsection 4.1(c), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment;

(d) if and whenever at any time after the date hereof and prior to the Time of Expiry:

(i) the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of:

(A) securities of any class, whether of the Corporation or any other corporation (other than a distribution of securities in respect of which an adjustment is provided for in Section 4.1(a), (b) or (c));

(B) evidence of its indebtedness; or

(C) assets or property of the Corporation; and

(ii) the Corporation does not fix a record date for the same date as the record date provided for in (d)(i) for the issuance to the Warrantholder of equivalent shares, evidence of indebtedness, assets or property as provided to holders of Common Shares in the event described in (d)(i) and on equivalent terms thereto,

then, and in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by the following fraction:

$$\frac{(A \times B) - C}{A \times B}$$

Where:

A = Total number of Common Shares outstanding on such record date

B = Current Market Price on such record date

C = Aggregate fair market value of such securities, evidence of indebtedness or assets so distributed

and,

(iii) any Common Shares owned by or held for the account of the Corporation or any Subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation;

(iv) such adjustment shall be made successively whenever such a record date is fixed;

(v) to the extent that such distribution is not so made or any rights, options or warrants distributed are not exercised prior to their expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon such shares, evidences of indebtedness or assets actually distributed, as the case may be; and

(vi) upon any adjustment of the Exercise Price pursuant to Subsection 4.1(d), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment;

(e) the adjustments provided for in this Article 4 in the number of Common Shares and classes of securities which are to be received on the exercise of Warrants are cumulative. After any adjustment pursuant to this Section 4.1, the term "Common Shares" where used in this Warrant Certificate shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, the Warrantholder is entitled to receive upon the exercise of its Warrant, and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of a Warrant;

(f) subject only to this Article 4, no Warrantholder shall be entitled to receive at any time cash or property of any kind in lieu of those Common Shares issuable on the exercise of the Warrants held by such Warrantholder; and

(g) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall take any action affecting or relating to the Common Shares, other than any action described in this Article, which in the opinion of the Corporation would prejudicially affect the rights of any holders of Warrants, the number of Common Shares to be issued on the exercise of Warrants and the exercise price thereof will, subject to the approval of the Exchange, be adjusted by the Corporation in such manner, if any, and at such time, as the Corporation may in its sole discretion determine to be equitable in the circumstances.

4.2 No De Minimis Adjustments

No adjustment in the Exercise Price or in the number of Common Shares subject to the right of purchase under each Warrant shall be required unless such adjustment would result in a change of at least 1% in the Exercise Price then in effect or unless the number of Common Shares subject to the right of purchase under each Warrant would change by at least 1/100th of a Common Share, provided, however, that any adjustments, which, except for the provisions of this Subsection 4.2 would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

4.3 Entitlement to Shares on Exercise of Warrant

All shares of any class or other securities which a Warrantholder is at the time in question entitled to receive on the exercise of its Warrant, whether or not as a result of adjustments made pursuant to this Article 4, shall, for the purposes of the interpretation of this Warrant Certificate, be deemed to be shares which such Warrantholder is entitled to acquire pursuant to such Warrant.

4.4 Determination by Corporation's Auditors

In the event of any question arising with respect to the adjustments provided for in this Article 4, such question shall be conclusively determined by the Corporation's Auditors who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Warrantholder and all other persons interested therein.

4.5 Proceedings Prior to any Action Requiring Adjustment

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of Counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non assessable all the shares which the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

4.6 Certificate of Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Article 4, deliver a certificate of the Corporation to the Warrantholder specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's Auditors verifying such calculation.

4.7 Notice of Special Matters

The Corporation covenants with the Warrantholder that, so long as any Warrants remain outstanding, it will give notice to the Warrantholder of its intention to fix a record date that is prior to the Expiry Date for the issuance of rights, options or warrants (other than the Warrants) to all or substantially all the holders of its outstanding Common Shares. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case at least 14 days prior to such applicable record date.

4.8 No Action after Notice

The Corporation covenants with the Warrantholder that it will not close its transfer books or take any other corporate action which might deprive the Warrantholder of the opportunity to have exercised its right of acquisition pursuant thereto during the period of 14 days after the giving of the notice set forth in Section 4.7.

ARTICLE 5
RIGHTS OF THE CORPORATION AND COVENANTS

5.1 General Covenants

The Corporation covenants with the Warrantholder that so long as any Warrants remain outstanding:

(a) it will allot and reserve and keep available a sufficient number of Common Shares for the purpose of enabling it to satisfy its obligations to issue Common Shares upon the exercise of the Warrants;

(b) it will cause the Common Shares and any certificates representing the Common Shares from time to time acquired pursuant to the exercise of the Warrants to be duly issued and delivered in accordance with this Warrant Certificate, if any, and the terms hereof;

(c) upon payment of the Exercise Price, all Common Shares which shall be issued upon exercise of the rights to acquire provided for in this Warrant Certificate shall be fully paid and non assessable;

(d) it will use its reasonable commercial efforts to maintain its corporate existence; carry on and conduct its business in a proper, efficient and business-like manner in accordance with good business practice; keep or cause to be kept proper books of account in accordance with Canadian generally accepted accounting practice;

(e) it will use its reasonable commercial efforts to ensure that all Common Shares outstanding or issuable from time to time (including without limitation the Common Shares issuable on the exercise of the Warrants) continue to be or are listed and posted for trading on the Exchange, provided that the foregoing shall not restrict or prevent the Corporation from (i) completing a plan of arrangement, take over bid or other business combination which could or may result in delisting of the Common Shares or (ii) graduating to the Toronto Stock Exchange or listing its shares on another recognized stock exchange in Canada or the United States;

(f) it will use its reasonable commercial efforts to maintain its status as a reporting issuer in good standing, in the provinces of Alberta, British Columbia, Manitoba, Ontario and Québec provided that the foregoing shall not restrict or prevent the Corporation from completing a plan of arrangement, take over bid or other business combination which could or may result in the Corporation ceasing to be a reporting issuer in any such jurisdiction;

(g) it will use its reasonable commercial efforts to make all requisite filings to be made by it under applicable Canadian securities legislation and stock exchange rules including without limitation to report the exercise of the rights to acquire Common Shares pursuant to Warrants or otherwise; and

(h) generally, it will well and truly perform and carry out all of the acts or things to be done by it as provided in this Warrant Certificate.

5.2 Optional Purchases by the Corporation

Subject to compliance with applicable securities legislation, the Corporation may purchase from time to time by private contract or otherwise any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the directors, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons and on such other terms as the Corporation, in its sole discretion, may determine. Any Warrant Certificates representing the Warrants purchased pursuant to this Section 5.2 shall forthwith be cancelled by the Corporation upon receipt by the Corporation of the Warrant Certificate. No Warrants shall be issued in replacement thereof.

ARTICLE 6
ENFORCEMENT

6.1 Immunity of Shareholders, etc.

By the acceptance of the Warrant Certificates and as part of the consideration for the issue of the Warrants, the Warrantholder hereby waives and releases any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, director, officer, employee or agent of the Corporation or of any successor Corporation on any covenant, agreement, representation or warranty by the Corporation contained in this Warrant Certificate.

6.2 Limitation of Liability

The obligations hereunder are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future shareholders, directors, officers, employees or agents of the Corporation or of any successor Corporation, but only the property of the Corporation or of any successor Corporation shall be bound in respect hereof.

ARTICLE 7
GENERAL

7.1 Notice to the Corporation and the Warrantholder

(a) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrantholder shall be deemed to be validly given if delivered or if sent by registered letter, postage prepaid or if sent by facsimile:

If to the Corporation:

DiaMedica Therapeutics Inc.
c/o DiaMedica USA Inc,
Two Carlson Parkway, Suite 165
Minneapolis, Minnesota 55447

Attention: President & CEO
Facsimile: (763) 710-4455

If to the Warrantholder:

[●]

Attention: [●]
Email: [●]

and any such notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery or, if mailed, on the fifth Business Day following the actual posting of the notice, or if sent by facsimile or email, the next Business Day after transmission provided that transmission has been completely and accurately transmitted.

(b) The Corporation or the Warrantholder may from time to time notify the other in the manner provided in subsection 7.1(a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrantholder, as the case may be, for all purposes of this Warrant Certificate.

(c) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholder or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered or sent by telecopier or facsimile at the appropriate address or number provided in Subsection 7.1(a).

7.2 Satisfaction and Discharge of Warrant Certificate

Upon the earlier of:

(a) the date by which there shall have been delivered to the Corporation for exercise or destruction all Warrant Certificates theretofore certified hereunder; or

(b) the Time of Expiry,

and if all certificates representing Common Shares required to be issued in compliance with the provisions hereof have been issued and delivered hereunder and if all payments required to be made in compliance with the provisions of Article 4 have been made in accordance with such provisions, this Warrant Certificate shall cease to be of further effect and the Corporation, shall execute proper instruments acknowledging satisfaction of and discharging this Warrant Certificate.

7.3 Provisions of Warrant Certificate and Warrants for the Sole Benefit of the Corporation and Warrantholder

Nothing in this Warrant Certificate, expressed or implied, shall give or be construed to give to any person other than the Corporation and the Warrantholder, any legal or equitable right, remedy or claim under this Warrant Certificate, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the Corporation and the Warrantholder.

7.4 Evidence of Ownership

(a) Upon receipt of a certificate of any bank, trust company or other depositary satisfactory to the Corporation stating that the Warrants specified therein have been deposited by a named person with such bank, trust company or other depositary and will remain so deposited until the expiry of the period specified therein, the Corporation may treat the person so named as the owner, and such certificate as sufficient evidence of the ownership by such person of such Warrant during such period, for the purpose of any requisition, direction, consent, instrument or other document to be made, signed or given by the holder of the Warrant so deposited.

(b) The Corporation may accept as sufficient evidence of the fact and date of the signing of any requisition, direction, consent, instrument or other document by any person:

(i) the signature of any officer of any bank, trust company, or other depositary satisfactory to the Corporation as witness of such execution,

(ii) the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded at the place where such certificate is made that the person signing acknowledged to him the execution thereof,

(iii) a statutory declaration of a witness of such execution, or

(iv) such other documentation as is satisfactory to the Corporation.

7.5 Privacy Laws

The Corporation acknowledges that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Warrant Certificate. Despite any other provision of this Warrant Certificate, the Corporation shall take or direct any action that would contravene applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws.

7.6 Severability

The invalidity or unenforceability of any particular provision of this Warrant Certificate shall not affect or limit the validity or enforceability of the remaining provisions of this Warrant Certificate.

Exhibit 4.13

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

WARRANT CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE IN THE SECURITY BEFORE [●], 2016.

THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED BY OR ON BEHALF OF A "U.S. PERSON" OR A PERSON IN THE UNITED STATES UNLESS THE WARRANT AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

DIAMEDICA INC.
(Incorporated under the laws of the Province of Manitoba)

WARRANT
CERTIFICATE NO. [●]

THIS IS TO CERTIFY THAT:

[●]

is the registered holder of **[●]** transferable warrants of DiaMedica Inc.

The warrants ("**Warrants**") of DiaMedica Inc. (the "**Corporation**") represented by this certificate are issued upon the terms and subject to the conditions set forth in Schedule "A" attached hereto (the "**Terms and Conditions**") and, by acceptance of this certificate, the holder agrees to be bound by all of the terms and conditions thereby.

This certificate may only be transferred, upon compliance with the conditions prescribed in this certificate and in the Terms and Conditions.

The Warrants represented by this certificate may only be exercised at the U.S. office of the Corporation at DiaMedica Inc., c/o DiaMedica USA Inc., Two Carlson Parkway, Suite 165, Minneapolis, Minnesota 55447, to the attention of the Chief Executive Office, upon surrender of this certificate with the exercise form on the reverse side hereof (or a separate notice on substantially the same form (the "Exercise Form") duly completed and executed, and a certified cheque or bank draft payable to or to the order of the Corporation in immediately available funds, for the full purchase price of the Common Shares so subscribed for.

IN WITNESS WHEREOF, DiaMedica Inc. has caused this certificate to be executed by a duly authorized director or officer.

Dated the ___ day of _____, 2016**:**

DIAMEDICA INC.

By:_____

(Authorized Officer)

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

EXERCISE AND TERMS OF SUBSCRIPTION RIGHT

Subject to the terms, covenants, conditions and provisions attached to this Warrant Certificate as Schedule "A" (the "**Terms and Conditions**") each whole Warrant entitles the holder thereof, at any time prior to 5:00 p.m. (Calgary time) on the Expiry Date (as defined below) (the "**Time of Expiry**") to acquire in the manner and subject to the restrictions and adjustments set forth herein and in the Terms and Conditions, one (1) fully paid and non-assessable common share ("**Common Share**") of DiaMedica Inc. (the "**Corporation**") as such shares were constituted on the Effective Date, upon payment of CAD $0.25 per share payable to the Corporation by way of certified cheque, money order or bank draft. The "Expiry Date" means [●], 2018. **Any Warrants not exercised prior to the Time of Expiry shall be void and of no effect.** Any terms utilized herein and not otherwise defined shall have the meanings ascribed thereto in the Terms and Conditions.

A subscriber may subscribe for the resulting whole number of Common Shares or any lesser whole number of Common Shares by forwarding the Subscription Price for each Common Share subscribed for in accordance with the Terms and Conditions.

The Exercise Price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of the Corporation, or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the Corporation attention: the Chief Executive Officer. The entire Exercise Price for Common Shares subscribed for must be paid at the time of subscription and must be received by the Corporation prior to the expiry time on the applicable Exercise Date.

The subscription rights in effect under the Warrants for Common Shares of the Corporation issuable upon the exercise of the Warrants shall be subject to adjustment from time to time as set forth in the Terms and Conditions. Any determination as to such adjustment shall be made by the Corporation, in its sole and absolute discretion, shall be subject to the prior approval of the TSX Venture Exchange, and shall for all purposes be conclusive and binding on all holders of Warrants.

The holding of the Warrants evidenced by this Warrant Certificate shall not constitute the holder hereof a shareholder of the Corporation or entitle the holder to any right or interest in respect thereof except as expressly provided in the Terms and Conditions and in this Warrant Certificate.

The Terms and Conditions provides that all holders of Warrants shall be bound by any resolution passed at a meeting of the holders of Warrants held in accordance with the provisions of the Terms and Conditions and resolutions signed by the holders of Warrants entitled to acquire a specified majority of the Common Shares which may be acquired pursuant to all then outstanding Warrants.

The Warrants evidenced by this Warrant Certificate may be transferred on the register kept at the office of the Corporation by the registered holder hereof or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation, upon compliance with the conditions prescribed in the Terms and Conditions including the execution of the Transfer Form attached to this Warrant Certificate and all applicable laws and upon compliance with such reasonable requirements as the Corporation may prescribe.

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to

(full name of Transferee)	(full address of Transferee)

_____ Warrants of DiaMedica Inc. registered in the name of the undersigned on the records of the Corporation represented by the attached Warrant Certificate and irrevocably appoints the Corporation the attorney of the undersigned to transfer the said securities on the books or register with full power of substitution.

DATED the _____ day of _____, _____

Signature Guaranteed	(Signature of Warrantholder)

Instructions:

1) The signature of the Warrantholder must be the signature of the person appearing on the face of this Warrant Certificate.

2) If the Transfer Form is signed on behalf of a corporation, partnership, association, or by an agent, trustee, executor, administrator, curator, guardian, attorney or any person acting in a judicial or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

3) The signature on the Transfer Form must be guaranteed by one of the following methods:

   ***In Canada and the US*: a Medallion Guarantee** obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP). Many banks, credit unions and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".

   ***In Canada*: a Signature Guarantee** obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".

   Outside Canada and the US: Warrantholders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the US that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.

4) This Warrant bears a restrictive legend under the U.S. Securities Act of 1933, this transfer must be accompanied by a legal opinion of counsel or other evidence of exemption reasonably satisfactory to DiaMedica Inc.

5) Warrants shall only be transferable in accordance with applicable laws.

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

EXERCISE FORM

TO: DiaMedica Inc.

The undersigned hereby exercises the right to acquire _____Common Shares of DiaMedica Inc. as constituted on [●], 2016 (or such number of other securities or property to which such Warrants entitle the undersigned in lieu thereof or in addition thereto under the provisions of the accompanying Warrant Certificate) in accordance with and subject to the provisions of such Warrant Certificate. The Exercise Price payable shall be the number of Common Shares listed above multiplied by the Exercise Price (as defined in the Terms and Conditions attached to the Warrant Certificate).

The Common Shares (or other securities or property) are to be issued as follows:

Name: _____

Address in full: _____

_____

Social Insurance Number/Business Number: _____

Note: If further nominees intend, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, _____

_____ _____
Signature Guaranteed (Signature of Warrantholder)

_____
(Print full name)

_____
(Print full address)

Instructions:

1. The certificates are issued subject to the terms and conditions attached as Schedule "A" to the Warrant Certificate.

   If the Exercise Form indicates that Common Shares are to be issued to a person or persons other than the registered holder of the Warrant Certificate, the signature of such holder on the Exercise Form must be guaranteed by one of the following methods:

   ***In Canada and the US*: a Medallion Guarantee** obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP). Many banks, credit unions and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".

   ***In Canada*: a Signature Guarantee** obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".

   Outside Canada and the US: Warrantholders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the US that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.

2. If the Exercise Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a judicial or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

SCHEDULE TO WARRANT CERTIFICATE

**TERMS AND CONDITIONS OF WARRANTS OF DIAMEDICA INC.
(the "Terms and Conditions")**

ARTICLE 1
INTERPRETATION

1.1 Definitions

In these Terms and Conditions, unless there is something in the subject matter or context inconsistent therewith:

(a) "**Applicable Legislation**" means the provisions of *The Corporations Act* (Manitoba) as from time to time amended;

(b) "**Business Day**" means a day that is not a Saturday, Sunday, a day on which banks are closed in the City of Calgary, Alberta or in the City of Toronto, Ontario or a civic or statutory holiday in the City of Calgary, Alberta or in the City of Toronto, Ontario;

(c) "**certificate of the Corporation**" means a certificate signed in the name of the Corporation by its Chairman, President or Chief Financial Officer and may consist of one or more instruments so executed.

(d) "**Common Shares**" means, subject to Section 4.1, fully paid and non assessable common shares of the Corporation as presently constituted;

(e) "**Corporation's Auditors**" means a firm of chartered accountants duly appointed as auditors of the Corporation;

(f) "**Counsel**" means a barrister or solicitor or a firm of barristers and solicitors retained by the Corporation;

(g) "**Current Market Price**" of the Common Shares at any date means the volume-weighted average trading price per share for such shares for the last ten consecutive Trading Days ending three trading days prior to such date on the Exchange or, if on such date the Common Shares are not listed on the Exchange, on such stock exchange upon which such shares are listed and as selected by the directors, or, if such shares are not listed on any stock exchange, then on such over the counter market or otherwise as may be determined by the directors, acting reasonably;

(h) "**director**" means a director of the Corporation for the time being and, unless otherwise specified herein, reference without more to action "by the directors" means action by the directors of the Corporation as a board or, whenever duly empowered, action by any committee of such board;

(i) "**Effective Date**" means the date hereof;

(j) "**Exchange**" means the TSX Venture Exchange;

(k) "**Exercise Date**" means, with respect to any Warrant, the date on which the Warrant Certificate representing such Warrant is duly surrendered for exercise along with full payment of the Exercise Price, all in accordance with the terms hereof;

(l) "**Exercise Price**" means CAD. $0.25 per share, subject to adjustment as provided herein;

(m) "**Expiry Date**" means [●], 2018;

(n) "**person**" means an individual, body corporate, partnership, trust, trustee, executor, administrator, legal representative or any unincorporated organization;

(o) "**Shareholder**" means a holder of record of one or more Common Shares;

(p) "**Subsidiary of the Corporation**" or "**Subsidiary**" means any corporation of which more than fifty (50%) percent of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

(q) **"Terms and Conditions"** means these Terms and Conditions which form a part of the Warrant Certificate;

(r) "**Time of Expiry**" means 5:00p.m. (Calgary time) on the Expiry Date;

(s) "**Trading Day**" means, with respect to a stock exchange, a day on which such exchange is open for the transaction of business and with respect to the over the counter market means a day on which the Exchange is open for the transaction of business;

(t) "**Units**" means the units offered by the Corporation pursuant to a non-brokered private placement, each such unit consisting of one Common Share and one Warrant;

(u) "**Voting Shares**" means shares of the capital stock of any class of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares, whether or not such event shall have occurred, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event;

(v) "**Warrant**" means a whole Common Share purchase warrant of the Corporation, with one Warrant forming part of each Unit, and to be issued pursuant to and in accordance with this Warrant Certificate entitling holders of each whole Warrant to acquire one Common Share at the Exercise Price until the Time of Expiry for each whole common share purchase Warrant held, subject to the terms and conditions herein;

(w) "**Warrant Certificate**" means this Warrant certificate exhibits, attachments and schedules thereto;

(x) "**this Warrant Certificate**" "**this Certificate**", "**herein**", "**hereby**", "**hereof**" and similar expressions mean and refer to this Warrant Certificate; and the expressions "**Article**", "**Section**", "**subsection**" and "**paragraph**" followed by a number, letter or both mean and refer to the specified article, section, subsection or paragraph of this Warrant Certificate;

(y) "**Warrantholder**", or "**holder**" means the person who is the registered owner of the Warrants;

1.2 Gender and Number

Unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.3 Interpretation not Affected by Headings, etc.

The division of these Terms and Conditions into Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of these Terms and Conditions.

1.4 Day not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence of this Warrant Certificate.

1.6 Currency

Except as otherwise stated, all dollar amounts herein are expressed in Canadian dollars.

1.7 Applicable Law

This Warrant Certificate shall be governed by and construed in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein and shall be treated in all respects as Manitoba contracts. Each of the parties irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Manitoba with respect to all matters arising out of this Warrant Certificate and the transactions contemplated herein.

ARTICLE 2
ISSUE OF WARRANTS

2.1 Terms of Warrants

(a) Each Warrant shall entitle the holder thereof, upon the exercise thereof prior to the Time of Expiry, to acquire one (1) Common Share on payment of the Exercise Price.

(b) No fractional Warrants shall be issued or otherwise provided for hereunder.

(c) The number of Common Shares which may be acquired pursuant to the exercise of Warrants shall be adjusted in the circumstances and in the manner specified in Article 4.

2.2 Warrantholder not a Shareholder

Nothing in the holding of a Warrant or Warrant Certificate or otherwise, shall, in itself, confer or be construed as conferring upon a Warrantholder any right or interest whatsoever as a Shareholder or as any other shareholder of the Corporation, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of Shareholders or any other proceedings of the Corporation, or the right to receive dividends and other distributions.

2.3 Form of Warrants

The Warrants shall be issued in certificated form and shall be dated as of the Effective Date regardless of the date of issuance, shall bear such legends and distinguishing letters and numbers as the Corporation may, subject to applicable securities laws, prescribe, and shall be issuable in any denomination excluding fractions.

2.4 Signing of Warrant Certificates

The Warrant Certificates shall be signed (with or without the seal of the Corporation) by any one director or officer of the Corporation. The signatures of any such director or officer may be mechanically reproduced in facsimile or other electronically transmitted form and Warrant Certificates bearing such a signature shall be binding upon the Corporation as if they had been manually signed by such director or officer. Notwithstanding that any person whose manual or facsimile or other electronically transmitted signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of such Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate signed as aforesaid shall, be a valid and binding obligation of the Corporation and the holder thereof shall be entitled to the benefits of this Warrant Certificate.

2.5 Issue in Substitution for Warrant Certificates Lost, etc.

(a) If any Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law and to Subsection 2.5(b), shall issue, a new Warrant Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in substantially the same as this Warrant Certificate and the Warrants evidenced thereby shall be entitled to the benefits hereof.

(b) The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.5 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation, in its sole discretion, acting reasonably, and such applicant shall also be required to furnish an indemnity or security in amount and form satisfactory to the Corporation, in its sole discretion, and shall pay the reasonable charges of the Corporation in connection therewith.

2.6 Exchange of Warrant Certificates

(a) Any one or more Warrant Certificates representing any number of Warrants may, upon compliance with the reasonable requirements of the Corporation, be exchanged for one or more other Warrant Certificates representing the same aggregate number of Warrants as represented by the Warrant Certificate or Warrant Certificates tendered for exchange.

(b) Warrant Certificates may be exchanged only at the Corporation or at any other place that is designated by the Corporation. Any Warrant Certificate tendered for exchange shall be cancelled by the Corporation.

(c) The Corporation shall sign all Warrant Certificates necessary to carry out exchanges as aforesaid.

(d) Warrant Certificates issued pursuant to this Section 2.6 shall be in same form and shall bear the same legends as those Warrant Certificates they are exchanged for.

2.7 Transfer and Ownership of Warrants

(a) A Warrantholder may transfer his or her Warrants in the manner and subject to the terms set out in this Warrant Certificate. Each Warrantholder, by its acceptance of the Warrants, will be deemed to have acknowledged and agreed to the restrictions on the transfer of Warrants set out herein.

(b) Subject to Subsection 2.7(c), title to the Warrants shall be transferable by delivery of the Warrant Certificates and the duly completed and executed transfer form, together with all necessary endorsements or proper instruments of transfer; provided that registration of the transfer by the Corporation shall be necessary to become a registered holder of the Warrant Certificate and to enjoy the rights and benefits of registration set out in this Warrant Certificate. The Corporation may deem and treat the registered owner of any Warrant as the beneficial owner thereof for all purposes and the Corporation shall not be affected by any notice or knowledge to the contrary except as required by statute or court of competent jurisdiction.

(c) Warrants may only be transferred on the register of the Corporation kept at the Corporation by the registered holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation, upon surrendering to the Corporation for cancellation the Warrant Certificate evidencing such Warrants and upon compliance with:

(i) the conditions set forth in this Warrant Certificate;

(ii) such reasonable requirements as the Corporation may prescribe, including, without limitation, the payment of all stamp taxes or governmental or other charges arising by reason of such transfer; and

(iii) all applicable securities legislation and requirements of regulatory authorities.

Upon satisfaction of all such requirements, the Corporation shall, subject to Subsection 2.7(d), record such transfer in such register and issue to the transferee a Warrant Certificate evidencing the Warrants transferred.

(d) Notwithstanding any provision to the contrary contained in this Warrant Certificate, the Corporation will, on the advice of counsel, acting reasonably, be entitled to refuse to recognize and transfer, or enter the name of any transferee of any Warrant on the register if such transfer would constitute a violation of the securities laws of any jurisdiction.

(e) The holder of Warrants evidenced by a Warrant Certificate may transfer a number of Warrants less than the total number of Warrants evidenced by such Warrant Certificate. In the event of a transfer by a holder of a number of Warrants of less than the total number evidenced by a surrendered Warrant Certificate, the holder shall be entitled to receive a new Warrant Certificate evidencing the balance of the Warrants that are not being transferred.

(f) The Corporation will deem and treat the registered owner of any Warrant as the beneficial owner thereof for all purposes and the Corporation shall not be affected by any notice to the contrary. Subject to the provisions of this Warrant Certificate and applicable legislation, the Warrantholder shall be entitled to the rights and privileges attaching to the Warrants free from all equities or rights of set off or counterclaims between the Corporation and the original and any intermediate holder of the Warrants, and the issue of Common Shares by the Corporation, upon the exercise of Warrants by any Warrantholder in accordance with the terms and conditions herein contained, shall discharge all responsibilities of the Corporation with respect to such Warrants and the Corporation shall not be bound to inquire into the title of any such holder.

(g) The Warrants and the Common Shares issuable upon exercise thereof have not been registered under the U.S. Securities Act, or the securities laws of any State, and may not be transferred unless the Warrants and the Common Shares issuable upon exercise thereof have been registered under the U.S. Securities Act and the securities laws of all applicable States or an exemption or exclusion from such registration requirements is available. The Corporation shall not permit the transfer of any Warrants unless the holder thereof has provided to the Corporation an opinion of counsel, or other evidence, in form reasonably satisfactory to the Corporation, to the effect that such transfer of Warrants does not require registration under the U.S. Securities Act or any applicable State laws and regulations governing the offer and sale of securities.

The Corporation shall be protected in acting and relying on the address provided for purposes of determining if the transfer is to a U.S. Person.

2.8 Charges for Exchange or Transfer

Except as otherwise herein provided, a reasonable charge shall be levied to the Corporation in respect of the transfer or the exchange of a Warrant Certificate or the issue of a new Warrant Certificate(s) pursuant hereto including the reimbursement of the Corporation for any and all transfer, stamp or similar taxes or other governmental charges required to be paid by the holder requesting such transfer or exchange as a condition precedent to such transfer or exchange.

2.9 Cancellation of Surrendered Warrants

All Warrant Certificates surrendered pursuant to this Warrant Certificate shall be returned to the Corporation for cancellation and, after the expiry of any period of retention prescribed by law, destroyed by the Corporation.

2.10 Assumption by Transferee and Release of Transferor

Upon becoming a Warrantholder in accordance with the provisions of this Warrant Certificate, the transferee thereof shall be deemed to have acknowledged and agreed to be bound by these Terms and Conditions. Upon the registration of such transferee as the holder of a Warrant, the transferor shall cease to have any further rights under this Warrant Certificate with respect to such Warrant or the Common Share in respect thereof.

ARTICLE 3
EXERCISE OF WARRANTS

3.1 Exercise of Warrants by the Holder

(a) Prior to the Exercise Date, the registered holder of Warrants may exercise the right conferred on such holder to purchase Common Shares by delivering to the Corporation as hereinafter provided, a duly completed and executed exercise form in the form approved by the Corporation and substantially in the form attached hereto as Schedule "A" (the "**Exercise Form**") of the registered holder, or his or her executors, or administrators or other legal representative or his or her attorney duly appointed by an instrument in writing in a form and manner satisfactory to the Corporation, together with such other documentation as the Corporation may reasonably require, specifying the number of Common Shares subscribed for together with a certified cheque, bank draft or money order in lawful currency of Canada payable to or to the order of the Corporation at par in an amount equal to the Exercise Price multiplied by the number of Common Shares being purchased.

(b) Each Exercise Form referred to in Subsection 3.1(a) shall be signed by the Warrantholder or the Warrantholder's executors or administrators or other legal representatives or an attorney of the Warrantholder duly appointed by an instrument in writing satisfactory to the Corporation, acting reasonably, and shall specify the number of Common Shares which the holder wishes to acquire (being not more than those which the holder is entitled to acquire pursuant to the applicable Warrant Certificate surrendered).

(c) The Corporation may stipulate such requirements respecting the exercise of Warrants as it determines to be necessary for the purpose of effecting such exercise in a commercially reasonable manner. Any expense associated with the preparation and delivery of Exercise Forms will be for the account of the Warrantholder.

(d) Notwithstanding the foregoing in this Section 3.1, a Warrantholder who exercises Warrants pursuant to this Section 3.1 will be deemed to have certified that the Warrantholder is not a resident of the United States or a U.S. Person on the Exercise Date. "United States" and "U.S. Person" are as defined in Regulation S under the *United States Securities Act* of 1933, as amended.

3.2 Transfer Fees and Taxes

If any of the Common Shares subscribed for are to be issued to a person or persons other than the Warrantholder, the Warrantholder shall comply with such reasonable requirements as the Corporation may prescribe and shall pay to the Corporation, all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates evidencing Common Shares unless or until such Warrantholder shall have paid to the Corporation, the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that no tax is due.

3.3 Effect of Exercise of Warrants

(a) Upon the exercise of Warrants pursuant to Section 3.1 and subject to Section 3.4, the Common Shares to be issued shall be issued and the person or persons to whom such Common Shares are to be issued shall become the holder or holders of record of such Common Shares on the Exercise Date unless the transfer registers of the Corporation shall be closed on such date, in which case the Common Shares issued upon the exercise of any Warrants shall be issued and such person or persons shall become the holder or holders of record of such Common Shares, on the date on which such transfer registers are reopened.

(b) Upon the due exercise of Warrants pursuant to Section 3.1 and subject to Section 3.4, the Corporation or its nominee shall, as soon as practicable and in any event within five (5) Business Days after the Exercise Date, cause to be mailed to the person or persons in whose name or names the Warrant is registered or, if so specified in writing by the holder, cause to be delivered to such person or persons at the Corporation where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Common Shares issued upon exercise of the Warrants evidenced by the Warrant Certificate.

3.4 Partial Exercise of Warrants; Fractions

(a) The holder of any Warrants may exercise his right to acquire Common Shares in part and may thereby acquire a number of Common Shares less than the aggregate number which such holder is entitled. In the event of any exercise of a number of Warrants less than the number which the holder is entitled to exercise, the holder of the Warrants upon such exercise shall, in addition, be entitled to receive, without charge therefor, a new Warrant Certificate(s) in respect of the balance of the Warrants represented by the surrendered Warrant Certificate(s) and which were not then exercised.

(b) Notwithstanding anything herein contained, including any adjustment provided for in Article 4, the Corporation shall not be required, upon the exercise of any Warrants (and after taking into account the aggregate number of Common Shares purchased pursuant to the exercise of all Warrants by a particular holder on a particular Exercise Date), to issue fractions of Common Shares or to distribute certificates which evidence a fractional Common Share. The Corporation shall not be required to make any payment to a Warrantholder who, absent this Subsection 3.4(b), would otherwise have been entitled to receive a fractional Common Share.

3.5 Expiration of Warrants

(a) Immediately after the Time of Expiry, all rights under any Warrant in respect of which the right of acquisition herein and therein provided for shall not have been exercised shall cease and terminate and such Warrant shall be void and of no further force or effect except to the extent that the Warrantholder has not received certificates representing the Common Shares held by it, in which instances the Warrantholder's rights hereunder shall continue until it has received that to which it is entitled hereunder.

3.6 Securities Restrictions

Notwithstanding anything herein contained, no Common Shares will be issued pursuant to the exercise of any Warrant if the issuance of such Common Shares would constitute a violation of the securities laws of any applicable jurisdiction, and without limiting the generality of the foregoing, in the event that the Warrants are exercised pursuant to Section 3.1, the certificates representing the Common Shares thereby issued will bear such legend as may, in the opinion of Counsel to the Corporation, be necessary in order to avoid a violation of any securities laws of any province in Canada or of the United States or to comply with the requirements of any stock exchange on which the Common Shares are listed, provided that if, at any time, in the opinion of Counsel to the Corporation, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder's expense, provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Common Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Corporation in exchange for a certificate which does not bear such legend.

ARTICLE 4
ADJUSTMENT OF NUMBER OF COMMON SHARES

4.1 Adjustment of Number of Common Shares

The acquisition rights in effect at any date attaching to the Warrants shall be subject to adjustment from time to time as follows:

(a) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall:

(i) subdivide, redivide or change its outstanding Common Shares into a greater number of shares;

(ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of shares; or

(iii) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the then outstanding Common Shares by way of stock dividend or otherwise (other than the issue of Common Shares to holders of Common Shares pursuant to their exercise of options or the exercise of previously granted warrants, including the Warrants issued hereunder, or as dividends in the form of Common Shares in lieu of dividends paid in the ordinary course on the Common Shares);

then the Exercise Price shall be adjusted, in the case of any action described in (i) or (ii) above, on the effective date thereof, and, in the case of any action described in (iii) above, immediately after the record date thereof by multiplying the Exercise Price in effect immediately prior to such effective date or the close of business on such record date, as the case may be, by a fraction of which the numerator shall be the total number of Common Shares outstanding immediately prior to such effective date or the close of business on such record date, as the case may be, and the denominator shall be the total number of Common Shares outstanding on such effective date or immediately after such record date, as the case may be, and, upon any adjustment of the Exercise Price pursuant to this subsection 4.1(a), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment. Such adjustment shall be made successively whenever any event referred to in this subsection 4.1(a) shall occur;

(b) if and whenever at any time from the date hereof and prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Subsection 4.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale, lease, exchange or transfer of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, a Warrantholder shall be entitled to receive and shall accept, in lieu of the number of Common Shares originally sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such consolidation, amalgamation, arrangement or merger, or to which such sale, lease, exchange or transfer may be made, as the case may be, that such Warrantholder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale, lease, exchange or transfer, if, on the record date or the effective date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Common Shares originally sought to be acquired by it and to which it was entitled to acquire upon the exercise of the Warrants. If determined appropriate by the Corporation to give effect to or to evidence the provisions of this Subsection 4.1(b), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, reorganization, consolidation, amalgamation, arrangement, merger, sale, lease, exchange or transfer, issue a new Warrant Certificate or amend this Warrant Certificate which shall provide, to the extent possible, for the application of the provisions set forth herein with respect to the rights and interests thereafter of the Warrantholder to the end that the provisions set forth in this Warrant Certificate shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Warrantholder is entitled on the exercise of its acquisition rights thereafter. Any warrant certificate issued by the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Corporation shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which shall apply to successive reclassifications, reorganizations, consolidations, amalgamations, arrangements, mergers, sales, leases, exchanges or transfers;

(c) if and whenever at any time after the date hereof and prior to the Time of Expiry:

(i) the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all of the holders of Common Shares entitling them to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for Common Shares) at a price per share (or having a conversion price per share or exchange price per share) less than 95% of the Current Market Price on such record date, and

(ii) the Corporation does not fix a record date for the same date as the record date provided in (c)(i) for the issuance to the Warrantholder of equivalent rights, options or warrants as provided to holders of Common Shares in the event described in (c)(i) and on equivalent terms thereto,

then, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by the following fraction:

$$\frac{A + (B / C)}{A + D}$$

Where:

A = Total number of Common Shares outstanding on the record date

B = Aggregate gross price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered)

C = Current Market Price on the record date

D = Total number of additional Common Shares offered for subscription or purchase (or into or for which the convertible or exchangeable securities so offered are convertible or exchangeable)

and,

(iii) any Common Shares owned by or held for the account of the Corporation or any Subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation;

(iv) such adjustment shall be made successively whenever such a record date is fixed;

(v) to the extent that any such rights, options or warrants are not so issued or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon the number and aggregate price of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be; and

(vi) upon any adjustment of the Exercise Price pursuant to this subsection 4.1(c), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment;

(d) if and whenever at any time after the date hereof and prior to the Time of Expiry:

(i) the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of:

(A) securities of any class, whether of the Corporation or any other corporation (other than a distribution of securities in respect of which an adjustment is provided for in Section 4.1(a), (b) or (c));

(B) evidence of its indebtedness; or

(C) assets or property of the Corporation; and

(ii) the Corporation does not fix a record date for the same date as the record date provided for in (d)(i) for the issuance to the Warrantholder of equivalent shares, evidence of indebtedness, assets or property as provided to holders of Common Shares in the event described in (d)(i) and on equivalent terms thereto,

then, and in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by the following fraction:

$$\frac{(A \times B) - C}{A \times B}$$

Where:

A = Total number of Common Shares outstanding on such record date

B = Current Market Price on such record date

C = Aggregate fair market value of such securities, evidence of indebtedness or assets so distributed

and,

(iii) any Common Shares owned by or held for the account of the Corporation or any Subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation;

(iv) such adjustment shall be made successively whenever such a record date is fixed;

(v) to the extent that such distribution is not so made or any rights, options or warrants distributed are not exercised prior to their expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon such shares, evidences of indebtedness or assets actually distributed, as the case may be; and

(vi) upon any adjustment of the Exercise Price pursuant to Subsection 4.1(d), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment;

(e) the adjustments provided for in this Article 4 in the number of Common Shares and classes of securities which are to be received on the exercise of Warrants are cumulative. After any adjustment pursuant to this Section 4.1, the term "Common Shares" where used in this Warrant Certificate shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, the Warrantholder is entitled to receive upon the exercise of its Warrant, and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of a Warrant;

(f) subject only to this Article 4, no Warrantholder shall be entitled to receive at any time cash or property of any kind in lieu of those Common Shares issuable on the exercise of the Warrants held by such Warrantholder; and

(g) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall take any action affecting or relating to the Common Shares, other than any action described in this Article, which in the opinion of the Corporation would prejudicially affect the rights of any holders of Warrants, the number of Common Shares to be issued on the exercise of Warrants and the exercise price thereof will, subject to the approval of the Exchange, be adjusted by the Corporation in such manner, if any, and at such time, as the Corporation may in its sole discretion determine to be equitable in the circumstances.

4.2 No De Minimis Adjustments

No adjustment in the Exercise Price or in the number of Common Shares subject to the right of purchase under each Warrant shall be required unless such adjustment would result in a change of at least 1% in the Exercise Price then in effect or unless the number of Common Shares subject to the right of purchase under each Warrant would change by at least 1/100th of a Common Share, provided, however, that any adjustments, which, except for the provisions of this Subsection 4.2 would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

4.3 Entitlement to Shares on Exercise of Warrant

All shares of any class or other securities which a Warrantholder is at the time in question entitled to receive on the exercise of its Warrant, whether or not as a result of adjustments made pursuant to this Article 4, shall, for the purposes of the interpretation of this Warrant Certificate, be deemed to be shares which such Warrantholder is entitled to acquire pursuant to such Warrant.

4.4 Determination by Corporation's Auditors

In the event of any question arising with respect to the adjustments provided for in this Article 4, such question shall be conclusively determined by the Corporation's Auditors who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Warrantholder and all other persons interested therein.

4.5 Proceedings Prior to any Action Requiring Adjustment

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of Counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non assessable all the shares which the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

4.6 Certificate of Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Article 4, deliver a certificate of the Corporation to the Warrantholder specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's Auditors verifying such calculation.

4.7 Notice of Special Matters

The Corporation covenants with the Warrantholder that, so long as any Warrants remain outstanding, it will give notice to the Warrantholder of its intention to fix a record date that is prior to the Expiry Date for the issuance of rights, options or warrants (other than the Warrants) to all or substantially all the holders of its outstanding Common Shares. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case at least 14 days prior to such applicable record date.

4.8 No Action after Notice

The Corporation covenants with the Warrantholder that it will not close its transfer books or take any other corporate action which might deprive the Warrantholder of the opportunity to have exercised its right of acquisition pursuant thereto during the period of 14 days after the giving of the notice set forth in Section 4.7.

ARTICLE 5
RIGHTS OF THE CORPORATION AND COVENANTS

5.1 General Covenants

The Corporation covenants with the Warrantholder that so long as any Warrants remain outstanding:

(a) it will allot and reserve and keep available a sufficient number of Common Shares for the purpose of enabling it to satisfy its obligations to issue Common Shares upon the exercise of the Warrants;

(b) it will cause the Common Shares and any certificates representing the Common Shares from time to time acquired pursuant to the exercise of the Warrants to be duly issued and delivered in accordance with this Warrant Certificate, if any, and the terms hereof;

(c) upon payment of the Exercise Price, all Common Shares which shall be issued upon exercise of the rights to acquire provided for in this Warrant Certificate shall be fully paid and non assessable;

(d) it will use its reasonable commercial efforts to maintain its corporate existence; carry on and conduct its business in a proper, efficient and business-like manner in accordance with good business practice; keep or cause to be kept proper books of account in accordance with Canadian generally accepted accounting practice;

(e) it will use its reasonable commercial efforts to ensure that all Common Shares outstanding or issuable from time to time (including without limitation the Common Shares issuable on the exercise of the Warrants) continue to be or are listed and posted for trading on the Exchange, provided that the foregoing shall not restrict or prevent the Corporation from (i) completing a plan of arrangement, take over bid or other business combination which could or may result in delisting of the Common Shares or (ii) graduating to the Toronto Stock Exchange or listing its shares on another recognized stock exchange in Canada or the United States;

(f) it will use its reasonable commercial efforts to maintain its status as a reporting issuer in good standing, in the provinces of Alberta, British Columbia, Manitoba, Ontario and Québec provided that the foregoing shall not restrict or prevent the Corporation from completing a plan of arrangement, take over bid or other business combination which could or may result in the Corporation ceasing to be a reporting issuer in any such jurisdiction;

(g) it will use its reasonable commercial efforts to make all requisite filings to be made by it under applicable Canadian securities legislation and stock exchange rules including without limitation to report the exercise of the rights to acquire Common Shares pursuant to Warrants or otherwise; and

(h) generally, it will well and truly perform and carry out all of the acts or things to be done by it as provided in this Warrant Certificate.

5.2 Optional Purchases by the Corporation

Subject to compliance with applicable securities legislation, the Corporation may purchase from time to time by private contract or otherwise any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the directors, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons and on such other terms as the Corporation, in its sole discretion, may determine. Any Warrant Certificates representing the Warrants purchased pursuant to this Section 5.2 shall forthwith be cancelled by the Corporation upon receipt by the Corporation of the Warrant Certificate. No Warrants shall be issued in replacement thereof.

ARTICLE 6
ENFORCEMENT

6.1 Immunity of Shareholders, etc.

By the acceptance of the Warrant Certificates and as part of the consideration for the issue of the Warrants, the Warrantholder hereby waives and releases any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, director, officer, employee or agent of the Corporation or of any successor Corporation on any covenant, agreement, representation or warranty by the Corporation contained in this Warrant Certificate.

6.2 Limitation of Liability

The obligations hereunder are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future shareholders, directors, officers, employees or agents of the Corporation or of any successor Corporation, but only the property of the Corporation or of any successor Corporation shall be bound in respect hereof.

ARTICLE 7
GENERAL

7.1 Notice to the Corporation and the Warrantholder

(a) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrantholder shall be deemed to be validly given if delivered or if sent by registered letter, postage prepaid or if sent by facsimile:

If to the Corporation:

DiaMedica Inc.
c/o Diamedica USA Inc,
Two Carlson Parkway
Suite 165
Minneapolis, Minnesota
55447

Attention: Chief Executive Officer
Facsimile: (763) 710-4456

If to the Warrantholder:

[●]

Attention: [●]
Email: [●]

and any such notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery or, if mailed, on the fifth Business Day following the actual posting of the notice, or if sent by facsimile or email, the next Business Day after transmission provided that transmission has been completely and accurately transmitted.

(b) The Corporation or the Warrantholder may from time to time notify the other in the manner provided in subsection 7.1(a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrantholder, as the case may be, for all purposes of this Warrant Certificate.

(c) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholder or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered or sent by telecopier or facsimile at the appropriate address or number provided in Subsection 7.1(a).

7.2 Satisfaction and Discharge of Warrant Certificate

Upon the earlier of:

(a) the date by which there shall have been delivered to the Corporation for exercise or destruction all Warrant Certificates theretofore certified hereunder; or

(b) the Time of Expiry,

and if all certificates representing Common Shares required to be issued in compliance with the provisions hereof have been issued and delivered hereunder and if all payments required to be made in compliance with the provisions of Article 4 have been made in accordance with such provisions, this Warrant Certificate shall cease to be of further effect and the Corporation, shall execute proper instruments acknowledging satisfaction of and discharging this Warrant Certificate.

7.3 Provisions of Warrant Certificate and Warrants for the Sole Benefit of the Corporation and Warrantholder

Nothing in this Warrant Certificate, expressed or implied, shall give or be construed to give to any person other than the Corporation and the Warrantholder, any legal or equitable right, remedy or claim under this Warrant Certificate, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the Corporation and the Warrantholder.

7.4 Evidence of Ownership

(a) Upon receipt of a certificate of any bank, trust company or other depositary satisfactory to the Corporation stating that the Warrants specified therein have been deposited by a named person with such bank, trust company or other depositary and will remain so deposited until the expiry of the period specified therein, the Corporation may treat the person so named as the owner, and such certificate as sufficient evidence of the ownership by such person of such Warrant during such period, for the purpose of any requisition, direction, consent, instrument or other document to be made, signed or given by the holder of the Warrant so deposited.

(b) The Corporation may accept as sufficient evidence of the fact and date of the signing of any requisition, direction, consent, instrument or other document by any person:

(i) the signature of any officer of any bank, trust company, or other depositary satisfactory to the Corporation as witness of such execution,

(ii) the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded at the place where such certificate is made that the person signing acknowledged to him the execution thereof,

(iii) a statutory declaration of a witness of such execution, or

(iv) such other documentation as is satisfactory to the Corporation.

7.5 Privacy Laws

The Corporation acknowledges that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Warrant Certificate. Despite any other provision of this Warrant Certificate, the Corporation shall take or direct any action that would contravene applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws.

7.6 Severability

The invalidity or unenforceability of any particular provision of this Warrant Certificate shall not affect or limit the validity or enforceability of the remaining provisions of this Warrant Certificate.

Exhibit 4.14

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

THE BROKER WARRANTS REPRESENTED BY THIS CERTIFICATE WILL BE VOID IF NOT EXERCISED PRIOR TO THE EXPIRY TIME REFERRED TO HEREIN

BROKER WARRANT CERTIFICATE

DIAMEDICA INC.
(THE "CORPORATION")
(Incorporated under the laws of the Province of Manitoba)

BROKER WARRANT CERTIFICATE NO. **[●]**	**[●] BROKER WARRANTS** entitling the holder to purchase one Common Share (as defined below) for each Broker Warrant represented hereby (subject to adjustment as hereinafter provided).

THIS IS TO CERTIFY THAT [●], (the "**Holder**") is entitled to purchase, at any time and from time, prior to the Expiry Time (as defined below), at the Exercise Price (as defined below) and on the other terms and conditions set forth herein, one Common Share for each Broker Warrant represented hereby. The Exercise Price and the number of Common Shares which the Holder is entitled to purchase on exercise of the Broker Warrants are subject to adjustment as hereinafter provided.

"**Expiry Time**" means 5:00 p.m. (Calgary time) on the Expiry Date.

"**Expiry Date**" means [●], 2018.

"**Exercise Price**" means $0.25 per Common Share.

The Holder may exercise its rights to purchase Common Shares hereunder by delivering to the Corporation c/o DiaMedica USA Inc. Two Carlson Parkway, Suite 165, Minneapolis, Minnesota 55447 this certificate with the Exercise Form forming part hereof duly completed and executed by the Holder, together with a certified cheque or bank draft, payable to or to the order of the Corporation, at par, in immediately available Canadian funds, in an amount equal to the product of the Exercise Price multiplied by the number of Common Shares specified in the Exercise Form to be purchased by the Holder hereunder. The date on which this certificate, the Exercise Form and payment are so delivered to the Corporation is hereinafter referred to as the "Exercise Date".

IN WITNESS WHEREOF, the Corporation has caused this certificate to be executed by a duly authorized director or officer.

DATED as of **[●], 2016**.

DIAMEDICA INC.

Per: _____
Name: [●]
Title: [●]

The Broker Warrants represented hereby are not transferable.

EXERCISE FORM

TO: DIAMEDICA INC.

The undersigned hereby exercises its right to purchase _____ Common Shares and tenders herewith a certified cheque or bank draft payable to DiaMedica Inc. in the amount of $_____, being the aggregate purchase price for such Common Shares.

The Common Shares are to be registered as follows:

Name of Registered Holder: _____

Address of Registered Holder: _____

_____

Social Insurance Number/
Business Number:

Note: If further nominees are intended, please attach (and initial) a schedule providing these particulars.

DATED this _____ day of _____, _____.

_____ Per:_____
Signature Guaranteed Name:
Title:

Instructions:

1. If the Exercise Form indicates that Common Shares are to be issued to a person or persons other than the Holder, the signature of such Holder on the Exercise Form must be guaranteed by an authorized officer of a chartered bank, trust company or an investment dealer who is a member of a recognized stock exchange, and the Holder must pay any applicable transfer taxes or fees.

2. If the Exercise Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, this Broker Warrant Certificate must be accompanied by evidence, satisfactory to the Corporation, of the authority of such person to sign the Exercise Form.

ADDITIONAL TERMS AND CONDITIONS

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Broker Warrant Certificate, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the meanings ascribed to them below:

(a) "**Broker Warrants**" means the warrants to acquire Common Shares represented by this Broker Warrant Certificate;

(b) "**Business Day**" means a day other than a Saturday, Sunday or a statutory holiday in Toronto, Ontario and Winnipeg, Manitoba;

(c) "**Common Shares**" means the common shares in the capital of the Corporation as such shares existed at the close of business on the Business Day immediately preceding the Effective Date;

(d) "**Current Market Price"** of the Common Shares at any date means the volume-weighted average trading price per share for such shares for the last ten consecutive Trading Days ending three trading days prior to such date on the Exchange or, if on such date the Common Shares are not listed on the Exchange, on such stock exchange upon which such shares are listed and as selected by the directors, or, if such shares are not listed on any stock exchange, then on such over the counter market or otherwise as may be determined by the directors, acting reasonably;

(e) "**Effective Date**" means [●], 2016;

(f) "**Exchange**" means the TSX Venture Exchange;

(g) "**person**" includes an individual, corporation, partnership, trustee or any unincorporated organization and words importing persons include individuals, corporations, partnerships, trustees and unincorporated organizations.

(h) "**Trading Day**" means, with respect to a stock exchange, a day on which such exchange is open for the transaction of business and with respect to the over-the-counter market means a day on which the Exchange is open for the transaction of business.

Words importing the singular number include the plural and *vice versa* and words importing the masculine gender include the feminine and neuter genders.

1.2 Interpretation Not Affected by Headings

The division of these Additional Terms and Conditions into Articles, Sections and subsections, and the insertion of headings, are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless the context otherwise requires, references herein to Articles, Sections and subsections are to Articles, Sections and subsections of this Broker Warrant Certificate.

1.3 Applicable Law

These Additional Terms and Conditions shall be construed in accordance with, and the rights and obligations of the Holder and the Corporation hereunder shall be governed by, the laws of the Province of Manitoba and the federal laws of Canada applicable therein, without regard to principles of conflicts of law. The Holder attorns to the non-exclusive jurisdiction of the courts of the Province of Manitoba in respect of all matters and disputes arising hereunder.

ARTICLE 2
ISSUE OF BROKER WARRANTS

2.1 Issue of Broker Warrants

That number of Broker Warrants set out on the Broker Warrant Certificate have been duly created, authorized and issued.

2.2 Additional Broker Warrants

Subject to any other written agreement between the Corporation and the Holder, the Corporation may at any time and from time to time undertake further equity or debt financing and may issue additional Common Shares, Broker Warrants or grant options or similar rights to purchase Common Shares to any person.

2.3 Issue in Substitution for Lost Broker Warrants

That number of Broker Warrants set out on the Broker Warrant Certificate have been duly created, authorized and issued.

(a) If any Broker Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law and to Subsection 2.3(b), shall issue a new Broker Warrant Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Broker Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Broker Warrant Certificate, and the Broker Warrants evidenced thereby shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Broker Warrants issued or to be issued hereunder.

(b) The applicant for the issue of a new Broker Warrant Certificate pursuant to this Section 2.3 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Broker Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation, in its sole discretion, acting reasonably, and such applicant shall be satisfactory to the Corporation, in its sole discretion, acting reasonably, and such applicant shall also be required to furnish an indemnity or security in amount and form satisfactory to the Corporation, in its sole discretion, and shall pay the reasonable charges of the Corporation in connection therewith.

2.4 Warrantholder Not a Shareholder

Nothing in the holding of a Broker Warrant or Broker Warrant Certificate shall, in itself, confer or be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Corporation, including, but not limited to, the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Corporation, or the right to receive dividends and other distributions.

ARTICLE 3
EXERCISE OF BROKER WARRANTS

3.1 Method of Exercise

(a) The Holder may exercise the right conferred on such holder to purchase Common Shares by delivering to the Corporation a duly completed and executed exercise form in the form approved by the Corporation and substantially in the form attached hereto (the "**Exercise Form**") of the registered holder, or his or her executors, or administrators or other legal representative or his or her attorney duly appointed by an instrument in writing in a form and manner satisfactory to the Corporation, together with such other documentation and the Corporation may reasonably require.

(b) Each Exercise Form referred to in Subsection 3.1(a) shall be signed by the Holder or the Holder's executors or administrators or other legal representatives or an attorney of the Holder duly appointed by an instrument in writing satisfactory to the Corporation, acting reasonably, and shall specify the number of Common Shares which the Holder wishes to acquire (being not more than those which the Holder is entitled to acquire pursuant to this Broker Warrant Certificate).

(c) Notwithstanding the foregoing in this Section 3.1, a holder who exercises Broker Warrants pursuant to this Section 3.1 will be deemed to have certified that the Holder is not a resident of the United States or a U.S. Person on the Exercise Date. "United States" and "U.S. Person" are as defined in Regulations S under the *United States Securities Act* of 1933, as amended.

3.2 Effect of Exercise

Common Shares purchased on the exercise of Broker Warrants shall be issued as fully paid and non-assessable shares in the capital of the Corporation and the Holder (or its nominee(s) as provided in the Exercise Form) shall become the holder of record of such Common Shares effective as of the Exercise Date. The Corporation will mail or deliver or cause to be mailed or delivered to the Holder at the Holder's address set out herein or, if so specified by the Holder, as set out in the Exercise Form, certificate(s) representing the Common Shares so purchased within five Business Days of the applicable Exercise Date.

3.3 Partial Exercise; Fractions

(a) The Holder may exercise less than the total number of Broker Warrants represented hereby, in which case, the Corporation shall mail or deliver or cause to be mailed or delivered to the Holder at the Holder's address set out herein or, if so specified by the Holder, as set out in the applicable Exercise Form, a Broker Warrant Certificate duly executed by the Corporation representing the balance of the Broker Warrants not so exercised by the Holder within five Business Days of the applicable Exercise Date.

(b) Notwithstanding anything herein contained, including any adjustment provided for in Article 4, the Corporation shall not be required, upon the exercise of any Broker Warrants (and after taking into account the aggregate number of Common Shares purchased pursuant to the exercise of all Broker Warrants by a particular Holder on a particular Exercise Date), to issue fractions of Common Shares or to distribute certificates which evidence a fractional Common Shares. The Corporation shall not be required to make any payment to a holder who, absent this Subsection 3.3(b), would otherwise have been entitled to receive a fractional share.

3.4 Expiration

At the Expiry Time all rights hereunder shall wholly cease and terminate and the Broker Warrants shall be void and of no effect whatsoever.

3.5 Securities Restrictions

Notwithstanding anything herein contained, no Common Shares will be issued pursuant to the exercise of any Broker Warrant if the issuance of such Common Shares would constitute a violation of the securities laws of any applicable jurisdiction, and without limiting the generality of the foregoing, in the event that the Broker Warrants are exercised pursuant to Section 3.1, the certificates representing the Common Shares thereby issued will bear such legend as may, in the opinion of counsel to the Corporation, be necessary in order to avoid a violation of any securities laws of any province in Canada or of the United States or to comply with the requirements of any stock exchange on which the Common Shares are listed, provided that if, at any time, in the opinion of counsel to the Corporation, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder’s expense, provides the Corporation with satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Common Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Corporation in exchange for a certificate which does not bear such legend.

ARTICLE 4
GENERAL

4.1 Common Shares

Until the Expiry Time, the Corporation shall reserve and keep available for issue upon the exercise of the Broker Warrants such number of authorized but unissued Common Shares as may be necessary to satisfy in full the rights of the Holder to purchase Common Shares hereunder.

4.2 Notice to Regulatory Authorities

If so required by law or the rules of any stock exchange or securities regulatory authority, the Corporation may give notice of the issuance of any Common Shares pursuant to the exercise of Broker Warrants in such detail as may be required by such regulatory authority.

4.3 Legends

If so required by law or the rules of any stock exchange or securities regulatory authority, the Corporation may endorse certificates representing Common Shares issued on exercise of Broker Warrants with such legends as may be so required.

4.4 Transfer Taxes

The Corporation shall pay any and all transfer taxes (if any) that may be payable in respect of the issuance or delivery of Common Shares upon the exercise of the Broker Warrants; *provided, however*, that the Corporation shall not be required to pay any such tax or taxes that may be payable in respect of the issuance or delivery of Common Shares issued upon the exercise of the Broker Warrants in the name of a person or persons other than the Holder.

ARTICLE 5
ADJUSTMENTS

5.1 Adjustments of Exercise Price and Number of Common Shares Issuable

The acquisition rights in effect at any date attaching to the Warrants shall be subject to adjustment from time to time as follows:

(a) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall:

(i) subdivide, redivide or change its outstanding Common Shares into a greater number of shares;

(ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of shares; or

(iii) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the then outstanding Common Shares by way of stock dividend or otherwise (other than the issue of Common Shares to holders of Common Shares pursuant to their exercise of options or the exercise of previously granted warrants, including the Warrants issued hereunder, or as dividends in the form of Common Shares in lieu of dividends paid in the ordinary course on the Common Shares);

then the Exercise Price shall be adjusted, in the case of any action described in (i) or (ii) above, on the effective date thereof, and, in the case of any action described in (iii) above, immediately after the record date thereof by multiplying the Exercise Price in effect immediately prior to such effective date or the close of business on such record date, as the case may be, by a fraction of which the numerator shall be the total number of Common Shares outstanding immediately prior to such effective date or the close of business on such record date, as the case may be, and the denominator shall be the total number of Common Shares outstanding on such effective date or immediately after such record date, as the case may be, and, upon any adjustment of the Exercise Price pursuant to this subsection 5.1(a), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment. Such adjustment shall be made successively whenever any event referred to in this subsection 5.1(a) shall occur;

(b) if and whenever at any time from the date hereof and prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Subsection 5.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale, lease, exchange or transfer of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, the Holder shall be entitled to receive and shall accept, in lieu of the number of Common Shares originally sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such consolidation, amalgamation, arrangement or merger, or to which such sale, lease, exchange or transfer may be made, as the case may be, that such Holder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale, lease, exchange or transfer, if, on the record date or the effective date thereof, as the case may be, the Holder had been the registered holder of the number of Common Shares originally sought to be acquired by it and to which it was entitled to acquire upon the exercise of the Warrants.

(c) if and whenever at any time after the date hereof and prior to the Time of Expiry:

(i) the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all of the holders of Common Shares entitling them to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for Common Shares) at a price per share (or having a conversion price per share or exchange price per share) less than 95% of the Current Market Price on such record date, and

(ii) the Corporation does not fix a record date for the same date as the record date provided in (c)(i) for the issuance to the Holders of equivalent rights, options or warrants as provided to holders of Common Shares in the event described in (c)(i) and on equivalent terms thereto,

then, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by the following fraction:

$$\frac{A + (B / C)}{A + D}$$

Where:

A = Total number of Common Shares outstanding on the record date

B = Aggregate gross price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered)

C = Current Market Price on the record date

D = Total number of additional Common Shares offered for subscription or purchase (or into or for which the convertible or exchangeable securities so offered are convertible or exchangeable)

and,

(iii) any Common Shares owned by or held for the account of the Corporation or any Subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation;

(iv) such adjustment shall be made successively whenever such a record date is fixed;

(v) to the extent that any such rights, options or warrants are not so issued or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon the number and aggregate price of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be; and

(vi) upon any adjustment of the Exercise Price pursuant to this subsection 5.1(c), the number of Common Shares subject to the right of purchase under each Broker Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment;

(d) if and whenever at any time after the date hereof and prior to the Time of Expiry:

(i) the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of:

(A) securities of any class, whether of the Corporation or any other corporation (other than a distribution of securities in respect of which an adjustment is provided for in Section 5.1(a), (b) or (c));

(B) evidence of its indebtedness; or

(C) assets or property of the Corporation; and

(ii) the Corporation does not fix a record date for the same date as the record date provided for in (d)(i) for the issuance to Holders of equivalent shares, evidence of indebtedness, assets or property as provided to holders of Common Shares in the event described in (d)(i) and on equivalent terms thereto,

then, and in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by the following fraction:

$$\frac{(A \times B) - C}{A \times B}$$

Where:

A = Total number of Common Shares outstanding on such record date

B = Current Market Price on such record date

C = Aggregate fair market value of such securities, evidence of indebtedness or assets so distributed

and,

(iii) any Common Shares owned by or held for the account of the Corporation or any Subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation;

(iv) such adjustment shall be made successively whenever such a record date is fixed;

(v) to the extent that such distribution is not so made or any rights, options or warrants distributed are not exercised prior to their expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon such shares, evidences of indebtedness or assets actually distributed, as the case may be; and

(vi) upon any adjustment of the Exercise Price pursuant to Subsection 5.1(d), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment;

(e) the adjustments provided for in this Article 5 in the number of Common Shares and classes of securities which are to be received on the exercise of Broker Warrants are cumulative. After any adjustment pursuant to this Section 5.1, the term "Common Shares" where used herein shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 5.1, the Holder is entitled to receive upon the exercise of its Broker Warrant, and the number of Common Shares indicated by any exercise made pursuant to a Broker Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Holder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 5.1, upon the full exercise of a Broker Warrant;

(f) subject only to this Article 5, no Holder shall be entitled to receive at any time cash or property of any kind in lieu of those Common Shares issuable on the exercise of the Broker Warrants held by such Holder; and

(g) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall take any action affecting or relating to the Common Shares, other than any action described in this Article, which in the opinion of the Corporation would prejudicially affect the rights of any holders of Broker Warrants, the number of Common Shares to be issued on the exercise of Broker Warrants and the exercise price thereof will, subject to the approval of the Exchange, be adjusted by the Corporation in such manner, if any, and at such time, as the Corporation may in its sole discretion determine to be equitable in the circumstances.

5.2 No De Minimis Adjustments

No adjustment in the Exercise Price or in the number of Common Shares subject to the right of purchase under each Broker Warrant shall be required unless such adjustment would result in a change of at least 1% in the Exercise Price then in effect or unless the number of Common Shares subject to the right of purchase under each Warrant would change by at least 1/100th of a Common Share, provided, however, that any adjustments, which, except for the provisions of this Subsection 5.2 would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

5.3 Entitlement to Shares on Exercise of Warrant

All shares of any class or other securities which a Holder is at the time in question entitled to receive on the exercise of its Broker Warrant, whether or not as a result of adjustments made pursuant to this Article 5, shall be deemed to be shares which such Holder is entitled to acquire pursuant to such Broker Warrant.

5.4 Determination by Corporation's Auditors

In the event of any question arising with respect to the adjustments provided for in this Article 5, such question shall be conclusively determined by the Corporation's Auditors who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Holders and all other persons interested therein.

5.5 Proceedings Prior to any Action Requiring Adjustment

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Broker Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of Corporation’s counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non assessable all the shares which the holders of such Broker Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

ARTICLE 6
COVENANTS OF THE CORPORATION

6.1 Covenants of the Corporation

The Corporation hereby covenants and agrees as follows:

(a) subject to Subsection 5.1(b), it will at all times maintain its corporate existence and will carry on its business as currently carried on;

(b) it will reserve and there will remain unissued out of its authorize capital a sufficient number of Common Shares to satisfy the rights of acquisition provided for in the Broker Warrant Certificate; and

(c) all Common Shares issued upon exercise of the right to purchase provided for herein shall, upon payment of the Exercise Price therefore, be issued as fully paid and non assessable shares.

ARTICLE 7
TRANSFER OF BROKER WARRANTS

7.1 Transfer of Broker Warrants

The Broker Warrants evidences by this Broker Warrant Certificate cannot be transferred or otherwise disposed of, in whole or in part, to any person.

ARTICLE 8
AMENDMENTS

8.1 Amendments Generally

The terms of the Broker Warrants represented by the Broker Warrant Certificate may be amended only by a written instrument signed by the Corporation and the Holder.

ARTICLE 9
NOTICES

9.1 Notices

Notices required or permitted to be given hereunder shall be validly given by a party if such notice is sent to the address of the other party at the address of such party hereinbefore set forth. Such address may be changed from time to time by a party on written notice thereof given by such party to the other party.

Exhibit 10.1

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

DIAMEDICA THERAPEUTICS INC.
STOCK OPTION PLAN

Amended and Restated December 21, 2017

1. **The Plan**

A stock option plan (the "Plan") pursuant to which options (hereinafter, an "Option" or "Options") to purchase common shares or such other shares or other securities as may be substituted therefor or may be acquired by a Participant (as defined in Section 6 hereof) upon the exercise of an Option the terms of which have been modified in accordance with section 15 below (collectively, the "Shares") in the capital of DiaMedica Therapeutics Inc. (the "Corporation") may be granted to the Participants is hereby established on the terms and conditions herein set forth.

2. **Purpose**

The purpose of this Plan is to advance the interests of the Corporation by encouraging the directors, officers and key employees of the Corporation and consultants retained by the Corporation to acquire Shares, thereby:

(a) increasing the proprietary interests of such persons in the Corporation;

(b) aligning the interests of such persons with the interests of the Corporation's shareholders generally;

(c) encouraging such persons to remain associated with the Corporation; and

(d) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation.

3. **Administration**

(a) This Plan shall be administered by the board of directors of the Corporation (the "Board").

(b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options, all on such terms as it shall determine in its sole discretion. In addition, the Board shall have the authority to:

(i) construe and interpret this Plan and all option agreements entered into hereunder;
(ii) prescribe, amend and rescind rules and regulations relating to this Plan; and
(iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries of the Participants.

(c) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board or to the President or any other officer of the Corporation. Whenever used herein, the term “Board” shall be deemed to include any committee or officer to which the Board has, fully or partially, delegated responsibilities and/or authority relating to the Plan or the administration and operation of the Plan pursuant to this section 3.

(d) Options to purchase the Shares granted hereunder shall be evidenced by an agreement, signed on behalf of the Corporation and by the person to whom an Option is granted, which agreement shall be in such form as the Board shall approve, as amended from time to time by the Board.

4. **Shares Subject to Plan**

(a) Subject to section 15 below, the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued common shares of the Corporation.

(b) The aggregate number of Shares reserved for issuance under this Plan shall not exceed ten (10%) percent of the issued shares of the Corporation at the relevant time and the aggregate number of Shares reserved for issuance under any compensation or incentive mechanism or plan (including deferred share unit plans or employee stock option plans, if any) granted by the Corporation, including this Plan, shall not exceed ten (10%) percent of the issued shares of the Corporation at the relevant time.

(c) If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, any unpurchased Shares to which such Option relates shall be available for the purposes of the granting of Options under this Plan.

5. **Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of this Plan ensure that the number of Shares it is authorized to issue shall be sufficient to satisfy the requirements of this Plan.

6. **Eligibility and Participation**

(a) The Board may from time to time, in its sole discretion, grant an Option to any Participant, upon such terms, conditions and limitations as the Board may determine, including the terms, conditions and limitations set forth herein and pursuant to the terms and conditions of an individual option agreement set forth as Schedule "A", provided that Options granted to any Participant shall be approved by the applicable shareholders of the Corporation if the rules of the TSX Venture Exchange (the “Exchange”) require such approval. A reduction in the exercise price of an Option previously granted to a Participant who is currently an Insider, as defined by the Exchange, shall receive approval from the disinterested shareholders of the Corporation.

(b) The Board may, in its discretion, select any of the following Persons to participate in this Plan, provided that any such Person, at the time of issuance, was:

(i) a member of the Board of the Corporation or any subsidiary of the Corporation;

(ii) a senior officer of the Corporation or any subsidiary of the Corporation;

(iii) an Employee of the Corporation, or any subsidiary of the Corporation;

(iv) a Management Company Employee of the Corporation or any subsidiary of the Corporation; or

(v) a Consultant retained by the Corporation or any subsidiary of the Corporation;

(vi) a Consultant retained to carry out Investor Relations Activities for the Corporation.

Any such person having been selected for participation in this Plan by the Board is herein referred to as a "Participant". When such Participant is an Employee, Consultant or Management Company Employee, the Corporation represents that the Participant is a bona fide Employee, Consultant or Management Company Employee.

(c) Where used herein:

"Consultant" means an individual (or a company controlled by such individual) who:

(i) provides ongoing consulting services to the Corporation or any subsidiary of the Corporation under a written contract, and

(ii) possesses technical, business or management expertise of value to the Corporation or any subsidiary of the Corporation, and

(iii) spends a significant amount of time and attention on the business and affairs of the Corporation or any subsidiary of the Corporation; and

(iv) has a relationship with the Corporation of any subsidiary of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.

"Employee" means:

(i) an individual who is considered an employee under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source); or

(ii) an individual who works full time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or

(iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction of the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.

"Investor Relations Activities" means activities or oral or written communications, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

(i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:

a. to promote the sale of products or services of the Corporation; or

b. to raise public awareness of the Corporation,

that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;

(ii) activities or communications necessary to comply with the requirements of:

a. any and all securities laws applicable to the Corporation; or

b. requirements of the Exchange or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;

(iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchaser of it, if:

a. the communication is only through the newspaper, magazine or publication; and

b. the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or

(iv) activities or communications that may be otherwise specified by the Exchange.

"Management Company Employees" means individuals employed by a Person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities;

"Person" means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual, or an individual.

7. Exercise Price

The Board shall, at the time an Option is granted under this Plan, fix the exercise price at which Shares may be acquired upon the exercise of such Option provided that the minimum exercise price shall not be less than the Discounted Market Price. The Discounted Market Price is the Market Price of the Shares, less a discount which shall not exceed 25% if the Market Price is $0.50 or less, 20% if the Market Price is from $0.51 to $2.00 and 15% if the Market Price is above $2.00. Where used herein " Market Price" means, subject to certain exceptions required by the rules of the Exchange, the last daily closing price of the Shares before either the issuance of the news release or the filing of a price reservation form (Form 4N) required to fix the price at which the securities are issued or deemed to be issued.

8. Number of Optioned Shares

The number of Shares that may be acquired under an Option granted to a Participant shall be determined by the Board as at the time the Option is granted, provided that:

(a) no more than 5% of the issued shares of the Corporation may be granted to any one Participant (not including a Consultant or an employee conducting investor relation activities) in any 12 month period (unless the Corporation has obtained disinterested shareholder approval within the meaning of Exchange policies);

(b) Insiders (as defined by the Exchange) may not be granted more than ten percent (10%) of the total number of issued and outstanding Shares within a twelve (12) month period (calculated on a non-diluted basis);

(c) at no time shall the number of Shares reserved for issuance under stock options granted to Insiders exceed 10% of the issued and outstanding Shares;

(c) no more than 2% of the issued shares of the Corporation may be granted to any one Consultant in any 12 month period; and

(d) no more than an aggregate of 2% of the issued shares of the Corporation may be granted to all persons employed in Investor Relations Activities, in any 12 month period.

9. **Term**

The period during which an Option may be exercised (the "Option Period") shall be determined by the Board at the time the Option is granted, subject to any vesting limitations which may be imposed by the Board in its sole unfettered discretion at the time such Option is granted, provided that:

(a) for a Participant other than a person employed in Investor Relations Activities, no Option shall be exercisable for a period exceeding ten (10) years from the date the Option is granted unless otherwise specifically provided by the Board and authorized by the Exchange, if applicable;

(b) for a Participant employed in Investor Relations Activities, no Option shall be exercisable for a period exceeding twelve (12) months from the date the Option is granted, with no more than one-fourth ($^1/4$) of the Options vesting in any three (3) month period;

(c) the Option Period shall be automatically reduced in accordance with Sections 11 and 12 below upon the occurrence of any of the events referred to therein; and

(d) no Option in respect of which shareholder approval is required under the rules of any Exchange shall be exercisable until such time as the Option has been approved by the shareholders of the Corporation.

If the end of the Option Period occurs during a Blackout Period applicable to the Participant, or within five business days after the expiry of a Blackout Period applicable to the relevant Participant, then the end of such Option Period for that Option will be the date that is the tenth business day after the expiry date of the Blackout Period. Where used herein “Blackout Period” means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Corporation in accordance with its securities trading policies governing trades by Directors, Officers and Employees in the Corporation’s securities. The Blackout Period must be formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information (as defined in applicable securities legislation), and the Blackout Period must expire upon the general disclosure of such undisclosed Material Information. The automatic extension of a Participant’s options will not be permitted where the Participant or the Corporation is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Corporation’s securities.

10. **Method of Exercise of Option**

(a) Except as set forth in Sections 11 and 12 below or as otherwise determined by the Board, no Option may be exercised unless the holder of such Option is, at the time the Option is exercised, a Participant.

(b) Options may be exercised in whole or in part and may be exercised on a cumulative basis where a vesting limitation has been imposed at the time of grant.

(c) Any Participant (or his legal, personal representative) wishing to exercise an Option shall deliver to the Corporation, at its principal office in the City of Winnipeg, Manitoba:

(i) a written notice expressing the intention of such Participant (or his or her legal, personal representative) to exercise his or her Option and specifying the number of Shares in respect of which the Option is exercised; and

(ii) a cash payment, cheque or bank draft, representing the full purchase price of the Shares in respect of which the Option is exercised.

(d) Upon the exercise of an Option as aforesaid, the Corporation shall use its reasonable efforts to forthwith deliver, or cause the registrar and transfer agent of the Shares to deliver, to the relevant Participant (or his or her legal, personal representative) or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Shares as the Participant (or his or her legal, personal representative) shall have then paid for.

11. **Ceasing to be a Director, Officer, Employee or Consultant**

If any Participant shall cease to be a member of the Board, senior officer, Employee, Management Company Employee or Consultant of the Corporation or any subsidiary of the Corporation for any reason other than death, permanent disability or normal retirement, his or her Option will terminate at 5:00 p.m. (Minneapolis time) on the earlier of the date of the expiration of the Option Period and:

(a) for Participants other than those employed in Investor Relations Activities, 90 days after the date such Participant ceases to be a member of the Board, senior officer, Employee, Management Company Employee or Consultant of the Corporation, or any subsidiary of the Corporation; and

(b) for Participants employed in Investor Relations Activities, 30 days after the date such Participant ceases to be employed in Investor Relations Activities.

If such cessation or termination is by reason of substantial breach or cause on the part of the Participant, the Options shall be automatically terminated forthwith and shall be of no further force or effect.

Neither the selection of any person as a Participant nor the granting of an Option to any Participant under this Plan shall

(c) confer upon such Participant any right to continue as a director, senior officer, Employee, Management Company Employee or Consultant of the Corporation, or any subsidiary of the Corporation as the case may be, or

(d) be construed as a guarantee that the Participant will continue as a member of the Board, senior officer, Employee, Management Company Employee or Consultant of the Corporation, or any subsidiary of the Corporation as the case may be.

12. **Death, Permanent Disability or Normal Retirement of a Participant**

In the event of the death, permanent disability or normal retirement of a Participant, any Option previously granted to such Participant shall be exercisable until the end of the Option Period or until the expiration of 12 months or a period determined by the board, after the date of death, permanent disability or normal retirement of such Participant, whichever is earlier, and then, in the event of death or permanent disability, only:

(a) by the Participant or person or persons to whom the Participant's rights under the Option shall pass by the Participant's Will or by applicable law; and

(b) to the extent that the Participant was entitled to exercise the Option as at the date of his death or permanent disability.

13. **Rights of Participants**

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until such Shares have been paid for in full and issued to such person.

14. **Proceeds from Exercise of Options**

The proceeds from any sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine and direct.

15. **Adjustments**

(a) Notwithstanding any other provision of this Plan, in the event of any change in the outstanding Shares of the Corporation by reason of any stock dividend, split, recapitalization, reclassification, amalgamation, merger, consolidation, combination or exchange of Shares or distribution of rights to holders of Shares or any other form of corporate reorganization whatsoever, an equitable adjustment shall be made to any Options then outstanding and the exercise price in respect of such Options.

(b) Adjustments under this section 15 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Shares shall be issued under this Plan on any such adjustment.

16. **Transferability**

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of this Plan shall not be transferable or assignable except, where qualified, to a Registered Retirement or similar plan where the Participant is the annuitant thereof, or to a family trust controlled by the Participant. During the lifetime of a Participant, any Options granted hereunder may only be exercised at the direction of the Participant and in the event of the death or permanent disability of a Participant, by the person or persons to whom the Participants rights under the Option pass by the Participant's Will or by applicable law.

17. **Amendment and Termination of Plan**

(a) 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.

(b) Notwithstanding subparagraph 17(a), the Board may not, without approval of the holders of a majority of the issued and outstanding equity securities of the Corporation 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 Shares reserved for issuance under the Plan;
b. make any amendment that would reduce the Exercise Price of an outstanding Option granted to an Insider (including a cancellation and reissue of an Option to an Insider at a reduced Exercise Price);
c. amend or delete section 9 to extend the term of any Option beyond the Option Period of the Option or, except as already contemplated under section 9, allow for the Option Period of an Option to be greater than 10 years;
d. permit assignments, or exercises other than by the Participant, of Options beyond that contemplated by section 16, except for an amendment that would permit the assignment of an Option for estate planning or estate settlement purposes; and
e. amend the Plan to provide for other types of compensation through equity issuance.

Pursuant to section 6(a) hereof, the amendments referred to at section 17(b)(b) shall require the approval of disinterested shareholders of the Corporation.

(c) Without limiting the generality of subparagraph 17(a), 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 Exchange policies or the rules of any national securities exchange or system on which the 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 Option Period;
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;
g. amendments in order to ensure that the Plan and the Options granted hereunder comply with applicable law from time to time, including without limitation requirements contained in the *Income Tax Act* (Canada), as amended; and
h. amendments to the Plan that are of a "housekeeping nature".

18. Necessary Approvals

The obligation of the Corporation to issue and deliver Shares in accordance with this Plan is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority to stock exchange having jurisdiction over the securities of the Corporation. If Shares cannot be issued to a Participant upon the exercise of an Option (for any reason whatsoever) the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the relevant Participant as soon as practicable.

19. Stock Exchange Rules

This Plan and any option agreements entered into hereunder shall comply with the requirements from time to time of the Exchange.

20. Right to Issue Other Shares

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further shares of any class of the Corporation, including, without limitation, Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

21. Notice

Any notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid or delivered by courier or by facsimile transmission addressed, if to the Corporation, at the principal address of its wholly owned subsidiary, DiaMedica USA Inc., in Minneapolis, Minnesota (being currently: Two Carlson Parkway, Suite 260, Minneapolis, Minnesota 55447, USA), Attention: The President; or if to a Participant, to such Participant at his or her address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing then to the last known address of such Participant; or if to any other person, to the last known address of such person.

Gender

Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

22. Interpretation

This Plan will be governed by and construed in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.

DATED this 21st day of December, 2017.

DiaMedica Therapeutics Inc.

Per: /s/ Rick Pauls

Per: President and Chief Executive Officer

Exhibit 10.2

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

OPTION AGREEMENT

This Agreement dated as of the ● day of ●, ●,

BETWEEN:

DIAMEDICA THERAPEUTICS INC.
a corporation incorporated under the laws of Canada,
(hereinafter called the "Corporation"),

OF THE FIRST PART,

- and -

●,
of the • of ●, in the ● of ●,
(hereinafter called the "Participant"),

OF THE SECOND PART.

WHEREAS the Corporation has entered into an amended and restated stock option plan dated December 21, 2017 (the "Plan");

AND WHEREAS terms not otherwise defined herein shall have the meaning set forth in the Plan;

WHEREAS the Participant is a bona fide Senior Officer, Director, Employee, Management Company Employee or Consultant of the Corporation or any subsidiary of the Corporation;

AND WHEREAS the Corporation desires to grant to the Participant an option to purchase Common Shares of the Corporation (the "Shares") on the terms and conditions hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto agree as follows:

1. The Corporation hereby grants to the Participant an irrevocable, non-assignable and nontransferable option (the "Option") to purchase all or any part of ● Shares at a price of $● per Share subject to the terms and conditions set forth herein.

2. The Option expires and terminates at 5:00 p.m. (Central Time) on the day (the "Expiry Date") that is the earlier of (i) the • anniversary of the date hereof and (ii) the dates determined by Sections 6 and 7 below.

3. The Shares optioned under this Agreement shall vest as follows:

    ● quarterly over ● quarters

4. Except as provided in Sections 6 and 7 below, and subject to paragraph 14 below, the Option may only be exercised while the Participant is a Director, Senior Officer, Employee, Management Company Employee, or Consultant of the Corporation or any subsidiary of the Corporation. The Participant (or his legal representative) may exercise the Option by delivering to the Corporation, at the principal office of its U.S. subsidiary, DiaMedica USA, in Minneapolis, Minnesota:

    (a) a written notice expressing the intention to exercise the Option and specifying the number of Shares in respect of which the Option is exercised;

(b) a cash payment, check, or bank draft, representing the full purchase price of the Shares in respect of which the Option is exercised; and

(c) in the event the Option is exercised in accordance with this Agreement by person(s) other than the Participant, proof satisfactory to the Corporation of the right of such person(s) to exercise the Option.

5. Upon the exercise of the Option as aforesaid, the Corporation shall employ its reasonable efforts to forthwith deliver, or cause the registrar and transfer agent of the Shares to deliver, to the Participant (or his legal representative) or to the order thereof, a certificate representing, or if held in non-certificated form evidence of, the aggregate number of fully paid and non-assessable Shares as the Participant (or his legal representative) shall have then paid for.

6. (a) Subject to Subsection 6(b) hereof, if the Participant shall cease to be a Director, Senior Officer, Employee, Management Company Employee or Consultant of the Corporation or any subsidiary of the Corporation for any reason other than death or permanent disability, the Option granted herein will terminate at 5:00 p.m. (Central Time) on the earlier of the (i) one hundred and twentieth (120^{th}) day after the date the Participant ceases to be a Director, Senior Officer, Employee, Management Company Employee or Consultant of the Corporation or any subsidiary of the Corporation and (ii) the ● anniversary of the date hereof.

(b) If the Participant is engaged in Investor Relations Activities on behalf of the Corporation or any subsidiary of the Corporation and ceases to be retained as a Consultant engaged in Investor Relations Activities for the Corporation or any subsidiary of the Corporation for any reason other than death or permanent disability, his Option will terminate at 5:00 p.m. (Central Time) on the earlier of the (i) thirtieth (30^{th}) day after the date the Participant ceases to be a Consultant engaged in Investor Relations Activities on behalf of the Corporation or any subsidiary of the Corporation and (ii) the anniversary of the date hereof.

7. In the event of the death or permanent disability of the Participant, the Option shall be exercisable until 5:00 p.m. (Central Time) on the day that is the earlier of (i) twelve (12) months after the date of death or permanent disability of the Participant and (ii) the ● anniversary of the date hereof, and then, in the event of death or permanent disability, only:

(a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or applicable law; and

(b) to the extent that the Participant was entitled to exercise the Option as at the date of the Participant's death or permanent disability.

8. The Participant acknowledges and agrees that neither the selection of the Participant as a Participant under the Plan nor the granting of the Option hereunder shall confer upon the Participant any right to continue as a Director, Senior Officer, Employee, Management Company Employee or Consultant of the Corporation or any subsidiary of the Corporation, as the case may be. The Participant further acknowledges and agrees that this Agreement and the Option granted hereby shall in no way constitute the basis for a claim for damages by the Participant against the Corporation or any subsidiary of the Corporation in the event of the termination of the employment (or other contractual relationship) of the Participant with the Corporation or any subsidiary of the Corporation for any reason whatsoever, including the Participant's wrongful dismissal, and the Participant hereby releases and forever discharges the Corporation or any subsidiary of the Corporation from all claims and rights of action for damages whatsoever based upon or arising out of this Agreement and the Option.

9. The Participant shall not have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of the Option until such Shares have been paid for in full and issued to the Participant in accordance with the terms of this Agreement.

10. The number of Shares deliverable upon the exercise of the Option shall be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Shares of the Corporation prior to the Expiry Date, without any change in the total price applicable to the unexercised portion of the Option. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Option and to prevent its dilution or enlargement. Adjustments under this Section 10 shall be made by the board of directors of the Corporation (or by such committee or persons as may be delegated such authority by the board of directors of the Corporation), whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Shares shall be issued on any such adjustment.

11. The Option and all benefits and rights accruing to the Participant hereunder shall not be transferable or assignable unless specifically provided herein. During the lifetime of the Participant the Option granted hereunder may only be exercised by the Participant as herein provided and in the event of death of the Participant, by the person or persons to whom the Participant's rights under the Option pass by the Participant's will or applicable law in accordance with Section 7 above.

12. The Corporation shall at all times ensure that the number of Shares it is authorized to issue shall be sufficient to satisfy the requirements of this Agreement.

13. The obligation of the Corporation to issue and deliver Shares on the exercise of the Option in accordance with the terms and conditions of this Agreement is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority including any stock exchange having jurisdiction over the securities of the Corporation. If Shares cannot be issued to the Participant upon the exercise of the Option for any reason whatsoever, the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in connection with the exercise of the Option will be returned to the Participant as soon as practicable.

14. All Shares issued upon the exercise of the Option must be legended with a four (4) month hold period from the date that the options are granted. The legend must state the following:

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

15. The Corporation or an subsidiary of the Corporation may take such steps as are considered necessary or appropriate for the withholding and/or remittance of any taxes which the Corporation or any subsidiary of the Corporation is required by any law or regulation of any governmental authority whatsoever to withhold and/or remit in connection with any Option or Option exercise including, without limiting the generality of the foregoing, the withholding and/or remitting of all or any portion of any payment or the withholding of the issue of Shares to be issued upon the exercise of any portion of any payment or the withholding of the issue of Shares to be issued upon the exercise of any Option until such time as the Optionee has paid to the Corporation or any subsidiary of the Corporation (in addition to the exercise price payable for the exercise of the Options) the amount which the Corporation or subsidiary of the Corporation reasonably determines is required to be withheld and/or remitted with respect to such taxes.

16. The Participant acknowledges that the Participant has read and understands this Agreement.

17. Time shall be of the essence of this Agreement.

18. Any notice required to be given by this Agreement shall be in writing and shall be given by registered mail, postage prepaid or delivered by courier or by facsimile transmission addressed, if to the Corporation, at the address of its U.S. subsidiary, DiaMedica USA, in Minneapolis, Minnesota, (being currently Two Carlson Parkway, Suite 260, Minneapolis, Minnesota 55447, USA), Attention: President; or if to the Participant at their last known address.

19. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.

20. This Agreement may be executed in several parts in the same form and the parts as so executed shall together constitute one original agreement, and the parts, if more than one, shall be read together and construed as if all the signing parties hereto had executed one copy of this agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first above written.

DIAMEDICA THERAPEUTICS INC.

Per:

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness	Participant

Exhibit 10.3

**CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83**

**DIAMEDICA INC.
(the "Company")**

**AMENDED AND RESTATED DEFERRED SHARE UNIT PLAN
FOR DIRECTORS AND EXECUTIVE OFFICERS**

PART l - GENERAL PROVISIONS

Purpose

1.1 The purpose of this Plan is to provide an alternative form of compensation to satisfy annual and special bonuses payable to Directors and Executive Officers and to satisfy fees that may be payable to Directors for acting as directors of the Company. This form of compensation promotes a greater alignment of interests amongst Directors and Executive Officers and the Company's shareholders.

Definitions

1.2 In this Plan,

Annual Board Retainer means that annual retainer paid by the Company to a Director, but does not include Chair Fees, Committee Fees and Meeting Fees.

Applicable Withholding Tax has the meaning set forth in Section 3.4;

Awarded Amount has the meaning set forth in Section 2.1;

Board means the Board of Directors of the Company;

Chair means the chair of the Board;

Chair Fees means the fees or retainers, other than Meeting Fees, the Annual Board Retainer and Committee Fees, paid by the Company to a Director for service as the Chair and as chairperson of a committee of the Board;

Committee means the Governance and Compensation Committee of the Board, or any other persons designated by the Board to perform the duties contemplated herein;

Committee Fees means the fees or retainers, other than Meeting Fees, the Annual Board Retainer and Chair Fees, paid by the Company to a Director for service on a committee of the Board;

Company means DiaMedica Inc.;

Deferred Share Unit means a right granted by the Company to an Eligible Person to receive, on a deferred payment basis, a Share or the Fair Market Value thereof, or a combination thereof on the terms contained in this Plan;

Director means any Director of the Company, or a subsidiary of the Company, appointed and approved by the Board or the shareholders;

Eligible Person means any person who is a Director or Executive Officer;

Executive Officer means the Chief Executive Officer, President, Chief Financial Officer and any senior officer of the Company, or any subsidiary of the Company or any persons acting in any such capacity on behalf of the Company or subsidiary of the Company;

Fair Market Value means the five-day volume weighted average trading price as calculated in accordance with the TSXV Policies as at, and including, the relevant determination date or such other applicable date referenced herein provided that such date is a business day and if it is not then calculated as at and including the last business day which proceeded such applicable date referenced herein, except that if the Shares are not listed on the TSXV, the Fair Market Value will be the value established by the Board based on the five-day average closing price per Share on any other public exchange on which the Shares are listed calculated as at, and including, the relevant determination date or such other applicable date referenced herein provided that such date is a business day and if it is not then calculated as at and including the last business day which proceeded such applicable date referenced herein, or if the Shares are not listed on any public exchange, by the Board based on its determination of the fair value of a Share;

Director Fees means the aggregate total of the Annual Board Retainer, Chair Fees, Committee Fees, Meeting Fees and any other fees payable to a Director;

Insider means an insider as defined in the TSXV Policies;

Meeting Fees means the fees or retainers, other than the Annual Board Retainer, Chair Fees, and Committee Fees, paid by the Company to a Director for attending meetings of the Board or any committee of the Board;

Option means the right to purchase Shares granted pursuant to the Company's stock option plan approved by the Board, as may be amended from time to time in accordance with its terms, or any successor plan accepted for filing by the TSXV;

Outstanding Issue means the number of Shares outstanding on a non-diluted basis;

Plan means this Amended and Restated Deferred Share Unit Plan, as amended from time to time;

Reserved for Issuance refers to Shares that may be issued in the future upon the exercise of Deferred Share Units which have been or are granted pursuant to this Plan;

Section 409A means Section 409A of the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder;

Separation from Service of a US Taxpayer means the date the US Taxpayer incurs a separation from service with the Company within the meaning of U.S. Treas. Regs. § 1.409A-1(h);

Service Provider means a person who is a bona fide director, officer, employee or consultant of the Company or its affiliates, and also includes a company, of which 100% of the share capital is beneficially owned by one or more such persons;

Share means a common share in the capital of the Company;

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 Eligible Persons, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guaranty or otherwise;

Specified Employee means a US Taxpayer who meets the definition of "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code;

Terminated Service means that the Eligible Person has ceased to be a Director or Executive Officer, other than as a result of death;

Total Compensation for a particular Eligible Person means the aggregate of:

(a) the discretionary annual bonus determined by the Board for which Directors or Executive Officers are eligible, and

(b) a bonus, that is not an annual bonus, that may be awarded to a Director or Executive Officer at the discretion of the Board; and

(c) Director Fees.

TSXV means the TSX Venture Exchange;

US Taxpayer means an Eligible Person whose compensation from the Company is subject to Section 409A.

Effective Date

1.3 Subject to the acceptance by the TSXV, this Plan will be effective immediately after the approval of the shareholders of the Company at the Company's Annual and Special Meeting to be held September 22, 2011.

Administration

1.4 The Board will, in its sole and absolute discretion, but taking into account relevant corporate, securities and tax laws,

(a) interpret and administer this Plan,

(b) establish, amend and rescind any rules and regulations relating to this Plan, and

(c) make any other determinations that the Board deems necessary or desirable for the administration of this Plan.

The Board may correct any defect or any omission or reconcile any inconsistency in this Plan in the manner and to the extent the Board deems, in its sole and absolute discretion, necessary or desirable. Any decision of the Board in the interpretation and administration of this Plan will be final, conclusive and binding on all parties concerned. All expenses of administration of this Plan will be borne by the Company.

Delegation

1.5 The Board may, to the extent permitted by law, delegate any of its responsibilities under this Plan and powers related thereto (including, without limiting the generality of the foregoing, those referred to under Section 1.4) to the Committee or to one or more officers of the Company and all actions taken and decisions made by the Committee or by such officers in this regard will be final, conclusive and binding on all parties concerned, including, but not limited to, the Company, the Eligible Person, and their legal representatives.

PART 2 - AWARDS UNDER THIS PLAN

Determination of Deferred Share Units

2.1 The Board will, in its sole and absolute discretion, decide at the time of declaring or awarding any Total Compensation to any Eligible Person the amount (the "**Awarded Amount**") of the Total Compensation that will be satisfied in the form of Deferred Share Units.

Issue of Deferred Share Units

2.2 The number of Deferred Share Units (including fractional Deferred Share Units, computed to three digits) to be credited to an Eligible Person for services will be determined by dividing the Awarded Amount by the Fair Market Value as at the last trading day before the date the Awarded Amount is declared by the Board.

Maximum Shares Reserved

2.3 Subject to adjustment as provided for herein, the maximum aggregate number of Shares that may be Reserved for Issuance pursuant to this Plan is 2,000,000 Shares.

2.4 In no event may the number of Shares that are Reserved for Issuance to any one person pursuant to Deferred Share Units and Options exceed 5% of the Outstanding Issue.

2.5 The maximum aggregate number of 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 any time, and

(b) may be issued to Insiders within a one-year period, may not exceed 10% of the Outstanding Issue.

2.6 For the purposes of Section 2.5, Shares issuable to an Insider pursuant to a Deferred Share Unit or other entitlement that was granted before the person became an Insider will be excluded in determining the number of Shares issuable to Insiders.

Shares Not Acquired

2.7 Any Shares not acquired under a Deferred Share Unit granted under the Plan which has expired or been cancelled or terminated may be made the subject of a further Deferred Share Unit pursuant to the provisions of the Plan.

Dividend Equivalents

2.8 On any date on which a cash dividend is paid on Shares, an Eligible Person's account will be credited with the number of Deferred Share Units (including fractional Deferred Share Units, computed to three digits) calculated by,

(a) multiplying the amount of the dividend per Share by the aggregate number of Deferred Share Units that were credited to the Eligible Person's account as of the record date for payment of the dividend, and

(b) dividing the amount obtained in Section 2.8(a) by the Fair Market Value on the date on which the dividend is paid.

Eligible Person's Account

2.9 A written confirmation of the balance in each Eligible Person's account will be sent by the Company to the Eligible Person upon request of the Eligible Person.

Adjustments and Reorganizations

2.10 In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting Shares, the Board, in its sole and absolute discretion, will make, with respect to the number of Deferred Share Units outstanding under this Plan, any proportionate adjustments as it considers appropriate to reflect that change.

PART 3 - TERMINATION OF SERVICE

Termination of Service

3.1 An Eligible Person who has Terminated Service may elect to receive one Share in respect of each whole Deferred Share Unit credited to the Eligible Person's account (determined in accordance with Section 3.2) net of Applicable Withholding Tax, by filing with the President of the Company a notice of redemption in the form prescribed from time to time by the Company on or before December 15 of the first calendar year commencing after the date on which the Eligible Person has Terminated Service. If the Eligible Person fails to file such notice on or before that December 15, the Eligible Person will be deemed to have filed with the President of the Company a notice of redemption on that December 15 and will be deemed to have elected to redeem all of his or her Deferred Share Units. The date on which a notice is filed or deemed to be filed with the Secretary of the Company is the "Filing Date". The Company may defer the Filing Date to any other date if such deferral is, in the sole opinion of the Company, desirable to ensure compliance with Section 4.3.

Issuance of Shares

3.2 The issuance of the Shares will be made by the Company as soon as reasonably possible following the Filing Date. In no event will the issuance be made later than December 31 of the first calendar year commencing after the Eligible Person has Terminated Service. Fractional Shares may not be issued, and where an Eligible Person would be entitled to receive a fractional Share in respect of any fractional Deferred Share Unit, the Company will pay to such Eligible Person, in lieu of such fractional Share, cash equal to its Fair Market Value, calculated as at the Filing Date.

3.3. Notwithstanding the foregoing provisions of Section 3.1 and Section 3.2, if an Eligible Person is a US Taxpayer, then the following rules shall apply relating to the redemption of Deferred Share Units and issuance of Shares:

(a) Deferred Share Units which become redeemable under Section 3.1 shall be redeemed only if the event giving rise to Terminated Service is a Separation from Service; and

(b) the redemption date shall be any date determined by the Company (and *not* the US Taxpayer) to occur as soon as reasonably possible (but not later than two months) after the Separation from Service, without a notice of filing required by the Eligible Person, except that if the US Taxpayer is determined to be a Specified Employee, the redemption date shall be the first day of the seventh month after the Separation from Service of the US Taxpayer.

Death

3.4 In the event of the death of an Eligible Person, the Company will, within two months of the Eligible Person's death, pay cash equal to the Fair Market Value of the Shares which would be deliverable to the Eligible Person if the Eligible Person had Terminated Service in respect of the Deferred Share Units credited to the deceased Eligible Person's account (net of any Applicable Withholding Tax) to or for the benefit of the legal representative of the Eligible Person. The Fair Market Value will be calculated on the date of death of the Eligible Person.

Applicable Withholding Tax

3.5 The Company is authorized to deduct such taxes and other amounts as it may be required by law to withhold ("**Applicable Withholding Tax**"), in such manner as it determines, including, without limiting the generality of the foregoing, by delivering fewer Shares than an Eligible Person otherwise would have received. The Company may require Eligible Persons, as a condition of receiving Shares otherwise to be delivered to them under this Plan, to deliver undertakings to, or indemnities in favour of, the Company respecting the payment by such Eligible Persons of applicable income or other taxes.

PART 4 - GENERAL

Non-Transferability

4.1 Deferred Share Units and all other rights, benefits or interests in this Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if the Eligible Person dies, the legal representatives of the Eligible Person will be entitled to receive the amount of any payment otherwise payable to the Eligible Person hereunder in accordance with the provisions hereof.

No Right to Service

4.2 Neither participation in this Plan nor any action under this Plan will be construed to give any Eligible Person a right to be retained in the service of the Company.

Applicable Trading Policies

4.3 The Board and each Eligible Person will ensure that all actions taken and decisions made by the Board or the Eligible Person, as the case may be, pursuant to this Plan comply with any applicable securities laws and policies of the Company relating to insider trading or "blackout" periods.

Successors and Assigns

4.4 This Plan will enure to the benefit of and be binding upon the respective legal representatives of the Eligible Person.

Plan Amendment

4.5 The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan without obtaining shareholder approval as it deems necessary or appropriate, but no amendment will, without the consent of the Eligible Person or unless required by law, adversely affect the rights of an Eligible Person with respect to Deferred Share Units to which the Eligible Person is then entitled under this Plan.

4.6 Notwithstanding Section 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 a Deferred Share Unit to:

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

(b) permit assignments, or exercises other than by the Eligible Person, of Deferred Share Units beyond that contemplated by Section 4.1, except for an amendment that would permit the assignment of a Deferred Share Unit for estate planning or estate settlement purposes; and

(c) amend the Plan to provide for other types of compensation through equity issuance, unless the change to the Plan or a Deferred Share Unit results from the application of Section 2.10.

4.7 Without limiting the generality of Section 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 TSXV Policies or the rules of any national securities exchange or system on which the Shares are then listed or reported, or by any regulatory body having jurisdiction with respect thereto;

(b) making adjustments to outstanding Deferred Share Units in the event of certain corporate transactions;

(c) a change to the termination provisions of a security or the Plan which does not entail an extension beyond the original termination date;

(d) amendments to the provisions of the Plan respecting administration of the Plan and eligibility for participation under the Plan, including, without limitation, to expand the class of Eligible Persons to include any or all Service Providers; and

(e) amendments to the Plan that are of a "housekeeping nature".

Plan Termination

4.8 The Board may terminate this Plan at any time, but no termination will, without the consent of the Eligible Person or unless required by law, adversely affect the rights of an Eligible Person with respect to Deferred Share Units to which the Eligible Person is then entitled under this Plan. In no event will a termination of this Plan accelerate the time at which the Eligible Person would otherwise be entitled to receive any Shares or cash in respect of Deferred Share Units hereunder.

Governing Law

4.9 This Plan and all matters to which reference is made in this Plan will be governed by and construed in accordance with the laws of Manitoba and the laws of Canada applicable therein.

Reorganization of the Company

4.10 The existence of this Plan or Deferred Share Units will not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or to create or issue any bonds, debentures, shares or other securities of the Company or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company, or any amalgamation, combination, merger or consolidation involving the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

No Shareholder Rights

4.11 Deferred Share Units are not considered to be Shares or securities of the Company, and an Eligible Person whose account is credited with Deferred Share Units will not, as such, be entitled to exercise voting rights or any other rights attaching to the ownership of Shares of other securities of the Company, or be considered the owner of Shares by virtue of such crediting of Deferred Share Units.

No Other Benefit

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

Unfunded Plan

4.13 For greater certainty, this Plan will be an unfunded plan, including for tax purposes. Any Eligible Person holding Deferred Share Units or related accruals under this Plan will have the status of a general unsecured creditor of the Company with respect to any relevant rights hereunder.

Exhibit 10.4

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "Agreement") made and entered into as of _____ (the "Effective Date") by and between DiaMedica Therapeutics Inc., a corporation organized and existing under the laws of Canada (the "Company"), and _____ (the "Indemnitee").

WHEREAS, the Company recognizes that competent and experienced persons are increasingly reluctant to serve or to continue to serve as directors and officers of corporations unless they are protected by comprehensive liability insurance or indemnification, or both, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no reasonable relationship to the compensation of such directors;

WHEREAS, directors and officers of public companies are subject to an increased risk of litigation and claims being asserted against them;

WHEREAS, the Company's amended and restated bylaws (the "Bylaws") require the Company to indemnify its directors and officers to the extent permitted under the *Canada Business Corporations Act*, or other applicable law. The Bylaws expressly provide that the indemnification provisions set forth therein are not exclusive, and contemplate that contracts may be entered into between the Company and its directors and officers with respect to indemnification;

WHEREAS, Indemnitee is or has agreed to become or will continue to serve as a director or officer of the Company or an Affiliate of the Company;

WHEREAS, the Company desires (i) to provide Indemnitee with specific contractual assurance that the protection promised by such Bylaws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such Bylaws, change in the composition of the Company's Board of Directors ("Board of Directors"), or any change in the ownership of the Company, (ii) to provide for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and (iii) to the extent insurance is available, to provide for continued coverage of Indemnitee under the Company's directors and officers liability insurance policies; and

WHEREAS, Indemnitee is relying upon the rights afforded under this Agreement in accepting or continuing Indemnitee's position as a director or officer of the Company or an Affiliate of the Company.

NOW, THEREFORE, in consideration of the Indemnitee's agreement to serve or continue to serve as a director and/or officer of the Company or an Affiliate of the Company and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company has agreed to the covenants set forth herein for the purpose of further securing to the Indemnitee the indemnification provided by the Bylaws:

1. Definitions.

(a) "Affiliate" has the meaning set forth in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder.

(b) "Agreement" shall have the meaning specified in the introductory paragraph hereof.

(c) "Bylaws" shall have the meaning specified in the Recitals hereto.

(d) "Change in Control" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then outstanding Voting Securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of transactions) all or substantially all the Company's assets.

(e) "Claim" means any threatened, pending, or completed action, suit, or proceeding, or any inquiry or investigation, whether instituted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit, or proceeding, whether civil, criminal, administrative, investigative, or other and whether formal or informal.

(f) "Company" shall have the meaning specified in the introductory paragraph hereof.

(g) "Expense Advance" shall have the meaning specified in Section 2(b).

(h) "Expenses" include reasonable attorneys' fees and all other costs, expenses and obligations (including, without limitation, experts' fees, court costs, retainers, transcript fees, duplicating, printing and binding costs, as well as telecommunications, postage and courier charges) paid or incurred in connection with investigating, defending, being a witness in or participating in, or preparing to investigate, defend, be a witness in or participate in, any Claim relating to any Indemnifiable Event.

(i) "Indemnifiable Amounts" include any and all Expenses, damages, judgments, fines, penalties, excise taxes and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties, excise taxes or amounts paid in settlement) arising out of or resulting from any Claim relating to an Indemnifiable Event.

(j) "Indemnifiable Event" means any event or occurrence arising out of or related to the fact that Indemnitee is or was a director, officer, employee, or agent of the Company or an Affiliate of the Company, or is or was serving at the request of the Company or an Affiliate of the Company as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether for profit or not, or by reason of anything done or not done by Indemnitee in any such capacity.

(k) "Indemnitee" shall have the meaning specified in the introductory paragraph hereof.

(l) "Independent Legal Counsel" means an attorney or firm of attorneys, selected in accordance with the provisions of Section 3, who shall not have otherwise performed services for the Company or Indemnitee within the last five (5) years (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnity agreements).

(m) "Reviewing Party" means any appropriate person or body consisting of a member or members of the Board of Directors or any other person or body appointed by the Board who is not a party to the particular Claim for which Indemnitee is seeking indemnification, or Independent Legal Counsel.

(n) "Voting Securities" are any securities of the Company that vote generally in the election or appointment of directors.

2. Indemnification Arrangement; Advancement of Expenses.

(a) In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee to the fullest extent permitted by law as soon as practicable, but in any event no later than thirty (30) days after written demand is presented to the Company, against any and all Indemnifiable Amounts. For the avoidance of doubt, the foregoing indemnification obligation includes, without limitation, claims for monetary damages against Indemnitee in respect of an alleged breach of fiduciary duties, to the fullest extent permitted under applicable law.

(b) If requested by Indemnitee, and subject to the limitations contained in Sections 2(c) and 2(d), the Company shall advance, to the fullest extent permitted by applicable law, any and all Expenses incurred by Indemnitee (an "Expense Advance"). The Company, in its sole discretion, shall, in accordance with such request (but without duplication), either (i) pay such Expenses on behalf of Indemnitee, or (ii) reimburse Indemnitee for such Expenses within thirty (30) days of receiving invoices or other documentation itemizing the Expenses incurred. Subject to the limitations contained in Sections 2(c) and 2(d), Indemnitee's right to an Expense Advance is absolute and shall not be subject to any prior determination by the Reviewing Party or any other person, that the Indemnitee has satisfied any applicable standard of conduct for indemnification. In making any request for an Expense Advance, Indemnitee shall submit to the Company a schedule setting forth in reasonable detail the dollar amount expended or incurred and expected to be expended or incurred. Each such listing shall be supported by the bill, agreement, or other documentation relating thereto, each of which shall be appended to the schedule as an exhibit.

(c) Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification or an Expense Advance pursuant to this Agreement in connection with any Claim initiated by Indemnitee unless (i) the Company has joined in or the Board of Directors has authorized or consented to the initiation of such Claim or (ii) the Claim is one to enforce Indemnitee's rights under this Agreement.

(d) Notwithstanding anything in this Agreement to the contrary, (i) the indemnification obligations of the Company under Section 2(a) shall be subject to the condition that the Reviewing Party shall not have determined (in a written opinion, in any case in which the Independent Legal Counsel is involved) that Indemnitee would not be permitted to be indemnified under applicable law, and (ii) the obligation of the Company to make an Expense Advance pursuant to Section 2(b) shall be subject to the condition that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid (it being understood and agreed that the foregoing agreement by Indemnitee shall be deemed to satisfy any requirement that Indemnitee provide the Company with an undertaking to repay any Expense Advance if it is ultimately determined that the Indemnitee is not entitled to indemnification under applicable law); provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). Indemnitee's undertaking to repay such Expense Advances shall be unsecured and interest-free. If there has not been a Change in Control, the Reviewing Party shall be selected by the Board of Directors, and if there has been such a Change in Control, the Reviewing Party shall be the Independent Legal Counsel selected by the Company and approved by Indemnitee (which approval shall not be unreasonably withheld). If there has been no determination by the Reviewing Party within thirty (30) days after written demand is presented to the Company or if the Reviewing Party determines that Indemnitee would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in accordance with this Agreement seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

3. Change in Control. The Company agrees that if there is a Change in Control of the Company (other than a Change in Control which has been approved by a majority of the Board of Directors who were directors immediately prior to such Change in Control) then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and any Expense Advance under this Agreement or any other agreement or the Bylaws, now or later in effect, relating to Claims for Indemnifiable Events, the Company shall seek legal advice only from Independent Legal Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). The Company agrees to pay the reasonable fees of the Independent Legal Counsel referred to above and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

4. Indemnification for Additional Expenses. The Company shall indemnify Indemnitee against any and all expenses (including attorneys' fees) and, if requested by Indemnitee, shall advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for (i) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or the Bylaws, now or later in effect relating to Claims for Indemnifiable Events and/or (ii) recovery under any directors and officers liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment, or insurance recovery, as the case may be.

5. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties, and amounts paid in settlement of a Claim but not, however, for all of the total amount of the Claim, the Company shall nevertheless indemnify Indemnitee for the portion of the Claim to which Indemnitee is entitled. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter related to an Indemnifiable Event, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

6. Burden of Proof. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder the Reviewing Party or court shall presume that the Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification, and the burden of proof shall be on the Company to establish, by a preponderance of the evidence, that Indemnitee is not so entitled.

7. Reliance. For purposes of this Agreement, Indemnitee shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company if Indemnitee's actions or omissions to act are taken in good faith reliance upon the records of the Company, including its financial statements, or upon information, opinions, reports or statements furnished to Indemnitee by the officers or employees of the Company in the course of their duties, or by committees of the Board of Directors, or by any other person (including legal counsel, accountants, consultants and financial advisors) as to matters Indemnitee reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. In addition, the knowledge and/or actions, or failures to act, of any other director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnity hereunder.

8. No Presumptions. For purposes of this Agreement, the termination of any claim, action, suit, or proceeding by judgment, order, settlement (whether with or without court approval), or conviction, or upon a plea of nolo contendere or its equivalent shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Company (including, without limitation, the Board of Directors, any committee of the Board of Directors, legal counsel, or the stockholders) to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Company (including, without limitation, the Board of Directors, any committee of the Board of Directors, legal counsel, or the stockholders) that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under applicable law shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief.

9. Nonexclusivity. The rights of the Indemnitee under this Agreement shall be in addition to any other rights that Indemnitee may have under the Bylaws (or under such other law as may be applicable pursuant to the second sentence of Section 19). To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Bylaws or this Agreement, it is the intent of the Company and Indemnitee that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

10. Amendments; Waiver. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by the Company and Indemnitee. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement, nor shall such waiver constitute a continuing waiver.

11. Insurance and Subrogation.

(a) To the extent the Company or an Affiliate of the Company maintains an insurance policy or policies providing directors and officers liability insurance, Indemnitee shall be covered by such policy or policies in accordance with its or their terms and to the maximum extent of the coverage available for any Company or Affiliate director or officer.

(b) The Company represents that it presently has in force and effect directors and officers liability insurance on behalf of Indemnitee against certain customary liabilities which may be asserted against or incurred by Indemnitee. The Company hereby agrees that, so long as Indemnitee shall continue to serve as a director or officer, and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that Indemnitee served as an officer or director, the Company shall purchase and maintain in effect for the benefit of Indemnitee such insurance providing (a) coverage at least comparable to that presently provided or (b) if such coverage is hereafter changed to provide any enhanced rights or benefits, the same coverage provided to the most favorably insured of the Company's directors or officers; provided, however, if, the then Board of Directors determines in good faith that, either (x) the premium cost for such insurance is substantially disproportionate to the amount of coverage, or (y) the coverage provided by such insurance is so limited by exclusions that there is insufficient benefit from such insurance, then and in that event, the Company shall not be required to maintain such insurance; provided further, however, that if, after a Change in Control, the Board of Directors determines that the Company shall not be required to maintain such insurance, the Company shall be required to purchase a "tail" policy which (i) has an effective term of six (6) years from a Change in Control, (ii) covers Indemnitee for actions and omissions occurring on or prior to the date of the Change in Control, (iii) contains terms and conditions that are, in the aggregate, no less favorable to Indemnitee than those of the Indemnitee immediately prior to the Change in Control. The Company shall promptly notify Indemnitee of any good faith determination to reduce or not provide such coverage.

(c) In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents reasonably necessary to enable the Company effectively to bring suit to enforce such rights.

12. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy provision of the Certificate of Incorporation, By-law or otherwise) of the amounts otherwise indemnifiable under this Agreement.

13. Defense of Claims. The Company shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event or, in its sole discretion, to assume the defense of such Claim, with counsel reasonably satisfactory to the Indemnitee; provided, however, that if Indemnitee believes, after consultation with counsel selected by Indemnitee, that (i) the use of counsel chosen by the Company to represent Indemnitee would present such counsel with an actual or potential conflict of interest, (ii) the named parties in any such Claim (including any impleaded parties) include both the Company and Indemnitee and Indemnitee concludes that there may be one or more legal defenses available to him or her that are different from or in addition to those available to the Company, or (iii) any such representation by such counsel would be precluded under the applicable standards of professional conduct then prevailing, then Indemnitee shall be entitled to retain separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any particular Claim) at the Company's expense. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any Claim relating to an Indemnifiable Event effected without the Company's prior written consent. The Company shall not, without the prior written consent of the Indemnitee, effect any settlement of any Claim relating to an Indemnifiable Event which the Indemnitee is or could have been a party unless such settlement solely involves the payment of money and includes a complete and unconditional release of Indemnitee from all liability on all claims that are the subject matter of such Claim. Neither the Company nor Indemnitee shall unreasonably withhold its or his or her consent to any proposed settlement; provided that Indemnitee may withhold consent to any settlement that does not provide a complete and unconditional release of Indemnitee.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, executors, and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director or officer of the Company or of any other enterprise at the Company's request. The Company shall require and cause any successor to all or substantially all of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee and his or her counsel, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

15. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable in any respect, and the validity and enforceability of any such provision in every other respect and of the remaining provisions of this Agreement shall not be in any way impaired and shall remain enforceable to the fullest extent permitted by law.

16. Service of Process and Venue. Each of the parties hereto (i) consents to submit itself to the personal jurisdiction of the state or federal courts located in the State of Delaware, including the Delaware Court of Chancery, in the event any dispute arises out of this Agreement, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (iii) agrees that it will not bring any action relating to this Agreement in any court other than the state or federal courts located in the State of Delaware, unless under applicable law exclusive jurisdiction over such matter is vested in another jurisdiction within the United States or Canada, and (iv) consents to service being made through the notice procedures set forth in Section 17. Each of the parties hereto hereby agrees that service of any process, summons, notice or document by U.S. certified mail, return receipt requested, to the respective addresses set forth in Section 17 shall be effective service of process for any suit or proceeding in connection with this Agreement.

17. Form and Delivery of Communications. Any notice, request or other communication required or permitted to be given to the parties under this Agreement shall be in writing and either delivered in person or sent by telecopy, overnight mail or courier service, or certified or registered mail, return receipt requested, postage prepaid, to the parties at the following addresses (or at such other address for a party as shall be specified from time to time by such party by like notice):

If to the Company:

DiaMedica Therapeutics, Inc.
c/o DiaMedica USA, Inc.
Two Carlson Parkway, Suite 265
Minneapolis, MN 55447
Attn: Corporate Secretary
Facsimile: 763-710-44556

If to Indemnitee, to the address set forth below Indemnitee's name on the signature page hereto.

18. Supersedes Prior Agreement. This Agreement supersedes any prior indemnification agreement between Indemnitee and the Company or its predecessors; provided, however, that this Agreement does not supersede or modify any prior agreement between Indemnitee and Company.

19. Governing Law. This Agreement shall be governed exclusively by and construed according to the substantive laws of the Canada, without regard to conflicts-of-laws principles that would require the application of any other law. If a court of competent jurisdiction shall make a final determination that the provisions of the law of any other jurisdiction govern indemnification by the Company of its officers and directors, then the indemnification provided under this Agreement shall in all instances be enforceable to the fullest extent permitted under such law, notwithstanding any provision of this Agreement to the contrary.

20. Specific Performance. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

21. No Right to Continue Employment or Service. Nothing in this Agreement is intended to create in Indemnitee any right to employment or continued employment or to continue in the service of the Company or any Affiliate.

22. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

23. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior understandings and agreements between the parties, whether written or oral, with respect to the subject matter hereof, except as provided in Section 18.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

DIAMEDICA THERAPEUTICS INC.

By: _____
Name: _____
Title: _____

INDEMNITEE:

By: _____
Name: _____
Title: _____

Address for Notices:

_____
_____
_____

Facsimile:

_____
_____

Exhibit 10.7

**CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83**

TWO CARLSON PARKWAY

OFFICE LEASE

between

**ONE TWO HOLDING LLC,
A DELAWARE LIMITED LIABILITY COMPANY**

as Landlord

and

**DIAMEDICA USA INC.,
A DELAWARE CORPORATION**

as Tenant

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CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

OFFICE LEASE

DATE: September 18, 2015
PARTIES: ONE TWO HOLDING LLC,
A DELAWARE LIMITED LIABILITY COMPANY
"Landlord"
DIAMEDICA USA INC.,
A DELAWARE CORPORATION
"Tenant"

AGREEMENT:

In consideration of the following terms and conditions, the parties agree as follows:

1. BASIC LEASE PROVISIONS AND DEFINITIONS.

1.1 **Street Address of Premises:** Two Carlson Parkway North, Suite 165, Plymouth, MN 55447.

1.2 **Landlord's Notice Address:** 301 Carlson Parkway, Suite 100, Minnetonka, MN 55305.

1.3 **Tenant's Notice Address:** Two Carlson Parkway North, Suite 165, Plymouth, MN 55447.

1.4 **Building:** The office project commonly known as Two Carlson Parkway, shown on **Exhibit "C"** and legally described on **Exhibit "B"**, attached currently containing approximately 129,320 rentable square feet.

1.5 **Premises:** Approximately 1,559 rentable square feet of space, as depicted on Exhibit "C," attached, together with all appurtenances thereto.

1.6 **Master Lease and Operating Agreement:** The Building is subject to that certain Master Lease and Operating Agreement between Landlord and CIG Carlson Parkway, LLC (**"Master Tenant"**) dated as of February 1, 2011 which appoints Master Tenant to execute leases in Landlord's name on its behalf and manage, exercise and enforce all leases as Landlord's authorized agent. Any obligations of Landlord hereunder shall be performed by Master Tenant and/or Asset Manager (as hereinafter defined), as Master Tenant so delegates.

1.7 **Asset Management Agreement:** Master Tenant has executed that certain Asset Management Agreement by and between Master Tenant and Carlson Real Estate Services, LLC (**"Asset Manager"**) dated as of February 1, 2011, which grants the Asset Manager the authority to execute, manage and enforce leases as asset manager on behalf of Master Tenant and Landlord,

1.8 **Term:** Thirty-nine (39) months.

1.9 **Pro Rata Share:** A fraction, the numerator of which is the number of rentable square feet in the Premises and the denominator of which is the number of rentable square feet in the Building, in each case as reasonably determined in the first instance by Landlord.

1.10 **Operating Expenses:** Defined in Section 8.

1.11 **Real Estate Taxes:** Defined in Section 8.

1.12 **Lease Year:** The twelve (12) full calendar month period commencing on the Commencement Date and each anniversary thereof, unless the Commencement Date does not fall on the first day of a month in which event the first Lease Year shall commence on the first day of the month immediately following the month in which the Commencement Date occurs. Each subsequent Lease Year shall commence on the anniversary of the first Lease Year. The first Lease Year shall include any initial partial calendar month.

1.13 **Annual Base Rent:** Subject to the Free Rent set forth in Paragraph 1 of Exhibit "A", the Annual Base Rent shall be as follows:

Months	Annual Base Rent
1 —12	$24,164.50
13 — 24	$24,897.23
25 — 36	$25,645.55
37 — 39	$26,409.46

1.14 Monthly Installment: Subject to the Free Rent set forth in Paragraph 1 of Exhibit "A", the Monthly Installment shall be as follows:

Months	Monthly Installment
1 —12	$2,013.71
13 — 24	$2,074.77
25 — 36	$2,137.13
37 — 39	$2,200.79

1.15 **Additional Rent:** All additional payment obligations of Tenant set forth herein, including but not limited to Operating Expenses, Real Estate Taxes and any other charges or fees and any cost incurred by Landlord on behalf of Tenant as provided for herein.

1.16 **Security Deposit:** Three Thousand Seven Hundred and 03/100 Dollars ($3,700.03), to be paid upon execution of this Lease by Tenant.

1.17 **Common Area:** Defined in Section 6.

1.18 **Delivery Date:** The date of Landlord's notice to Tenant that the Tenant Improvements have been Substantially Completed (as defined in Section 4).

1.19 **Commencement Date:** The Delivery Date or any earlier date upon which Tenant with Landlord's permission actually occupies and conducts business in any portion of the Premises. Upon determination, Tenant shall, upon Landlord's request, execute and deliver a written statement specifying the Commencement Date, Termination Date and other pertinent dates of the Term. The existing lease between Landlord and Tenant dated July 10, 2012 and Supplemental Lease Agreement dated November 27, 2012 and Guaranty signed by Diamedica, Inc. dated July 10, 2012 (collectively, the "**One Carlson Lease**") relating to approximately 3,370 rentable square feet of space located at One Carlson Parkway, Suite 124, Plymouth, MN 55447 (the "**One Carlson Parkway Premises**") shall be terminated and shall be of no further force or effect as of the date Tenant (i) vacates and surrenders possession of all of the One Carlson Parkway Premises and (ii) occupies the Premises.

1.20 **Termination Date:** The last day of the thirty-ninth (39th) month following the Commencement Date.

1.21 **Permitted Use:** General office use and for no other purpose except those to which Landlord consents in writing.

2. PREMISES.

Subject to the terms and conditions herein contained, Landlord hereby leases the Premises to Tenant, and Tenant hereby accepts and leases the Premises from Landlord for the Term, unless sooner terminated pursuant to any provision hereinafter set forth.

3. RENT PAYMENT.

3.1 **Amount and Manner.** Tenant shall pay to Landlord Annual Base Rent in advance in equal Monthly Installments, without setoff or demand except as specifically provided for herein on the first day of each calendar month during the Term of this Lease. Monthly Installments for any fractional month at the commencement or expiration of the Term shall be prorated based upon a thirty (30) day month. Monthly Installments of Annual Base Rent, Operating Expenses and Real Estate Taxes shall be payable by Tenant to Landlord at the address set forth in Section 1.2, above, or at such other place as Landlord shall hereinafter designate in writing with thirty (30) days notice to Tenant. Tenant agrees to pay Monthly Installments of Annual Base Rent, Operating Expenses, Parking Rent and Real Estate Taxes via automatic direct transfer and Tenant shall have the right, but not the obligation, to pay any other monthly payments due pursuant to the terms of this Lease in the same manner. Tenant agrees to take such action and execute such documents as Landlord deems reasonably necessary to cause the timely automatic direct transfer from Tenant's bank account of funds necessary to make all of the payments required under the terms of this Lease.

3.2 **Late Fees.** If any Monthly Installment is not received by Landlord on or before the fifth (5th) day of the applicable calendar month, Tenant agrees to pay Landlord an additional sum equal to five percent (5%) of the total amount overdue, including Monthly Installments of Annual Base Rent, and Additional Rent. Said charge is intended to defray Landlord's interest and administrative expenses, and Tenant acknowledges that such charge represents a fair and reasonable estimate of such expenses, and shall be due and payable for each full or partial calendar month that any Monthly Installment and/or Additional Rent remains unpaid. Further, Landlord shall be entitled to charge a fee of $25.00, to cover its administrative expense, each time a check from Tenant is returned by a bank for insufficient funds.

3.3 Intentionally omitted.

4. LANDLORD'S WORK; TENANT IMPROVEMENTS; TENANT'S ACCEPTANCE OF PREMISES.

4.1 **Landlord's Work.** Prior to the date hereof, Landlord has completed the base building work (the "**Landlord's Work**") as described on **Exhibit "D"** and Tenant accepts Landlord's Work in its "as-is" condition.

4.2 **Tenant Improvements.** Landlord shall complete the tenant improvements, if any, described on **Exhibit "E"** (the "**Tenant Improvements**"). The term "**Substantially Completed**" or any grammatical variation thereof, when used in this Lease, shall mean that the Tenant Improvements have been completed with the exception of punch list items which can be fully completed subsequent to the Commencement Date without material interference with Tenant's activities. Tenant's taking possession of the Premises shall be conclusive evidence of Tenant's receipt of the Premises and of the Tenant Improvements being Substantially Completed and in good and satisfactory order, condition and repair. Tenant shall have thirty (30) days from the Delivery Date to submit to Landlord, its punch list and Landlord shall, thereafter, use diligent efforts to perform such work as may be necessary to complete same in an expeditious manner. Except with respect to the initial Tenant Improvements, Landlord shall have the right to include, as a cost of any work performed on behalf of Tenant, or at the request of Tenant, a construction management fee on all Tenant Improvements (the "**Construction Management Fee**"). Such fee shall not exceed five percent (5%) of the total cost of the Tenant Improvements. Tenant improvements shall be constructed in accordance with plans and specifications prepared by duly licensed design professionals selected or approved by Landlord, in compliance with the building code and other applicable law. Landlord shall not be subject to any liability for failure to give possession of the Premises to Tenant or to cause the Tenant Improvements to be Substantially Completed on or by a specific date.

4.3 **Plans and Specifications Prepared by Landlord.** In the event Landlord retains the design professionals that prepare plans and specifications for Tenant Improvements, Landlord shall make reasonable efforts to incorporate Tenant's specifications in the Tenant Improvements, provided, Landlord shall not be required to incorporate materials or design features that do not comply with applicable law, are inconsistent with Landlord's building standards, or to which Landlord otherwise reasonably objects.

4.4 **Plans and Specifications Prepared by Tenant.** In the event Tenant retains the design professionals that prepare plans and specifications for Tenant Improvements, Tenant shall be responsible for providing plans and specifications with which the Landlord can obtain a building penult. If Landlord is unable to obtain a building permit for the Tenant Improvements due to non-compliance with building code requirements, Tenant shall revise the plans for such improvements to comply with the building code. Tenant shall be responsible for plans and specifications provided by the Tenant. Review and approval of plans and specifications by Landlord shall not relieve Tenant of that responsibility.

4.5 **Tenant Improvements Constructed by Tenant.** In the event Tenant constructs the Tenant Improvements, Tenant shall retain duly licensed and qualified contractors and subcontractors reasonably acceptable to Landlord.

4.6 **Design and Construction Indemnity.** Without limiting the generality of Section 12.1 of this Lease, to the fullest extent allowed by law, Tenant shall, defend, indemnify and hold harmless Landlord, and Landlord's employees and agents, from and against any and all claims, and from and against ,W1 costs, attorneys' fees, expenses and liabilities incurred in the defense of any claim or any action or proceeding brought thereon, arising from (1) the design and construction of Tenant Improvements by Tenant, or any of Tenant's agents, contractors, or employees, or (2) incorporation of materials or design features specified by Tenant in Tenant Improvements designed and constructed by Landlord. Tenant shall require its design professionals, contractors and subcontractors, if any, to defend, indemnify and hold harmless Landlord and Landlord's employees and agents against claims arising from their services or labor on substantially the same terms as Tenant is required to defend, indemnify and hold harmless Landlord and Landlord's employees and agents against claims costs, attorneys' fees, expenses and liabilities arising from the Tenant Improvements designed or constructed by Tenant.

5. OPERATION AND USE OF PREMISES.

5.1 **Use.** Tenant shall use the Premises for the Permitted Use set forth in Section 1.21 and no other purpose except those to which Landlord consents in writing. Tenant represents that such use is deemed to be a "place of public accommodation" under the Americans with Disabilities Act of 1990 (the "**ADA**") and Tenant shall comply with Title III of the ADA and its regulations concerning the design, use and occupancy of the Premises, including, without limitation, (i) provision for full and equal enjoyment of the goods, services, facilities, privileges, advantages or accommodations of the Premises as contemplated by and to the extent required under the ADA and (ii) compliance relating to the design, layout, renovation, alteration or improvement to the Premises made or requested by Tenant at any time with or without Landlord's consent.

5.2 **Legal Compliance.** Tenant shall, at its expense, comply with all laws, governmental orders, regulations, rules, and local ordinances regarding (i) any of the Permitted Uses described in Section 1, (ii) the condition of the Premises to the extent Tenant is responsible therefor pursuant to this Lease, and (iii) improvements and equipment constructed in or installed upon the Premises by Tenant. Upon receipt of any notice of noncompliance, Tenant shall promptly notify Landlord in writing. Landlord shall comply with all laws, governmental orders, regulations, rules and local ordinances relating to: (i) the Common Areas, (ii) the initial construction of Landlord's Work and the Tenant Improvements, and (iii) the exterior surfaces, structural elements, foundation and roof of the Building, and the costs and expenses associated with such compliance by Landlord shall be included in Operating Expenses.

5.3 **Objectionable Material.** Tenant shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise, or vibrations to emanate from the Premises, nor take any other action which would constitute a nuisance or would disturb or endanger any other tenants of the Building or interfere with the use of the respective premises, provided this term applies equally to all tenants. Without Landlord's prior written consent, Tenant shall not receive, store, or otherwise handle any product, material or merchandise which is hazardous, toxic, explosive or highly flammable other than reasonable quantities thereof incidental to the conduct of Tenant's business which are stored, used and disposed of in compliance with all applicable legal requirements. Tenant shall, prior to Commencement Date, provide to Landlord a detailed list of such materials used in the conduct of Tenant's business. Outside storage of any type of equipment, property or materials by Tenant, its agents, employees, custwers or suppliers shall be permitted only with the prior written consent of Landlord. Tenant shall store all rubbish within the Premises.

5.4 **Rules and Regulations.** Landlord reserves the right from time to time to adopt and amend rules and regulations concerning use of the Common Area and Premises, with which Tenant agrees to comply ("**Rules and Regulations**"), provided the same are enforced equally as to all tenants. A copy of the current Rules and Regulations is attached as **Exhibit "F".**

5.5 **Insurance Risk.** Without Landlord's consent, Tenant shall not use the Premises in any way which could increase insurance rates, or disallow any sprinkler or other credits, or invalidate any policy of insurance with respect to the Premises or Building or Tenant's operations therein.

6. COMMON AREA.

The term **"Common Area"** means the entire area designed for common use or benefit within the Building, including, without limitation, the parking lot, micro-market, landscaped and vacant areas, and sidewalks. The Common Area shall at all times be subject to the exclusive control and management of Landlord or its agents or affiliates. Subject to the Rules and Regulations, the Common Area is hereby made available to Tenant and its employees, agents, customers, and invitees for their reasonable nonexclusive use in common with other tenants of the Building, their employees, agents, customers, invitees and to Landlord. Tenant shall not in any manner obstruct the Common Area. Tenant acknowledges that Landlord has the right and power to erect free standing buildings or other structures or facilities in the Common Area or elsewhere in the Building; to expand, contract, improve or change the Common Area, including alter all means of exit and entrance and approaches thereto within the Building; to alter the parking plan for the Building; enter into, modify, and terminate easements and other agreements pertaining to the use and maintenance of the Common Area; to close all or any portion of the Common Area to such extent as may be necessary; remove improvements; and to do and perform such other acts in and to the Common Area and improvements as Landlord shall determine to be reasonably advisable, providing same meets governmental codes and does not materially and adversely interfere with the Permitted Use. Landlord reserves the right to change the name of the Building. No exhibit attached to this Lease nor any other materials provided by Landlord shall constitute a warranty or agreement as to the configuration of the Building or the occupants thereof.

7. MAINTENANCE OBLIGATIONS.

7.1 Landlord's Responsibilities. Landlord shall keep the Common Area, exterior surfaces, structural elements, foundation, all heating and air conditioning systems, and roof of the Building in good order and repair and the expense of such activities shall be an Operating Expense. Notwithstanding the foregoing, Landlord shall not be required to make any repairs which become necessary as a result of any act or omission of Tenant, its agents, representatives, contractors, employees or customers.

Throughout the Term of this Lease, Landlord shall be obligated to keep and maintain the Premises plumbing, doors, windows, locks, electrical facilities and fixtures (excluding wall and floor coverings, appliances and specialty lighting) therein in good, safe and working order, condition and repair. Landlord agrees to replace and renew, with like kind and quality, any plumbing, doors, windows, locks, electrical facilities and fixtures that may become too worn to be repaired, so that, at all times, the Premises shall be in good, safe and working order, condition and repair.

All costs associated with Landlord's obligations under this Section 7.1 shall be included as an Operating Expense.

7.2 **Tenant's Responsibilities.** Tenant shall not permit waste to the Premises and shall immediately notify Landlord of the need for any repair or maintenance to the Premises. However, there shall be no obligation on the part of Tenant to comply with any laws which may require structural alterations, or additions, unless made necessary by any act, work, use or omission by Tenant.

8. OPERATING EXPENSES AND REAL ESTATE TAXES.

8.1 Subject to the terms hereof, in addition to the Monthly Installments of Annual Base Rent, Tenant shall pay on a monthly basis as Additional Rent during the term hereof, Tenant's Pro Rata Share of "**Operating Expenses**," which shall mean the costs and expenses incurred by Landlord in managing, cleaning, operating, maintaining, repairing and insuring the Building and the real property described on **Exhibit "B"** and the amortized cost (with interest at a reasonable market rate) over the anticipated useful life of: (i) equipment used in maintenance; and (ii) capital improvements necessary to preserve or maintain the Building and all improvements to the real property on which the Building is situated or required by any law, rule, regulation or order of any governmental or quasi-governmental authority if enacted after the Commencement Date. For the purposes of calculating the Pro Rata Share of Operating Expenses which are occupancy sensitive expenses, if the Building is less than 95% occupied during all or a portion of any calendar year, Landlord may in accordance with sound accounting and management principles determine the amount of variable Operating Expenses (which shall only be the costs and expenses for cleaning, janitorial and trash removal expenses and supplies; repairs and maintenance, including electrical contract service and supplies, HVAC contract service and supplies, plumbing contract service and supplies, and other common area services, supplies and decorating; administrative expenses, including general supplies and management fees; and utilities, including electricity, water, and chilled water charges to the extent any of the foregoing vary with occupancy levels in the Building) that would have been paid had the Building been 95% occupied, and the amount so determined shall be deemed to have been the amount of variable Operating Expenses for such year, provided, however, that in no event shall Landlord collect from tenants of the Building more than 100% of the Operating Expenses actually incurred by Landlord in operating the Building during each respective calendar year by virtue of the foregoing gross-up or any other reason.

8.2 Operating Expenses shall specifically include (to the extent not excluded below), but not be limited to, the total cost incurred for fire and extended coverage and liability insurance premiums due and payable with respect to the entire Building required to be carried by Landlord pursuant to the terms of this Lease; water; sewer; janitorial services for the Building and Premises; gardening, lawn and landscape care; micro-market subsidy; replacement of indoor plant materials for the Building; maintenance, repair and replacement of the heating and air conditioning systems; snow removal; parking lot line painting; sign maintenance; exterior maintenance and repair, including roofs and building exteriors; security equipment and services and the costs of personnel and contractors to implement said services; Landlord's management fees and administrative costs (Landlord's total management fee for the Building shall not exceed a maximum of five percent (5%) of the gross receipts (hereinafter "**gross receipts**") of the Building, with gross receipts defined as the gross amount paid to Landlord as rent, fees, charges or otherwise for the use and/or occupancy of the Building or for any services, equipment, or furnishings provided by Landlord in connection with such use and/or occupancy); and the Building's share of the Plymouth Special Improvements and Minnetonka Special Improvements as such terms are defined in the Declaration of Covenants dated October 24, 1997 and recorded on March 19, 1998 as Document No. 289655 (Torrens).

8.3 In addition, Tenant shall pay on a monthly basis as additional rent during the Term hereof its Pro Rata Share of the real estate taxes and installments of special assessments levied or assessed with respect to the Building, and the real property described on **Exhibit "B"** ("**Real Estate Taxes**") in the applicable year. In the event of any refund of Real Estate Taxes with respect to a year for which Tenant has paid its Pro Rata Share of Real Estate Taxes, Landlord shall, in Landlord's discretion, either promptly pay to Tenant its Pro Rata Share of the amount of the refund after deduction of Landlord's reasonable costs incurred in obtaining such refund, or apply such amount as a credit against Tenant's future monthly installments of its Pro Rata Share of Real Estate Taxes. Tenant's Pro Rata Share of Operating Expenses and Real Estate Taxes shall be paid by Tenant in monthly installments in such amounts as are estimated and billed by Landlord at the beginning of each twelve (12) month period commencing and ending on dates designated by Landlord, each installment being due on the first day of each calendar month.

If at any time during such twelve (12) month period, it shall appear that Landlord has materially underestimated or overestimated Operating Expenses or Real Estate Taxes, Landlord may reestimate Tenant's Pro Rata Share of Operating Expenses and Real Estate Taxes and may bill Tenant for any deficiency or credit Tenant for any surplus which may have accrued during such twelve (12) month period and thereafter the monthly installment payable by Tenant shall also be adjusted. Within one hundred (100) days after the end of each such twelve (12) month period, Landlord shall deliver to Tenant a statement of Operating Expenses and Real Estate Taxes for such twelve (12) month period and the monthly installments paid or payable shall be adjusted between Landlord and Tenant, and each party hereby agrees that Tenant shall pay Landlord or Landlord shall credit Tenant' s account (or, if such adjustment is at the end of the Term, pay Tenant), within thirty (30) days of receipt of such statement, the amount of any excess or deficiency in Tenant's Pro Rata Share of Operating Expenses and Real Estate Taxes paid by Tenant to Landlord during such twelve (12) month period. Failure of Landlord to provide the statement called for hereunder within the time prescribed shall not relieve Tenant from its obligations hereunder.

Provided Tenant is not in monetary default hereunder, in addition to the right to receive a statement of Operating Expenses and Real Estate Taxes from Landlord as provided for in this Section 8, Tenant shall have the right from time to time (but not exceeding once in any 12 month period) to examine books and records relating to Operating Expenses or Real Estate Taxes for a period of one (1) year following any applicable calendar year. Such examinations shall be performed at Landlord's offices during normal business hours and on reasonable prior written notice to Landlord. Such examinations shall be performed by direct employees of Tenant and/or certified public accountant. In the event said examination discloses an overpayment by Tenant, Landlord shall credit Tenant's account in the amount of any overpayment disclosed within thirty (30) days; provided however, that in the event such overpayment cost Tenant in excess of five percent (5%) of Tenant's actual operating expense liability for any calendar year, Landlord will also reimburse Tenant for the costs of any audit, not to exceed One Thousand and No/100 Dollars ($1,000.00), reasonably incurred by Tenant. In the event Tenant's examination reveals that the payment of Tenant's Pro Rata Share of Operating Expenses or Real Estate Taxes was understated, Tenant shall pay such understated amount to Landlord as Additional Rent within thirty (30) days of the audit and shall pay for the cost of the audit. The foregoing obligations shall survive the expiration or earlier termination of this Lease. In no event shall Tenant employ any person, firm or entity to conduct any such examination hereunder who is paid on a contingency fee basis.

9. REPAIRS-ALTERATIONS.

Tenant shall not damage the Premises and shall not permit waste to the Premises. Tenant shall not make any improvements, additions or alterations to the Premises, or install any equipment which defaces the Building interior or exterior or negatively affects the structural or mechanical components of the Building, without the prior written consent of Landlord, provided, however, that Tenant shall be entitled to make cosmetic, non-structural improvements not exceeding $5,000.00 in the aggregate without Landlord's consent. No machinery or equipment shall be bolted or otherwise physically attached to the floors or walls of the Premises without the prior written consent of Landlord. Landlord may reasonably condition Landlord's approval upon the condition that any such machinery, equipment, improvements, additions or alterations be removed at Tenant's expense upon the termination of this Lease. Tenant shall pay for any repairs reasonably necessary as a result of removal of any such machinery, equipment, improvements, additions or alterations.

10. UTILITIES AND OTHER SER VICES.

Tenant shall pay, as a portion of its Pro Rata Share of Operating Expenses, utilities (including, without limitation, gas and electricity) and janitorial services furnished to the Building. In the event that Landlord determines, in Landlord's reasonable discretion, that Tenant's utility usage is disproportionately high compared with other tenants in the Building, Landlord may charge Tenant directly for such excess consumption. Notwithstanding the foregoing, if permitted by law, Landlord shall have the right, at any time from time to time and upon ten (10) days written notice to Tenant, to either contract for service from a different company or companies providing electricity service to the Premises or continue to contract for service from the current electrical service provider. Landlord shall not be liable for damages for failure of heat, hot or cold water, air conditioning, sewer service, electric current, gas, or any other service by reason of breakdown of plant, equipment, or apparatus, shut-down of any thereof for necessary repairs or alterations or due to unavailability of fuel, water or any other substance or utility, war, civil disturbance, strike, lockout, fire, flood, casualty, governmental regulations, or other conditions beyond Landlord's reasonable control. Notwithstanding the foregoing, if (i) any Essential Service (as defined in the following sentence) is discontinued for more than thirty (30) consecutive days following notice thereof from Tenant to Landlord; (ii) such discontinuance results solely from Landlord's negligent or willful act or omission, and does not also result in whole or in part from any Force Majeure or requirement of governmental authority having jurisdiction over the Premises; and (iii) such discontinuance renders all or any significant portion of the Premises untenantable and all or such portion of the Premises is not used by Tenant for the conduct of its business, then Annual Base Rent and Additional Rent (except to the extent any Additional Rent related to any of Landlord's services performed in such portion of the Premises) shall thereupon abate, based upon the portion of the Premises so rendered untenantable and not used by Tenant until such discontinuance is remedied. "**Essential Service**" means any of the following: heating, air-conditioning (as seasonally required), office electricity, water or plumbing. The abatement provided for in this subsection shall not apply to any discontinuance of an Essential Service caused by casualty or condemnation.

11. LANDLORD'S ACCESS.

Upon one business day's prior notice, except in an emergency, Landlord may enter the Premises during the Term hereof at all reasonable hours for the purpose of inspection, verifying Tenant's compliance with this Lease or making repairs or improvements to the Premises or any other portion of the Building, or for the purpose of exhibiting the same to prospective purchasers, brokers, lenders or others, or during the last 12 months of the Term or any Renewal Term, prospective tenants. In an emergency Landlord may enter the Premises at any time without notice to take such action as Landlord reasonably deems necessary.

12. INDEMNITY AND NON LIABILITY.

12.1 **Indemnity.** Tenant shall defend, indemnify and hold harmless Landlord, and Landlord's employees and agents, from and against any and all claims arising from Tenant's use of the Premises or Building, or from the conduct of Tenant's business or from any activity, work, or thing done, permitted, or suffered by Tenant in or about the Premises or the Building and shall further defend, indemnify and hold harmless, Landlord and Landlord's employees and agents, from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the Willis of this Lease or arising from any negligence of Tenant, or any of Tenant's agents, contractors, or employees, and from and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. In the event any action or proceeding is brought against Landlord by reason of any such claim, Tenant upon thirty (30) days notice from Landlord shall defend the same at Tenant's expense by counsel satisfactory to Landlord. Notwithstanding any foregoing provisions hereof to the contrary, Tenant shall have no obligation to indemnify Landlord from and against any claims directly resulting from Landlord's negligent actions or omissions.

Landlord shall defend, indemnify and hold harmless Tenant, and Tenant's employees and agents, from and against any and all claims arising from Landlord's ownership of the Building or any activity, work, or thing done, permitted or suffered by Landlord in or about that portion of the Building, and shall further defend, indemnify and hold harmless Tenant and Tenant's employees and agents from and against any and all claims arising from any breach or default in the performance of any obligation on Landlord's part to be performed under the terms of this Lease or arising from any negligence of Landlord, or any of Landlord's agents, contractors, or employees, and from and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. In the event any action or proceeding is brought against Tenant by reason of any such claim, Landlord upon thirty (30) days notice from Tenant shall defend the same at Landlord's expense by counsel satisfactory to Tenant. Notwithstanding any foregoing provisions hereof to the contrary, Landlord shall have no obligation to indemnify Tenant from and against any claims directly resulting from Tenant's negligent actions or omissions.

12.2 **Waiver.** Tenant, as a material part of the consideration to Landlord for this Lease, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises arising from any cause except to the extent caused by the negligence or willful misconduct of Landlord. Tenant hereby waives all claims in respect thereof against Landlord.

12.3 **Liens.** Tenant agrees that it will not permit any mechanic's liens to attach to the Premises and the Building or any portion thereof, and should any such lien be filed, Tenant, at its own cost and expense, shall bond for or discharge the same within thirty (30) business days after the filing thereof Additionally, Tenant shall include the following language in all contracts related to improvements or other work performed related to the Premises:

"Pursuant to MSA 014.06, notice is hereby given that improvements made by any party upon this premises are not authorized, as that term relates to interests in liens under $514,06, by Carlson Real Estate Company and that all improvements are being made at the instance of the lessee of the premises."

12.4 **Non-liability.** Notwithstanding anything to the contrary herein, unless directly resulting from facilities controlled by Landlord and from Landlord's negligent act or omission and Tenant has notified Landlord, Landlord shall not be liable to Tenant for any damage occasioned by: plumbing, electrical, gas, water, steam or other utility pipes, systems, and facilities, or by the bursting, stopping, leaking or running of any tank, washstand, closet or waste or other pipes in or about the Premises or Building by water being upon or corning through the roof, or any skylight, vent, trapdoor or otherwise or arising from any act or omission of any third party or any tenant of the Building, its agents, contractors or employees.

13. INSURANCE.

13.1 **Liability Coverage.** Tenant shall, at its expense, obtain and keep in force during the term of this Lease, including any renewal term, a commercial general liability insurance policy with a single limit of not less than $2,000,000 per occurrence covering bodily injury to one or more persons and property damage with deductibles in an amount reasonably satisfactory to Landlord. All policies of insurance required to be provided hereunder by Tenant shall be issued by insurer(s) licensed and qualified to do business in the State of Minnesota, with a current A.M. Best Company rating of at least AVIT. The policy shall be primary and shall name Landlord, Master Tenant and any Mortgagee (as defined in Section 17) as an additional insured and shall cover losses in the Common Area caused by Tenant. Tenant shall increase its liability coverage as may be reasonably requested by Landlord, if Landlord presents evidence that customary insurance coverage limits for similar facilities in the Twin Cities market area have increased. The establishment of insurance requirements shall not limit the liability of Tenant under this Lease.

Landlord shall, as a portion of Operating Expenses, obtain and keep in force with a financially responsible insurance company, during the Term, including any renewal term, a commercial general liability insurance policy with a combined single limit of not less than $3,000,000 covering bodily injury to one or more persons and property damage.

13.2 **Certificates.** On or before the Commencement Date, Tenant shall deliver to Landlord certificates of insurance, making specific reference to the Building and the Premises, evidencing the existence and amounts of the policy of insurance required pursuant to this Section 13, as well as the deductible amounts. No such policy shall be nonrenewable, cancelable or subject to material reduction of coverage or other material modification except after the insurer has endeavored to provide thirty (30) days' prior written notice to Landlord and Tenant shall provide notice of such cancellation to Landlord. Tenant shall, at least thirty (30) days prior to the expiration of such policy, furnish Landlord with renewals or "binders" thereof.

It is expressly understood by Tenant that the receipt of any required insurance certificate(s) by Landlord hereunder does not constitute agreement that the insurance requirements of this Section 13 have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements of this Section 13. Further, the failure of Landlord to obtain certificates or other evidence of insurance from the Tenant shall not be deemed a waiver by Landlord. Non-conforming insurance shall not relieve Tenant of its obligation to provide the insurance specified herein. Any failure of Tenant to obtain, maintain, or provide copies or certificates of any insurance required hereunder shall constitute a material and continuing breach of this Lease.

13.3 **Property Coverage.** Tenant shall maintain in effect, with a financially responsible insurance company, policies of property insurance covering for the full insurable value of all improvements additions or alterations to the Premises and all of Tenant's machinery, equipment, furniture, fixtures and personal property. Such policies of insurance shall provide protection for Tenant against all casualties included under standard insurance industry practices within the classification of "Fire and Extended Coverage" and shall contain a waiver of subrogation releasing Landlord from all claims and liabilities arising from or caused by any hazard covered by Tenant's property insurance. The proceeds from said insurance shall be used to repair or reconstruct such insured property to the extent required under Section 15 of this Lease.

Landlord shall, as a portion of Operating Expenses as defined in Section 8 of this Lease, maintain in effect, with a financially responsible insurance company, policies of property insurance covering the Building including Landlord's Work as described in Exhibit "D" but excluding the property required to be insured by Tenant in the preceding paragraph on a replacement cost basis.

13.4 **Release.** Notwithstanding anything apparently to the contrary elsewhere in this Lease, Landlord and Tenant each hereby mutually release and relieve the other from all claims and liabilities arising, from or caused by any hazard covered by property insurance on the Premises or covered by property insurance in connection with property on or activities conducted in or about the Premises or Building or covered by the property insurance required hereunder, regardless of the cause of the damage or loss, provided that this release shall apply only to the extent that such loss is covered by such property insurance. Tenant and Landlord shall, at the earlier of the date of obtaining insurance coverages or the Commencement Date, give notice to the insurance carriers involved that the foregoing mutual waiver of liability and subrogation is contained in this Lease.

14. ASSIGNMENT, SUBLETTING AND CORPORATE TRANSACTIONS.

14.1 **Lease Transfers.** (a) Tenant shall not cause or permit, by operation of law or otherwise, any assignment, sublease, encumbrance, or transfer (a "**Lease Transfer**") of this Lease or any estate or interest herein without the prior written consent of Landlord, which consent shall not he unreasonably withheld, conditioned, denied or delayed, It shall be deemed reasonable for Landlord to withhold its consent to a Lease Transfer if: (a) Tenant has already caused or permitted a Lease Transfer of all or a portion of the Premises; (b) Tenant is in default under the terms of the Lease; or (c) if the proposed Transferee (as defined below) refuses to provide the financial assurances, including personal or corporate guarantees, reasonably necessary in order to assure its ability to honor the obligations of Tenant under the Lease. Landlord may also withhold consent in the event the use proposed by the Transferee deviates from the Permitted Use hereunder or overly burdens the Building parking area or other facilities.

If Tenant wishes to transfer any of its rights, Tenant shall submit in writing to Landlord (a) the name and legal composition of the proposed assignee, subtenant or other transferee (a "**Transferee**"); (b) the nature of the business proposed to be carried on in the Premises; (c) the terms and provisions of the proposed Lease Transfer; (d) such financial and other information concerning the proposed Transferee as Landlord may reasonably request; (e) the form of the proposed assignment, sublease or other agreement governing the proposed Lease Transfer, and (f) a reminder that failure to respond within thirty (30) days is deemed an approval of the request. Within thirty (30) days after Landlord receives all such information it shall notify Tenant whether it approves such Lease Transfer or if it elects to proceed under Section 14.1(b). In no event may Tenant publicly advertise or offer all or any portion of the Premises for assignment or sublease without Landlord's prior written consent and in no event at a rental less than that then sought by Landlord for a direct lease (non-sublease) of comparable space in the Building. Without Landlord's prior written consent, Tenant will not use the name or likeness of the Building in connection with or in promoting or advertising the Premises. Tenant shall pay Landlord's reasonable attorneys' fees not to exceed Two Thousand and No/100 Dollars ($2,000.00) incurred in connection with any proposed Lease Transfer. Attempted assignment or subletting without Landlord's prior written consent shall constitute a material breach of this Lease . Failure of Landlord to respond within thirty (30) days after receipt of all of the information listed above shall be deemed approval by Landlord of the proposed Lease Transfer.

Neither this Lease nor any estate thereby created shall pass to any trustee or receiver in bankruptcy or any assignee for the benefit of creditors, or by operation of law.

In the event that Landlord shall consent to a subletting of all or any portion of the Premises under a sublease which obligates the subtenant to pay a rental at a rate in excess of Tenant's Annual Base Rent as set forth in Section 1.13, above, then Landlord and Tenant shall share the excess rental as paid by the subtenant on a 50%/50% basis.

(b) Notwithstanding any of the above provisions of this Section 14 to the contrary, if Tenant notifies Landlord that it desires to enter into a sublease for the entirety of the Premises, and such sublease requires Landlord's consent hereunder, then Landlord, in lieu of consenting to such sublease or withholding its consent, may elect to terminate this Lease. In such event, this Lease will terminate on the date the sublease -was proposed to be effective, and Landlord may lease such space to any party, including the prospective Transferee identified by Tenant.

14.2 **Corporate Transactions.** Notwithstanding anything to the contrary contained in Section 14.1 to the contrary, and provided Tenant is not in default under any terms of this Lease at the time of the proposed transfer, Tenant shall have the right to assign the Lease, sublet the Premises or otherwise transfer Tenant's interest under the Lease without Landlord's consent, but upon ten (10) days' prior written notice to Landlord, to: (i) any parent, affiliate or wholly owned subsidiary entity of Tenant, or (ii) any entity acquiring all or substantially all of Tenant's assets or which survives a merger, spin off or split up involving Tenant or its parent entity, if any (each of the foregoing transfers referred to as a "**Corporate Transaction**"). Except as specifically set forth herein, any such Corporate Transaction shall not be subject to the foregoing provisions of this Section 14, be prohibited or require Landlord's consent. Any Corporate Transaction shall be subject to the following conditions: (a) Tenant and its successor, survivor or purchaser in or other party to the transaction shall remain fully liable during the unexpired term of this Lease; (b) all the terms, covenants and conditions of this Lease, including the Permitted Use, shall continue to apply; and (c) the acquiring entity, and/or Tenant in the event Tenant survives the transaction, shall have the financial capability to fulfill the obligations of this Lease. Any Corporate Transaction to which Landlord's consent is not required and with respect to which the provisions of this paragraph are not complied with shall, at Landlord's option, be void. In no event shall the public sale of stock in Tenant or its parent or subsidiaries be deemed to constitute a transfer of this Lease.

If Tenant wishes to consummate a Corporate Transaction, Tenant shall submit in writing to Landlord (a) the name and legal composition of the proposed purchaser or other transferee (collectively, the "**Purchaser**"); (b) the terms and provisions of the proposed Corporate Transaction; and (c) audited financial statements for the two (2) year period immediately preceding the proposed Corporate Transaction and such other information concerning the proposed Purchaser or the financial structure of the Purchaser, as Landlord may reasonably request. Within thirty (30) days after Landlord receives all such information it shall notify Tenant whether it deems such transaction a Corporate Transaction in accordance with this Paragraph 14.2.

14.3 **Name Change.** In the event Tenant elects to change its name, and such name change is not a Lease Transfer or Corporate Transaction requiring Landlord's consent, Tenant shall provide Landlord with written notice specifically stating that such name change is not a Lease Transfer or Corporate Transaction requiring Landlord's consent and a copy of the appropriate documentation issued by the office of the applicable Secretary of State.

14.4 **No Release of Tenant.** Notwithstanding anything to the contrary contained in this Section 14, no consent by Landlord to any Lease Transfer or Corporate Transaction shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether occurring before or after such consent, assignment, subletting or other Lease Transfer or Corporate Transaction, and the Transferee or assignee shall be jointly and severally liable with Tenant for the payment of rent (or, in the case of sublease, rent in the amount set forth in the sublease) and for the performance of all other terms and provisions of this Lease. The consent by Landlord to any Lease Transfer or Corporate Transaction shall not relieve Tenant or any such Transferee or assignee from the obligation to obtain Landlord's express prior written consent to any subsequent Lease Transfer or Corporate Transaction. The acceptance of rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Lease Transfer or Corporate Transaction.

15. DAMAGE OR DESTRUCTION.

15.1 **Damage to Premises Covered by Insurance.** Subject to the terms of Section 15.5 of this Lease, if the Premises are damaged or destroyed by fire or other casualty insurable under standard fire and extended coverage insurance (the "**Event**") so as to become partially or totally untenantable, the Premises shall be repaired and restored by Landlord and Tenant with due diligence and within two hundred seventy (270) days of the Event, or Landlord may terminate the Lease. If the parties undertake to repair the damage to the Premises, the repairs shall commence as soon as reasonably possible following the Event. Landlord's obligation to repair and restore shall be limited to the restoration of the Premises to the condition at the time Tenant took possession thereof, including work designated as Landlord's Work in **Exhibit "D"** and Tenant Improvements in **Exhibit "E"** and Tenant shall be obligated to restore the remainder of the Premises. Tenant's obligations hereunder shall not include restoration of structural elements of the Building.

15.2 **Damage to Premises not Covered by Insurance.** If the Premises shall at any time be damaged or destroyed by a casualty not insurable under standard fire or extended coverage insurance so as to become partially or totally untenantable, then Landlord shall have the right to either repair and restore the work designated as Landlord's Work in **Exhibits "D"** and **"E"** as it relates to the Premises or to terminate this Lease. Such election shall be made by Landlord upon notice to Tenant within 60 days after the occurrence of such casualty. If Landlord elects to restore its work, such work shall not exceed what is required to restore the Premises to a condition similar to that at the time of the original delivery of the Premises to Tenant and, then Tenant shall be required to repair with diligence the remainder of the Premises. If Landlord elects to terminate this Lease, this Lease shall terminate thirty (30) days after the date of the occurrence of such casualty and all rent shall be adjusted as of such uninsurable event. If the Premises are totally damaged and thereby rendered totally untenantable or if the Building shall be so damaged that Tenant is deprived of reasonable access thereto, and if Landlord elects to restore the Premises, Landlord shall, within sixty (60) days following the date of the damage or casualty, cause a contractor or architect selected by Landlord to give notice (the "Restoration Notice") to Tenant of the date which such contractor or architect reasonably estimates that the restoration of the Premises (excluding any Tenant's property, Tenant improvements, Landlord's Work, or other improvements to the Premises) and applicable portions of the Building shall be substantially complete. If such date, as set forth in the Restoration Notice, is more than twelve (12) months from the date of such damage or casualty, then Tenant shall have the right to terminate this Lease by giving notice (the "Termination Notice") to Landlord not later than ten (10) business days following Tenant's receipt of the Restoration Notice. If Tenant delivers such Termination Notice to Landlord, this Lease shall be deemed to have terminated and Tenant shall vacate and surrender the Premises as of the date of the Termination Notice,

15.3 **Destruction of the Building.** If all or any portion of the Building shall be damaged or destroyed by fire or other cause (regardless of whether the Premises may be affected thereby) to the extent that the cost of restoration thereof would exceed 25% of the amount it would have cost to replace the Building in its entirety at the time such damage or destruction occurred, then Landlord may elect to repair that portion of the Building owned by Landlord within a reasonable time after such damage or destruction, provided that Landlord shall not be obligated to expend for such rebuilding and repairing an amount in excess of the insurance proceeds recovered or recoverable as a result of such damage or destruction, or Landlord may elect to terminate this Lease upon 30 days notice to Tenant, which notice shall be given, if at all, within 60 days after the date of such occurrence. In the event of such termination, this Lease shall cease 30 days after such notice is given and all rent shall be adjusted as of that date.

15.4 **Rent Abatement.** Landlord shall maintain a twelve (12) month rental coverage endorsement or other comparable form of coverage as part of its fire, extended coverage and special form insurance. Tenant will receive an abatement of its Annual Base Rent and Additional Rent to the extent the Premises are rendered untenantable as determined by the carrier providing the rental coverage endorsement.

15.5 **Destruction Cancellation.** If the Premises are damaged or destroyed to the extent that the cost of the restoration would exceed 25% of the amount it would have cost to replace the Premises in their entirety at the time such damage or destruction occurred, and if the unexpired portion of the Term of this Lease shall be one year or less on the date of the damage or destruction, then Landlord may elect to terminate this Lease by giving notice to Tenant of its election to do so within thirty (30) days after such occurrence. If Landlord exercises such right, then this Lease shall cease as of the date of such notice and all rent and other charges payable by Tenant shall adjusted as of that date.

16. EMINENT DOMAIN,

Except as may be otherwise agreed to by Landlord and Tenant as provided in this Section, if all of the Premises, or such portion of the Premises as renders the remainder impractical for the Permitted Use, are taken by any public authority under the power or threat of eminent domain or by private purchase in lieu thereof, then the term of this Lease shall cease as of the date possession shall be taken by such public authority, and Landlord shall make a pro rata refund of any Annual Base Rent that may have been paid in advance. In the event that less than the entire Building is so taken and the Premises are not in that portion of the Building so taken and provided the Premises are not rendered untenantable thereby, then this Lease shall terminate only at the option of Landlord. In the event that only a part of the Premises is so taken and the parties agree that this Lease shall not so terminate, there shall be a pro rata reduction in Annual Base Rent for the period following such taking, and all other terms and provisions hereof shall remain in full effect. All damages awarded for any such taking shall belong to and be the property of Landlord for diminution in value to this leasehold or to the fee of the Premises; provided, however, that Landlord shall not be entitled to any portion of the award made to Tenant for loss of business, depreciation to and cost of removal of stock and fixtures.

17. MORTGAGEE PROTECTION.

17.1 **Subordination of Lease.** This Lease shall be subject and subordinate at all times to the lien of any existing mortgage and other financing documents and the lien of any mortgages and other financing documents that hereafter may be made a lien upon the Building and the real property upon which it is situated; provided, however, that the secured party named in each such mortgage or other financing document (a "**Mortgagee**") shall agree to recognize this Lease in the event of foreclosure if Tenant is not then in default and if Tenant agrees to attorn to such Mortgagee as Landlord under this Lease. In the event a Mortgagee elects to have this Lease a prior encumbrance, then and in such event upon Mortgagee notifying Tenant to that effect, this Lease shall be deemed a prior encumbrance whether this Lease is dated prior or subsequent to the date of Mortgagee's encumbrance. Within fifteen (15) business days following Landlord's request, Tenant will execute and deliver a subordination agreement in substantially the form reasonably required by Landlord's lender, any certificates of subordination and other documents desirable to effect the purpose of this Section 17.1; provided, however, that each Mortgagee shall agree to recognize this Lease in the event of foreclosure if Tenant is nit then in default.

17.2 **Insurance.** Whenever under this Lease policies of insurance or bonds are to be provided for the benefit of Landlord, the same shall, at the option of Landlord, be made payable to and shall secure Landlord and/or any Mortgagee.

17.3 **Estoppel Certificate.** Tenant shall, within ten (10) business days following a request from Landlord, execute and deliver to Landlord an Estoppel Certificate attesting to the terms and condition of this Lease and the compliance to date of Landlord with the terms and conditions of this Lease and such other matters reasonably requested by Landlord concerning the tenancy of Tenant under this Lease. In the event that Tenant asserts any default by Landlord, Tenant shall set forth such alleged default or defaults upon the said certificate in detail and attest to the fact that those listed defaults are the only defaults by Landlord hereunder.

17.4 **Mortgagee's Performance.** Tenant agrees to give to any Mortgagee(s), by certified mail, a copy of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified in writing of the address of such Mortgagee, which notice shall state that it is given pursuant to this Section of the Lease and that copies of notices shall be sent to such Mortgagee. If Landlord shall have failed to cure such default within thirty (30) days from the effective date of such notice of default or such longer time as Landlord may be provided under this Lease, then the Mortgagee shall have an additional thirty (30) days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary to cure such default and this Lease shall not be terminated so long as such remedies are being diligently pursued.

18. RELOCATION OF PREMISES.

Landlord reserves the right to relocate Tenant in substitute premises of similar square footage and configuration within the Building upon ninety (90) days written notice to Tenant (the "**Relocation Date**"). If this right is exercised, Landlord shall, at its own expense, provide Tenant with improvements at the new location, comparable to those in the original location, and shall, at Landlord's own expense, move Tenant's personal property to the new location. Landlord shall reimburse Tenant for the actual, out-of-pocket expenses incurred by Tenant including but not limited to moving expenses and relocating its telephone service and computer system; provided, however, Landlord's expenses incurred in connection with this section shall not exceed One and No/100 Dollar ($1.00) per rentable square feet of Premises. The rental rate at the new location shall be the same per rentable square foot as the original location.

19. SIGNAGE.

Landlord, at Landlord's sole cost and expense, shall provide to Tenant and install building standard internal directory and suite signage. No other signage shall be displayed by Tenant without the prior written consent of Landlord.

20. ENVIRONMENTAL COMPLIANCE

20.1 Landlord hereby agrees that if at anytime during the term of this Lease it should be determined that the Building or Premises were contaminated with Hazardous Material on the Commencement Date of this Lease or thereafter because of any acts or omissions of Landlord, Landlord agrees to indemnify and hold Tenant harmless from any and all claims, liabilities, damages and obligations of any nature arising from or as a result of such contamination.

20.2 Tenant represents, warrants, and covenants to Landlord that:

(a) Tenant will cause the Premises at all times to be and remain in compliance with all applicable laws, ordinances, and regulations (including consent decrees and administrative orders) relating to public health and safety and protection of the environment, including those statutes, laws, regulations, and ordinances identified in subparagraph (f), all as amended and modified from time to time (collectively, "**Environmental Laws**"). Tenant agrees to obtain and keep in effect all governmental permits and approvals relating to the use or operations of the Premises required by applicable Environmental Laws, and Tenant agrees to comply with the terms of the same.

(b) Tenant will not generate, manufacture, store, treat, transport, release, or dispose of "Hazardous Material," as that term is defined in subparagraph (f), on, in, under, about or from the Premises or Building, other than in such quantities as are required for the conduct of Tenant's business as allowed under this Lease, and other than those lawfully incorporated into the Premises, in keeping with good construction practices, as appropriate building materials, and then only in compliance with all Environmental Laws, health, safety, handling, reporting and disclosure laws, regulations and rules. Tenant shall within thirty (30) days of Landlord's written request, and not more often than once in any twelve month period, unless Landlord has reasonable cause to believe that Tenant is not in compliance with this Section 20, provide to Landlord a detailed list of such materials used in the conduct of Tenant's business or incorporated in the Premises, together with copies of all applicable permits related to such materials, if any. If any Hazardous Material (other than as permitted in the foregoing sentence) is found on the Premises, or if Tenant or any one of its employees, agents, contractors, suppliers or invitees causes, contributes to or aggravates any release or disposal of any Hazardous Material on, in, under or about the Premises or Building, Tenant, at its own cost and expense will within fifteen (15) days of receipt of notice thereof (except in the event of an emergency, in which case Tenant shall take action immediately) take such action as is necessary to detain the spread of and remove the Hazardous Material to the complete satisfaction of Landlord and the appropriate governmental authorities.

(c) Tenant will immediately notify Landlord and provide copies upon receipt of all written complaints, claims, citations, demands, inquiries, reports, or notices relating to Tenant's compliance with Environmental Laws. Tenant will, at its sole cost, promptly cure and have dismissed with prejudice any such action. Tenant will keep the Premises and Building free of any lien imposed pursuant to any Environmental Laws on account of Tenant's generation, manufacture, storage, treatment, transportation, release, or disposal of Hazardous Material.

(d) If Tenant breaches or fails to comply with any of the foregoing warranties, representations, and covenants, Landlord may upon fifteen (15) days notice to Tenant (except in the case of an emergency, in which case Landlord may take action immediately) cause the removal (or other cleanup acceptable to Landlord) of any Hazardous Material (other than those expressly authorized herein) from the Premises or Building. The costs of such Hazardous Material removal and any other cleanup (including transportation and storage costs) will be additional rent under this Lease, whether or not a court or administrative agency has ordered the cleanup, due and payable on Landlord's demand. Tenant thereby grants Landlord, its employees, agents and contractors, access to the Premises to remove or otherwise clean up any Hazardous Material. Landlord, however, has no affirmative obligation to Tenant under this Lease to remove or otherwise clean up any Hazardous Material, from the Premises or Building and nothing in this Lease will be construed as creating any such obligations.

(e) Tenant agrees to indemnify, defend, and hold Landlord and Landlord's affiliates, shareholders, partners, directors, officers, employees and agents free and harmless from and against all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements, or expenses of any kind (including attorneys' and experts' fees and expenses and fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by, asserted, or awarded against Landlord or any of them in connection with or arising from or out of Tenant's obligations hereunder.

This indemnification is the personal obligation of Tenant and shall survive termination of this Lease.

(f) For purposes of this Lease "**Hazardous Material**" means:

i. "**Hazardous substances**" or "**toxic substances**" as those teinis are defined by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. #9601, et seq., as amended to and after this date.

ii. "**Hazardous wastes,**" as that term is defined by the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. #6901, et seq., as amended to and after this date.

iii. Any pollutant or contaminant or hazardous, dangerous, or toxic chemicals, materials, or substances within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic, or dangerous waste substance or material, all as amended to and after this date.

iv. Crude oil or any fraction of it that is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute).

v. Any radioactive material, including any source, special nuclear, or by product material as defined at 42 U.S.C. #201 1, et seq., as amended to and after this date.

vi. Asbestos in any form or condition.

vii. Polychlorinated biphenyl's (PCB's) or substances or compounds containing PCB's.

21. DEFAULT.

21.1 **Events of Default.** The occurrence of any of the following shall constitute an "**Event of Default**" by Tenant:

(a) Tenant fails to make any Monthly Installment or Additional Rent payment when due.

(b) Tenant abandons the Premises; provided, however, that vacation of the Premises by Tenant, by itself, shall not constitute an Event of Default hereunder.

(c) Tenant fails to comply with any of the provisions of Section 20 - Environmental Compliance.

(d) Any guarantor of this Lease is in default under any guaranty of this Lease.

(e) Tenant fails, within ninety (90) days after the commencement of any proceedings against Tenant seeking relief under any reorganization, arrangement, consolidation, readjustment, liquidation, dissolution or similar arrangement or proceeding under any state or federal bankruptcy or other statute, law or regulation, to have such proceedings dismissed, or Tenant fails, within ninety (90) days after any appointment pursuant to any state or federal bankruptcy or other statute, law or regulation, without Tenant's consent or acquiescence, of any trustee, receiver or liquidator for the Premises, for Tenant or for all or any substantial part of Tenant' s assets, to have such appointment vacated.

(f) Tenant fails to perform or comply with any provision of this Lease other than those described in (a) through (e) above, and such failure is not cured within thirty (30) days after notice to Tenant or, if such failure cannot be cured within such thirty (30) day period, Tenant fails within such thirty (30) day period to commence, and thereafter diligently proceed with, all actions necessary to cure such failure as soon as reasonably possible but in all events within ninety (90) days of such notice; provided, however, that if Landlord in its reasonable judgment determines that such failure cannot or will not be cured by Tenant within such ninety (90) days, then such failure shall constitute an Event of Default immediately upon such notice to Tenant.

21.2 **Remedies.** Upon the occurrence of an Event of Default, Landlord shall have the following remedies, which shall not be exclusive but shall be cumulative and shall be in addition to any other remedies now or hereafter allowed by law:

(a) Landlord may, upon notice to Tenant, terminate this Lease, or without notice to Tenant re-enter the Premises without terminating this Lease, No re-entry or taking possession of the Premises by Landlord shall be construed as an election on its part to terminate this Lease unless a notice of such intention is given to Tenant (all other demands and notices of forfeiture or other similar notices being hereby expressly waived by Tenant). Upon the service of any such notice of termination, the Term of this Lease shall automatically terminate. Should Landlord at any time terminate this Lease for any breach, in addition to any other remedies it may have, it may recover from Tenant all damages it may incur by reason of such breach, including the cost of recovering the Premises, reasonable attorneys' fees, and the value at the time of such termination of any rent reserved in this Lease for the remainder of the term over the then reasonable rental value of the Premises for the remainder of such term, all of which amount shall be immediately due and payable from Tenant to Landlord.

(b) Landlord may require that, upon any termination of the Lease or Tenant's right to possession without termination of this Lease, Tenant shall immediately surrender possession of the Premises to Landlord, vacate the same and remove all effects therefrom except those that may not be removed under other provisions of this Lease. If Tenant fails to surrender possession and vacate as aforesaid, Landlord may forthwith re-enter the Premises and expel and remove Tenant and any other persons and property therefrom, using such force as may be reasonably necessary, without being deemed guilty of trespass, eviction, conversion or forcible entry and without thereby waiving Landlord's rights to rent or any other rights given Landlord under this Lease or at law or in equity. If Tenant does not remove all effects from the Premises, Landlord may either declare such effects abandoned and dispose of the same in any reasonable manner without liability to Tenant or any other party, or remove any or all of such effects in any manner it shall choose and store the same without liability to Tenant. Tenant shall pay Landlord on demand any expenses incurred in such removal and storage for any length of time during which the same shall be in. Landlord's possession or in storage.

(c) Landlord can continue this Lease in full force and effect, and the Lease will continue in effect as long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to collect Annual Base Rent and Additional Rent when due. After Tenant's right to possession is terminated Landlord may enter the Premises and may make such alterations and repairs as it shall determine may be reasonably necessary to relet the Premises and Landlord may (but shall not be required to) relet the same or any part thereof upon such terms and conditions as Landlord in its sole discretion may deem advisable. Upon any reletting, all rentals received by Landlord from such reletting shall be applied as follows: first, to the payment of any indebtedness other than rent or other charges due under this Lease from Tenant to Landlord; second, to the payment of any costs and expenses of such reletting, including brokerage fees, reasonable attorneys' fees and costs of such alterations and repairs; and third, to the payment of Annual Base Rent and Additional Rent and other charges due and unpaid hereunder. In no event shall Tenant be entitled to receive any surplus of any sums received by Landlord on a reletting in excess of the rental and other charges payable hereunder. If such rentals and other charges received from such reletting during any month are less than those to be paid during that month by Tenant, Tenant shall pay any such deficiency to Landlord upon demand. No act by Landlord allowed by this Section shall terminate this Lease unless Landlord notified Tenant that Landlord elects to terminate this Lease. Landlord can terminate Tenant's right to possession of the Premises at any time.

(d) Notwithstanding anything in this section to the contrary, Landlord will not unreasonably interfere with Tenant's efforts to mitigate its damages caused by any Event of Default.

21.3 **Receipt of Monies.** No receipt of monies by Landlord from or for the account of Tenant or from anyone in possession or occupancy of the Premises after the giving of any notice under this Lease, including, without limitation, a notice of termination of this Lease, shall reinstate, continue or extend the Term of this Lease or affect any notice given to Tenant prior to the receipt of such money. No payment by Tenant or receipt by Landlord of a lesser amount than the charges herein reserved shall be deemed to be other than on account of the earliest stipulated rent or other charges, nor shall any endorsement or statement on any check or on any letter accompanying any check be deemed to be an accord and satisfaction. Landlord shall not be deemed to have accepted payment made to a "lockbox" or other depository until ten (10) days after Landlord's actual receipt of the payment if, and only if, during said period Landlord did not refund or attempt to refund such payment. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

21.4 **Bankruptcy.** If at any time there exists an act of bankruptcy, which shall include the filing by Tenant, or any guarantor of a petition in bankruptcy (including, without limitation, a petition for liquidation, reorganization or for adjustment of debts of an individual with regular income), the filing of any such petition against Tenant or any guarantor with such party failing to secure a discharge thereof within 30 days after the filing thereof, or Tenant or any guarantor becoming insolvent or admitting in writing an inability to pay its debts as they mature, or making an assignment for the benefit of creditors or petitioning for or entering into an arrangement with creditors or a custodian being appointed or taking possession of Tenant's or any guarantor's property whether or not a judicial proceeding is instituted, then this Lease at Landlord's option shall (if permitted by law) be terminated, in which event neither Tenant, any guarantor, nor any person claiming through or under Tenant or any guarantor or by virtue of any statute or court order shall be entitled to possession of the Premises. Landlord, in addition to the other rights and remedies given by this Lease or by virtue of any statute or rule of law, may retain as liquidated damages any rent or any monies received by Landlord from Tenant or others on behalf of Tenant,

21.5 **Legal Expenses.** In case suit shall be brought because of the breach of any agreement or obligation contained in this Lease on the part of Tenant or Landlord to be kept or performed, and a breach shall be established, the prevailing party shall be entitled to recover all expenses incurred therefor, including reasonable attorneys' fees and legal expenses.

21.6 **Landlord's Right to Cure Default.** If Tenant fails to perform any agreement or obligation on its part to be performed under this Lease, Landlord shall have the right (but shall be under no obligation), if no emergency exists, to perform the same upon thirty (30) days notice to Tenant, and, in any emergency, to perform the same immediately without notice or delay. For the purpose of curing Tenant's defaults as aforesaid, Landlord shall have the right to enter the Premises and Tenant shall within thirty (30) days after demand reimburse Landlord for any costs incurred by Landlord to cure any of Tenant's defaults, including reasonable attorneys' fees. Except for gross negligence or willful misconduct by Landlord, Landlord shall not be liable for any loss, inconvenience, annoyance or damage resulting to Tenant or anyone holding under Tenant for any action taken by Landlord pursuant to this Section. Any act done by Landlord pursuant to this Section shall not constitute a waiver of any such default by Tenant or a waiver of any covenant, term or condition herein contained or the performance thereof.

21.7 **Rights and Remedies.** The rights and remedies given to the parties in this Lease are distinct, separate, non-exclusive and cumulative rights and remedies, in addition to every other remedy at law or in equity, and may be exercised concurrently. No delay or failure by either party to insist upon the strict performance of any agreement, term, covenant or condition hereof, or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent during the continuance of any such breach, shall constitute a waiver of any such breach, agreement, term, covenant or condition. No waiver by Landlord of any breach (including recurrent failure to timely pay rent) by Tenant under this Lease or of any breach by any other tenant under any other lease of any portion of the Building shall affect or alter this Lease in any way whatsoever or be construed as a waiver of any subsequent breach.

21.8 **Security Deposit.** Tenant shall pay Landlord the Security Deposit, concurrently with the execution of this Lease, which sum shall be retained by Landlord as security for Tenant's full, timely and faithful performance of all of Tenant's obligations hereunder, including, but not limited to, the payment of Annual Base Rent, Operating Expenses and Real Estate Taxes. If Tenant fails to pay such amount or any other charges hereunder or otherwise defaults with respect to any provisions of this Lease, Landlord may, at its option, apply all or any portion of the Security Deposit to the payment thereof or for payment of any other sums for which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or damage that Landlord may suffer thereby. If Landlord so uses or applies all or any portion of the Security Deposit, Tenant shall, within ten (10) days after written demand therefor, deposit with Landlord an amount sufficient to restore the Security Deposit to the full amount stated in Section 1, above, and Tenant's failure to do so shall be a material breach of this Lease. Tenant shall not be entitled to any interest upon the Security Deposit, nor shall Landlord be required to segregate or hold the Security Deposit separate from Landlord's other funds, but shall carry such sum as a bookkeeping entry only. In the event that Tenant shall fully perform the covenants and provisions of this Lease, Landlord shall refund the Security Deposit, or the unused balance thereof, if any, to Tenant within thirty (30) days after the expiration or sooner termination of the term of this Lease.

21.9 Default by Landlord. Landlord shall not be deemed to be in default under this Lease until Tenant has given Landlord written notice specifying the nature of the default and unless Landlord does not cure the default within thirty (30) days after receipt of the notice or within such reasonable time thereafter as may be necessary to cure the default where it is of such a character as to reasonably require more than thirty (30) days to cure. In the event of a default by Landlord, Tenant's remedies shall be limited to suits for damages and/or injunctive relief In no event shall Tenant have the right to terminate the Lease.

22. SURRENDER OF POSSESSION.

22.1 **Condition**. At the expiration of the term hereof, Tenant shall surrender the Premises broom-clean in good condition and repair, reasonable wear and tear excepted.

22.2 **Holding Over**. In the event Tenant remains in possession of any part of the Premises after the expiration of the tenancy created hereunder, without Landlord's written consent, Tenant shall be considered a hold-over tenant subject to all of the conditions of this Lease insofar as the same are applicable to a hold-over tenant, except that the Monthly Installment of Annual Base Rent payable by Tenant shall be an amount equal to 150% of the Annual Base Rent and Additional Rent paid by Tenant during the last month of the Term or any Extended Term allowed hereunder. Notwithstanding anything to the contrary contained herein, during any hold-over tenancy, Tenant shall vacate the Premises within ten (10) clays of receipt of Landlord's written notice ("**Holdover Notice To Vacate**"). If Tenant remains in possession of the Premises after the Holdover Notice To Vacate without the execution of a new lease, it shall be occupying the Premises as a tenant at sufferance, subject to all of the conditions of this Lease insofar as the same are applicable to tenant at sufferance, except that the monthly rent payable by Tenant shall be an amount equal to 200% of the Annual Base Rent and Additional Rent paid by Tenant during the last month of the Term or any Extended Term allowed hereunder. Tenant shall indemnify and hold Landlord harmless from and against all claims, liabilities, damages, costs or expenses, including reasonable attorneys' fees and costs of defending the same, incurred by Landlord and arising from Tenant's failure to timely surrender the Premises, including (i) any rent payable by or any loss, cost, or damages, including lost profits, proven by any prospective tenant of the Premises, and (ii) Landlord's damages as a result of such prospective tenant rescinding or refusing to enter into the prospective lease of the Premises by reason of such failure to timely surrender the Premises. Nothing contained herein shall limit Landlord's right to evict Tenant as allowed under Minnesota law.

22.3 **Fixtures**. All partitions, wallcovering, ceilings, sinks, plumbing, floor covering, and other improvements installed by Landlord within the Premises shall become the property of Landlord at the moment of completion of installation; provided, however, Landlord may direct Tenant to remove, at Tenant's sole cost and expense, any such improvements upon the termination of this Lease not previously approved by Landlord and any such other improvements required to be removed as indicated by Landlord at the time of Landlord's consent to same. Tenant shall, at its sole cost and expense, remove all plenum wiring and other cabling located in the ceiling of the Premises upon the termination of this Lease. Tenant shall retain ownership of all removable trade fixtures and machinery ("**Tenant's Property**") placed in the Premises by Tenant. Prior to the expiration of the Term, Tenant shall remove all Tenant's Property and repair any damages occasioned by such removal at Tenant's expense, Upon the failure of Tenant to remove Tenant's Property prior to expiration of the Term, all remaining Tenant's Property shall, at Landlord's election, be deemed abandoned by Tenant.

23. NOTICES.

Any notice, demand, consent, approval, direction, agreement or other communication required or permitted under this Lease or any other documents in connection herewith shall be in writing to Tenant at the address set forth in Section 1.3 or the Landlord at its then current address for the payment of rent under this Lease, Notices shall be deemed sufficient notice and service, if such notice is delivered (i) personally or by a nationally-recognized overnight courier service providing proof of delivery, in which case they shall be deemed delivered on the date of delivery (or first business day thereafter if delivered other than on a business day); (ii) by U.S. certified mail, postage prepaid, return receipt requested, in which case they shall be deemed delivered on the date shown on the receipt unless delivery is refused or delayed by the addressee in which event they shall be deemed delivered on the third day after the date of deposit in the U.S. Mail; or (iii) by electronic transmission. Either party may hereafter change the address for notice stated in Section i, above, by notifying the other party in writing of the new address.

24. OCCUPANCY.

If Landlord permits Tenant to occupy the Premises prior to the Commencement Date, such occupancy shall be governed by all of the terms and conditions of this Lease, including the requirement under Section 13 of this Lease to maintain insurance. However, Tenant shall not owe Landlord any sums for Annual Base Rent, Real Estate Taxes or Operating Expenses associated with the Premises during said early occupancy period. Landlord shall be the sole judge as to when the Premises are ready for occupancy.

25. JOINT AND SEVERAL LIABILITY.

In the event that two or more individuals, corporations, partnerships or other entities (or any combination of two or more thereof) shall sign this Lease as Tenant, the liability of each individual, corporation, partnership or other entity to perform all obligations hereunder shall be deemed to be joint and several. In like manner, in the event that Tenant shall be a partnership or other business association, the members of which are, by virtue of statute, or general law, subject to personal liability, then and in that event, the liability of each such member shall be deemed to be joint and several.

26. QUIET ENJOYMENT.

So long as Tenant is not in default under any of the covenants and agreements of this Lease, Tenant’s quiet and peaceable enjoyment of the Premises shall not be disturbed by Landlord or by any person claiming by, through, or under Landlord.

27. BROKERAGE FEES.

Tenant represents that it has not had or dealt with any realtor, broker or agent in connection with the negotiation of this Lease, except for CBRE, Inc. ("**Broker**"), and Tenant shall pay and hold Landlord harmless from any cost, expense or liability (including costs of suit and attorneys' fees) for any compensation, commission or charges claimed by any realtor, broker or agent with respect to this Lease and the negotiation thereof, other than a claim of the Broker and a claim based upon any written agreement between such person and Landlord. Landlord represents that it has not entered into a written agreement with any broker other than the Broker, with respect to the leasing of the Premises and which is in effect this date. Landlord shall compensate the Broker pursuant to a separate agreement.

28. GENERAL.

28.1 **Consent**. Whenever under this Lease provision is made for one party to secure the consent of the other, such consent shall be in writing. The consent by either party to any act by the other party of a nature requiring consent shall not be deemed to constitute consent to any similar act.

28.2 **Lease Negotiation**. The submission of this Lease for examination does not constitute an offer, a reservation of or option for the Premises, and this Lease shall become effective only upon execution and delivery thereof by both parties.

28.3 **No Modification**. This writing is intended by the parties as a final expression of their agreement and as a complete and exclusive statement of the terms thereof No course of prior dealings between the parties or their officers, employees, agents or affiliates shall be relevant or admissible to supplement, explain or vary any of the terms of this Lease. No representations, understandings or agreements have been made or relied upon in the making of this Lease other than those specifically set forth herein. This Lease can be modified only by a writing signed by the party against whom the modification is enforceable.

28.4 **Severability**. If any term or provision of this Lease, or any portion thereof, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, then the remainder of this Lease and the application of such term or provision to persons or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected and shall be valid and be enforced to the fullest extent permitted by law.

28.5 **Third Party Beneficiary**. Nothing contained in this Lease shall be construed so as to confer upon any other party the rights of a third party beneficiary except rights contained herein for the benefit of Landlord's Mortgagee,

28.6 **Headings**. The headings of the Sections and Subsections herein are for convenience only, and do not limit or construe the contents of such Sections and Subsections.

28.7 **Force Majeure**. Whenever a period of time is herein provided for either party to perform, said party shall not be responsible for, and there shall be excluded from the computation of such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, national emergency, acts of a public enemy, governmental restrictions, laws or regulations, or any other cause or causes, whether similar or dissimilar to those enumerated, beyond its reasonable control. This Section shall not excuse Tenant from the prompt payment of rent, additional rent, or any other payments required by the terms of this Lease.

28.8 **Parties in Interest**. The terms, conditions, covenants and agreements herein contained shall inure to the benefit of and shall bind the parties hereto and their respective successors and permitted assigns.

28.9 **Waiver**. No provisions of this Lease shall be deemed waived unless such waiver is in writing and signed. The waiver of any breach of any provision of this Lease shall not be deemed a waiver of such provision or of any subsequent breach of the same or any other provision of this Lease. No delay or omission in the exercise of any right or remedy shall impair such right or remedy or be construed as a waiver. Landlord's acceptance of any payment of rent due under this Lease shall not be deemed a waiver of any default by Tenant under this Lease, including Tenant's recurrent failure to timely make Monthly Installment or Additional Rent payments, and no endorsement or statement on any check or accompanying any check or payment shall be deemed an accord and satisfaction. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

28.10 **Jury Trial**. Landlord and Tenant hereby mutually waive any and all rights which either may have to request a jury trial in any proceeding at law or in equity in any court of competent jurisdiction.

28.11 **Limitation of Liability**. Tenant acknowledges and agrees that the liability of Landlord under this Lease shall be limited to its interest in the Building and any judgments rendered against Landlord shall be satisfied solely out of the proceeds of sale of its interest in the Building. No personal judgment shall lie against Landlord upon extinguishment of its rights in the Building and any judgment so rendered shall not give rise to any right of execution or levy against Landlord's assets. The provisions hereof shall inure to Landlord's successors and assigns including any Mortgagee. The foregoing provisions are not intended to relieve Landlord from the performance of any of Landlord's obligations under this Lease, but only to limit the personal liability of Landlord in case of recovery of a judgment against Landlord.

28.12 **Authority**. If Tenant is a corporation, partnership or other form of business entity, each of the persons executing this Lease on behalf of Tenant warrants and represents that Tenant is a duly organized and validly existing entity, that Tenant has full right and authority to enter into this Lease and the persons signing on behalf of Tenant are authorized to do so and have the power to bind Tenant to this Lease. Tenant shall provide Landlord upon request with evidence reasonably satisfactory to Landlord confirming the foregoing representations.

28.13 **Attorneys' Fees** . In the event suit is brought for the recovery of the Premises, or any sum due hereunder, or because of any act which may arise out of possession of the Premises, the prevailing party shall be entitled to recovery of all costs incurred therein, including reasonable attorneys' fees.

28.14 **No Partnership**. Nothing contained in this Lease shall be interpreted as creating a partnership, joint venture, or relationship of principal and agent between Landlord and Tenant, it being understood that the sole relationship created hereby is one of landlord and tenant.

28.15 **Applicable Law**. This Lease shall be governed by and construed in accordance with the laws of the State of Minnesota.

28.16 **Entire Agreement**.

(a) This Lease contains the entire understanding and agreement of the parties hereto. All prior negotiations, understandings and agreements between the parties have been incorporated herein and are superseded hereby.

(b) Tenant acknowledges and agrees that no prior information provided or statements made by Landlord or its agent(s) ("**Prior Information**"), including without limitation, estimated Operating Expenses and Real Estate Taxes, any other financial matters, and any matters related to:

i. Any of the premises in the Building;

ii. The Building itself; or

iii. The number or kind of tenants in the Building, have in any way induced Tenant to enter into this Lease.

(c) Tenant acknowledges that prior to entering into this Lease, the Tenant has satisfied itself of all its concerns by conducting an independent investigation of the validity of such Prior Information.

28.17 **Restrictive Covenants at Two Carlson Parkway**. Tenant's use of the Premises shall comply with the restrictive covenants now in force or later imposed on the Premises.

28.18 **Additional Terms**. Additional terms to this Lease, if any, are attached as Exhibit "A."

28.19 Waivers by Tenant

A . Declaratory Judgment Action . Tenant agrees to waive its right to bring a declaratory judgment action with respect to any notice of violation or default sent pursuant to any provision of this Lease.

B. Injunctive relief. Tenant agrees to waive its right to seek injunctive relief that would stay, extend, or otherwise toll any of the time limitations or provisions of this Lease or any notice sent pursuant thereto.

28.20 Tenant Financial Information. Within thirty (30) days after request therefor by Landlord, Tenant shall supply to Landlord such financial information as may be requested by Landlord in the following circumstances: (i) in connection with a prospective mortgage loan on the Building; (ii) in connection with any lease amendment or exercise of any tenant option or right; or (iii) in connection with a prospective sale of the Building or sale of an interest therein.

28.21 Counterparts/Electronic Signatures. This Lease may be executed in multiple counterparts, each of which shall be effective upon delivery and, thereafter, shall be deemed to be an original, and all of which shall be taken as one and the same instrument with the same effect as if each party had signed on the same signature page. This Lease may be transmitted by fax or by electronic mail in portable document format ("**pdf**") and signatures appearing on faxed instruments and/or electronic mail instruments shall be treated as original signatures.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year last executed below (the "**Effective Date**").

LANDLORD:

ONE TWO HOLDING LLC,
A DELAWARE LIMITED LIABILITY COMPANY

By: Carlson Real Estate Services, LLC
Its: Asset Manager

By: /s/ Mark G. Herreid
Name: Mark G. Herreid
Title: Chief Manager and CFO

Date: September 18, 2015

TENANT:

DIAMEDICA USA INC.,
A DELAWARE CORPORATION

By: /s/ Rick Pauls
Name: Rick Pauls
Title: President and CEO

Date: September 18, 2015

EXHIBIT "A"

ADDITIONAL TERMS AND CONDITIONS

This Exhibit forms a part of the Lease dated September 18, 2015, by and between One Two Holding LLC, a Delaware limited liability company, Landlord, and DiaMedica USA Inc., a Delaware corporation, Tenant. The parties further agree as follows:

1. ***Free Rent***. Notwithstanding any provision of this Lease to the contrary, but subject to the condition that Tenant is not in default in the performance of any of its obligations under this Lease, Landlord hereby releases Tenant from the obligation to pay its Monthly Installment of Annual Base Rent for the first three (3) months of the Lease following the Commencement Date ("**Free Rent Period**"); provided, however, that in the event that Tenant defaults in the performance of any of its obligations under the Lease during, or subsequent to the Free Rent Period and fails to cure such default within the applicable cure period, then the amount of Annual Base Rent which Tenant was released from the obligation to pay during the Free Rent Period shall become immediately due and payable to Landlord as Additional Rent hereunder. During the said Free Rent Period, Tenant shall remain obligated to pay Landlord for all Additional Rent and other charges payable pursuant to the Lease, including, but not limited to, Real Estate Taxes and Operating Expenses.

EXHIBIT "B"

BUILDING LEGAL DESCRIPTION

Lot I. Block I, Carlson Center 15th Addition, according to the plat thereof on file or of record in the office of the Registrar of Titles, Hennepin County, Minnesota, except that part of said Lot I lying North of the following described line; Commencing at the Southeast corner of said Lot 1; thence North 1 degree 27 minutes 59 seconds East along the East line of said Lot 1 a distance of 342.65 feet; thence North S degrees 30 minutes 16 seconds West along the East line of said Lot 1 a distance of 92.74 feet to the beginning of the line to be described: thence South 81 degrees 09 minutes 35 seconds West a distance of 213.19 feet; thence North 27 degrees 52 minutes 34 seconds West a distance of 71.53 feet to a point on the Northeasterly line of said Lot 1 and said line there terminating.

Registered Property
Certificate of Title No. 1036245

Together with the benefits of the easements created in Declaration of Easements and Real Covenants, dated February 15, 1995, filed March 16, 1995, as Document No. 2595615, as amended by First Amendment to Declaration, dated April 10, 1997, filed April 30, 1997, as Document No. 2806445, and as amended by Second Amendment to Declaration, dated June 25, 1998, filed August 31, 1998, as Document No. 3057082; and as amended by Amended and Restated Declaration of Easements and Real Covenants, dated January 27, 2000, filed April 26, 2000. as Document No. 3275343,

Together with benefits pursuant to Declaration of Covenants and Restrictions, dated November 5, 1987, tiled December 7. 1987, as Document No. 1893029.

EXHIBIT "C"

PREMISES AND BUILDING SITE PLAN

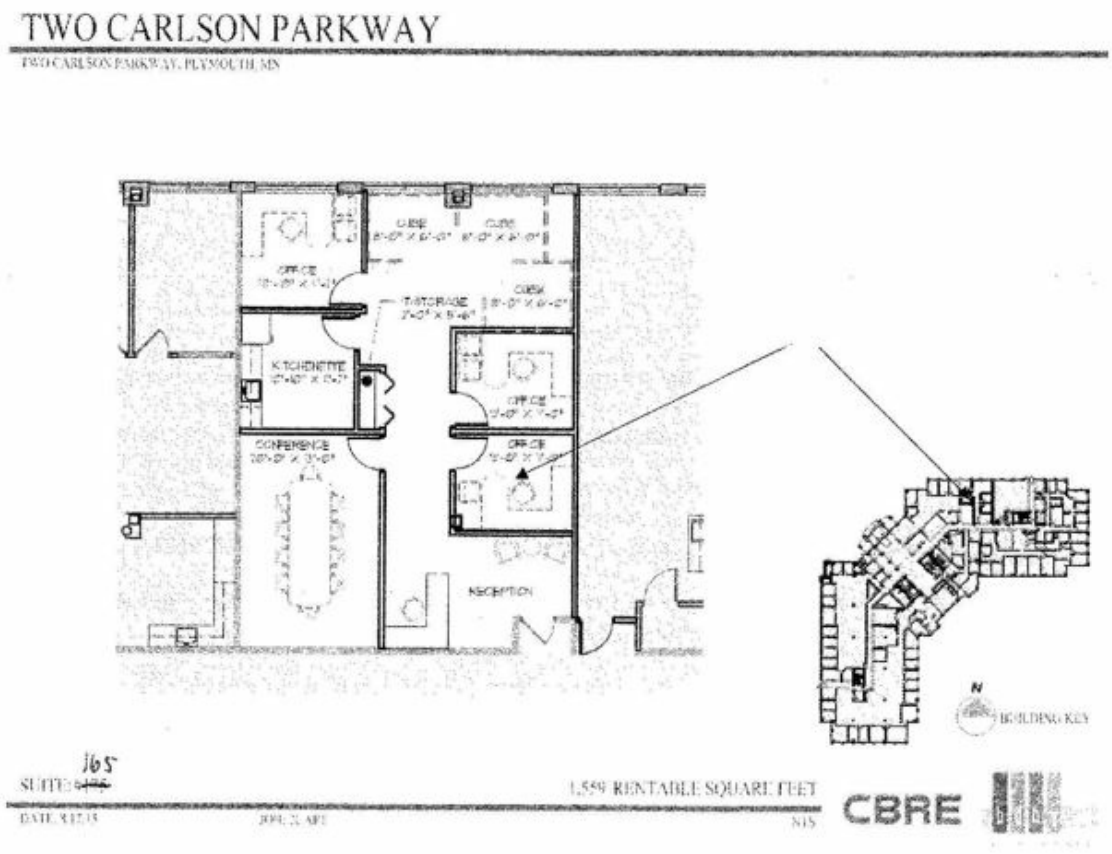

EXHIBIT "D"

LANDLORD'S WORK
"BASE BUILDING"

1. **Parking Area**. Landlord shall provide asphalt parking areas.

2. **Building Shell**. Landlord shall provide the building shell in accordance with the following specifications:

(a) *Frame*. Structural steel, pre-cast concrete and masonry.

(b) *Wall*. Exterior walls to be unpainted exposed masonry and the interior of the exterior walls to be glass, metal studs, insulation and 5/8" drywall above the glass area only.

(c) *Roof*:

(d) *Exterior Door(s) and Windows*. Per architectural plan. Window blinds shall be included on all windows.

(e) *Utilities*. Water service lines to each floor, electric service lines to each floor, sanitary sewer line extension to floor.

(f) *Slab Floor.* (No finishes) Machine trowelled.

(g) *Sprinkler System*. Landlord shall install a fire sprinkler system in accordance with the requirements of the applicable bureau. The number of heads and spacing shall be designed as if the Building were completely open and undivided. Any revisions, additions, or relocations which the Tenant may desire to have done must be done in accordance with the requirements of the applicable rating bureau. All resulting revision work to be done on the sprinkler system must be performed as a Tenant Improvement.

(h) *Common Area.* Fixtures and finishes installed.

(i) *Ceiling Grid*. Installed.

(j) *Ceiling Tile and Light Fixtures*. Provided, but not installed.

(k) *Variable Air Volume Boxes*. One per every 1,500 rentable square feet. Provided, but not installed.

(1) *HVAC*. Roof Top equipment and main distribution lines installed. Base energy management system is included.

(m) *Card Access*. Landlord shall provide an exterior, common area and elevator door card access system. Such system shall have the capability to allow Tenant access for a Premises card entry system.

EXHIBIT "E"

"TENANT IMPROVEMENTS"

1 . **Preliminary Plans**. Landlord shall complete the installation of those certain tenant improvements (the "**Tenant Improvements**") substantially as described in the set of preliminary plans as prepared by BDH & Young and dated August 17, 2015 (the "**Preliminary Plans**").

2. **Final Plans**. On or before thirty (30) days following the date of full execution of this Lease, Landlord shall submit to Tenant two (2) sets of Landlord's proposed space and construction plans and specifications prepared by Landlord's architect, for the Tenant Improvements, Within three (3) business days after receipt of Landlord's plans and specifications Tenant shall either: (a) evidence its approval by endorsement on one (1) set of said plans and specifications (and return such signed or initialed set to Landlord); or (b) indicate those revisions or corrections which Tenant requires and the reasons therefor; provided Landlord shall not be obligated to accept any revisions which Landlord shall reasonably determine: (i) do not conform to the standards of design, motif and decor reasonably established or adopted by Landlord for the Building; (ii) would subject Landlord or the Premises to any additional cost, expense, liability, violation, fine, penalty, or forfeiture; would adversely affect the reputation, character, or nature of the Building; (iii) would provide for or require any installation of work which is or might be unlawful, create an unsound or dangerous condition, adversely affect the structural soundness of the Premises or Building; (iv) interfere with or abridge the use and enjoyment of any adjoining or other space in the Building, or (v) is of a special use or nature with little or no residual value (unless Tenant agrees to pay for such improvements and the removal thereof upon the expiration or earlier termination of this Lease). Landlord shall, within five (5) days thereafter, submit four (4) sets of proposed plans and specifications, as so revised or corrected, to Tenant for its approval in accordance with this paragraph, which plans will then be considered the final plans (the "Final Plans"). The Final Plans may subsequently be amended by Tenant provided that significant changes will require Landlord's prior written approval, which approval shall be given or reasonably refused within five (5) business days after receipt of such amended plans and specifications and, provided further that if such change order will delay the anticipated Commencement Date specified in Section 1 of the Lease the change order shall be considered a Tenant Delay (as hereinafter defined). The parties will work cooperatively to complete the plan approval process expeditiously.

3 . **Work Commencement**. Construction of the Tenant Improvements shall not commence unless and until: Landlord has (a) approved the Final Plans and (b) obtained all applicable building permits.

4 . **Costs**. Subject to the conditions set forth herein, Landlord shall pay for the Tenant Improvements as set forth in the Final Plans. Landlord shall pay the reasonable costs of preparing the Preliminary Plans or Final Plans. Landlord shall have the right to require that Tenant pay, in advance, the cost of any Extra Work (as hereinafter defined), and all costs caused by change orders submitted by Tenant subsequent to the completion of the Final Plans.

5. **Time and Schedule; Delay**.

(a) Tenant shall use its best efforts to cooperate with Landlord with respect to the completion of construction of the Tenant Improvements. In the event that Substantial Completion of the Tenant Improvements is delayed due to a Tenant Delay (as defined below), the Delivery Date and the payment of Annual Base Rent and Additional Rent shall be accelerated by the number of days of such Tenant Delay.

(b) A "**Tenant Delay**" means any delay that Landlord may encounter in the performance of Landlord's obligations under this Exhibit E by reason of any act, neglect, failure or omission of Tenant, its agents, servants, employees, contractors or subcontractors, or in the performance of Tenant's obligations under this Exhibit E or this Lease, including without limitation:

(i) delay in submitting plans, supplying information, approving plans, specifications, or Final Plans or estimates, giving authorizations, or otherwise, including without limitation, submitting all documents to obtain a certificate of occupancy, including, without limitation, filing for a tax or business license if required by the state, city or county in which the Building is located;

(ii) actual delay resulting from any changes, alterations or additions to the Final Plans requested by Tenant;

(iii) delay due to Tenant's or Tenant's contractors' performance or execution of Tenant's own work including, but not limited to, Tenant's installation of its furnishings, fixtures, or equipment, in or about the Premises or interference with the construction of the Tenant Improvements;

(iv) delay due to Tenant's failure to timely pay for any costs for the Tenant Improvements, Extra Work or change orders required of Tenant in the foregoing paragraphs; and

(v) actual delay due to Extra Work.

6. **Extra Work**.

(i) If Tenant desires to make changes to the Final Plans or desires that extra work, materials or equipment not included in the Final Plans be performed by Landlord and its general contractor ("**Extra Work**"), then Tenant must deliver to Landlord information necessary to properly describe the Extra Work requested. Landlord shall submit a proposal to Tenant for such Extra Work within thirty (30) days after receipt of such information. If Tenant decides to accept Landlord's proposal and proceed with the Extra Work, Tenant shall be responsible to pay Landlord for same promptly following performance of such Extra Work in an amount equal to the actual cost of the work to Landlord from its general contractor, plus a 10% fee.

(ii) It shall be reasonable for Landlord to refuse to perform or approve any Extra Work for the reasons stated in paragraph 2 above or if such Extra Work, in Landlord's reasonable opinion would cause a delay to the overall and final completion of the Tenant's Improvements, unless Tenant agrees that the time period necessary to complete the Extra Work will be deemed a Tenant Delay.

(iii) Tenant shall not engage any contractor to perform any Extra Work, unless Landlord has given Tenant notice of its refusal to perform such work and/or has otherwise approved the contractor that Tenant wishes to engage to perform such Extra Work.

(iv) Notwithstanding the foregoing provisions, Landlord shall not authorize the general contractor to perform any Extra Work without prior written authorization from Tenant. This prohibition pertains, without limitation, to the issuance of a change order by Landlord to general contractor.

EXHIBIT "F"

OFFICE RULES AND REGULATIONS

The following Rules and Regulations for tenants of Two Carlson Parkway are additional provisions of the Lease to which they are attached. The capitalized terms used herein have the same meanings as the terms are given in said Lease.

1. ***Use of Common Areas***. Tenant shall not obstruct the Common Areas, and Tenant shall not use the Common Areas for any purpose other than ingress and egress to and from the Premises. The Common Areas, except for the sidewalks, are not open to the general public and Landlord reserves the right to control and prevent access to the Common Areas of any person whose presence, in Landlord's opinion, would be prejudicial to the safety, reputation or interests of the Building and its tenants.

2. ***No Access to Roof***. Tenant has no right of access to the roof of the Building and shall not install, repair or replace any antenna, aerial, aerial wires, air-conditioner or other device on the roof of the Building, without the prior written consent of Landlord. Any such device installed without such written consent is subject to removal at Tenant's expense without notice at any time. In any event Tenant shall be liable for any damages or repairs incurred or required as a result of its installation, use, repair, maintenance or removal of such devices on the roof and agrees to indemnify and hold harmless Landlord from any liability, loss, damage, cost or expense, including reasonable attorney's fees, arising from any activities of Tenant's agents or employees on the roof of the Building.

3. ***Signage***. No sign, placard, picture, name, advertisement or notice visible from the exterior of the Premises will be inscribed, painted, affixed or otherwise displayed by Tenant on or in any part of the Building without the prior written consent of Landlord. Landlord reserves the right to adopt and furnish Tenant with general guidelines relating to signs in or on the Building. All approved signage will be inscribed, painted or affixed at Tenant's expense by a person approved by Landlord, which approval will not be unreasonably withheld.

4. ***Prohibited Uses***. The Premises will not be used for manufacturing, for the storage of merchandise held for sale to the general public, for lodging or sleeping or for the sale of goods to the general public. Tenant will not permit any food preparation on the Premises except that Tenant may use Underwriters' Laboratory approved equipment for microwaving, brewing coffee, tea, hot chocolate and similar beverages so long as such use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations.

5. ***Janitorial Services***. Tenant will not employ any person for the purpose of cleaning the Premises or permit any person to enter the Building for such purpose other than Landlord's janitorial service, except with Landlord's prior written consent. Tenant will not necessitate, and will be liable for the cost of, any undue amount of janitorial labor by reason of Tenant's carelessness in or indifference to the preservation of good order and cleanliness in the Premises or Common Area - Janitorial service will not be furnished to areas in the Premises on nights when such areas are occupied after 9:30 p,m., unless such service is extended by written agreement to a later hour in specifically designated areas of the Premises.

6 . ***Keys and Locks***. Landlord will furnish the Building with a card access system and Landlord shall provide Tenant with access cards. Landlord may make a reasonable charge for any additional or replacement cards. Tenant will not duplicate any cards, alter any locks or install any new or additional lock or bolt on any door of the Building. On the termination of the Lease, Tenant will deliver to Landlord all cards to any locks or doors in the Building which have been obtained by Tenant and if such keys are unavailable, shall pay Landlord the cost for fabricating such cards.

7. ***Nuisances and Dangerous Substances***. Tenant will not conduct itself or permit its agents, employees, contractors or invitees to conduct themselves, in the Premises or anywhere on or in the Property in a manner which is offensive or unduly annoying to any other tenant or Landlord's property managers. Tenant will not install or operate any phonograph, radio receiver, musical instrument, or television or other similar device which emits sound into the Common Area or the premises of any other tenant. Tenant will not use or keep in the Premises or the Building any kerosene, gasoline, naphtha, benzene or other combustible fluid or material other than appropriately stored limited quantities thereof reasonably necessary for the maintenance of office equipment. Without Landlord's prior written approval, Tenant will not use any method of heating or air conditioning other than that supplied by Landlord. Tenant will not use or keep any foul or noxious gas or substance in the Premises or permit or suffer the Premises to by occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations. Tenant will not interfere in any way with other tenants or those having business in the Building. Tenant will not bring or keep any animals (except assistance dogs) in or about the Premises or the Building.

8 . ***Building Name and Address***. Without Landlord's prior written consent, Tenant will not use the name of the Building in connection with or in promoting or advertising Tenant's business except as Tenant's address.

9 . ***Building Directory***. A directory for the Building will be provided for the display of the name and location of tenants. Landlord reserves the right to approve any additional names Tenant desires to place in the directory and, if so approved, Landlord may assess a reasonable charge for adding such additional names.

1 0 . ***Window Coverings***. No curtains, draperies, blinds, shutters, shades, screens or other coverings, window ventilators, hangings, decorations or similar equipment shall be attached to, hung or placed in, or used in or with any windows of the Building without the prior written consent of Landlord, and Landlord shall have the right to control all lighting within the Premises that may be visible from the exterior of the Building.

11. ***Wall Coverings***. Any wallpaper or vinyl fabric materials which Tenant may install on painted walls shall be applied with a strippable adhesive. The use of nonstrippable adhesives will cause damage to the walls when materials are removed, and repairs made necessary thereby shall be made by Landlord at Tenant's expense.

12. ***Floor Coverings***. Tenant will not lay or otherwise affix linoleum, tile, carpet or any other floor covering to the floor of the Premises in any manner except as approved in writing by Landlord. Tenant will be liable for the cost of repair of any damage resulting from the violation of this rule or the removal of any floor covering by Tenant or its contractors, employees or invitees. Tenant shall provide and maintain hard surface protective mats under all desk chairs which are equipped with casters to avoid excessive wear and tear to carpeting. If Tenant fails to provide such mats, the cost of carpet repair or replacement made necessary by such excessive wear and tear shall be charged to and paid for by Tenant.

13. ***Electrical and Telephone Installations***. Landlord will direct Tenant's electricians as to where and how telephone, telegraph and electrical wires are to be installed. No boring or cutting for wires will be allowed without the prior written consent of Landlord. The location of burglar alarms, smoke detectors, telephones, call boxes and other office equipment affixed to the Premises shall be subject to the written approval of Landlord.

14. ***Office Closing Procedures***. Tenant will see that the doors of the Premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before Tenant or its employees leave the Premises, so as to prevent waste or damage. Tenant will be liable for all damage or injuries sustained by other tenants or occupants of the Building or Landlord resulting from Tenant's carelessness in this regard or violation of this rule. Tenant will keep the doors to the Building corridors closed at all times except for ingress and egress.

15. ***Plumbing Facilities***. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be disposed of therein. Tenant will be liable for any breakage, stoppage or damage resulting from the violation of this rule by Tenant, its employees, agents or invitees.

16. ***Use of Hand Trucks***. Tenant will not use or permit to be used in the Premises or in the Common Areas any hand trucks, carts or dollies except those equipped with rubber tires and side guards or such other equipment as Landlord may approve.

17. ***Refuse***. Tenant will store all its trash and garbage within the Premises. No material will be placed in the trash boxes or receptacles if such material may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the city in which the Building is located without being in violation of any law or ordinance governing such disposal. All trash and garbage removal will be only through such Common Areas provided for such purposes and at such times as Landlord may designate.

18. ***Soliciting***. Canvassing, peddling, soliciting and distribution of handbills or any other written materials in the Building are prohibited, and Tenant will not participate in and will cooperate to prevent such activities.

19. ***Parking***. Tenant will use, and 'will cause its agents, employees, contractors and invitees to use, the parking spaces to which it is entitled under the Lease in a manner consistent with Landlord's directional signs and markings in the parking area. Specifically, but without limitation, Tenant will not park, or permit its agents, employees, contractors or invitees to park, in a manner that impedes access to and from the Building or the parking area or that violates space reservations for handicapped drivers registered as such with the Minnesota Department of Motor Vehicles or other designated parkers and Tenant shall not park any vehicle(s) overnight. Landlord may use such reasonable means as may be necessary to enforce the directional signs and markings in the parking area, including but not limited to towing services, and Landlord will not be liable for any damage to vehicles towed as a result of non-compliance with such parking regulations.

20. ***Fire, Security and Safety Regulations***. Tenant will comply with all safety, security, fire protection and evacuation measures and procedures established by Landlord or any governmental agency.

21. ***Responsibility for Theft***. Tenant assumes any and all responsibility for protecting the Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed. Landlord shall not be responsible for lost or stolen property from Tenant's Premises or the Common Area regardless of whether or not such loss occurs when such area is locked against entry.

22. ***Sales and Auctions***. Tenant will not display or sell merchandise outside the exterior walls and doorways of the Premises nor use such areas for storage. Tenant will not install any exterior lighting, amplifiers or similar devices or use in or about the Premises and advertising medium which may be heard or seen outside the Premises, including flashing lights, searchlights, loudspeakers, phonographs or radio broadcasts. Tenant will not conduct or permit to be conducted any sale by auction in, upon or from the Premises or elsewhere in the Property, whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors or pursuant to any bankruptcy or other insolvency proceeding.

23. ***Landlord Notice***. Tenant shall give prompt notice to Landlord of any accidents or defects in plumbing, electrical fixtures or heating apparatus so that such accidents or defects may be attended to promptly.

24. ***Contractors***. Tenant will refer all contractors, contractor's representatives and installation technicians, rendering any service to Tenant, to Landlord for Landlord's supervision, approval, and control before performance of any contractual service. This provision shall apply to all work performed in the Building including installations of telephones, telegraph equipment, electrical devices and attachments and installations of any nature affecting floors, walls, woodwork, trim, windows, ceilings, equipment or any other physical portion of the Building.

25. ***Moving***. Movement in or out of the Building of furniture, office equipment, or other bulky materials, or movement through the Building entrances or lobby shall be restricted to hours designated by Landlord. Landlord reserves the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building, and no property will be received in the Building or carried up or down the freight elevator or stairs except during such hours, along such routes, in such manner and by such persons as may be designated by Landlord. Tenant is to assume all risk as to damage to articles moved and injury to persons or public engaged or not engaged in such movement, including equipment, property, and personnel of Landlord if damaged or injured as a result of acts in connection with such service performed for Tenant and Tenant hereby agrees to indemnify and hold harmless Landlord from and against any such damage, injury, or loss, including attorneys' fees.

26. ***Weight Loads***. No safe or other object heavier than the lift capacity of the freight elevators of the Building shall be brought into or installed on the Premises. Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designated to carry and which is allowed by law. The moving of safes shall occur only between such hours as may be designated by, and only upon previous notice to, the manager of the Building, and the persons employed to move safes in or out of the Building must be acceptable to Landlord.

27. ***Off-hour Access***. On Sundays and legal holidays, and on other days between the hours of 6 p.m. and 6 a.m. access to the Building, or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the watchman of the Building and has a pass or is properly identified. Landlord shall in no case be liable for damages for the admission to or exclusion from the Building of any person who the Landlord had the right to exclude under Rule 1 above. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the tenants or Landlord and protection of property in the Building.

28. ***Utility Conservation***. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to assure the most effective operating of the Building's heating and air conditioning, and shall not allow the adjustment (except by Landlord's authorized building personnel) of any controls other than room thermostats installed for Tenant's use. Tenant shall keep corridor doors closed.

29. ***Enforcement***. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord will be construed as a waiver of such Rule in favor of any other tenant or tenants or prevent Landlord from thereafter fully enforcing these Rules and Regulations against any or all of the tenants of the Building.

30. ***Effect on Lease***. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease. Violation of these Rules and Regulations constitutes a failure to fully perform the provisions of the Lease.

31. ***Additional and Amended Rules***. Landlord reserves the right to rescind or amend these Rules and Regulations and/or adopt any other reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building and for the preservation of good order therein, with which Tenant shall be required to comply,

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

Authorization for Automatic Withdrawal of Rent

RE: Leased Premises at: Two Carlson Parkway North, Suite 165, Plymouth, Minnesota

Commencing on _____, 20_____, the undersigned authorizes Asset Manager to withdraw funds from the account identified below for the Monthly Installment of Annual Base Rent and Additional Rents as defined in the lease, relating to the above premises on the first business day of each month during the lease term. Asset Manager will notify payor of the then current amount due prior to the day of funds transfer. This authorization shall remain effective until such time as the undersigned delivers written notice to Asset Manager of the withdrawal of said authorization.

Please attach a voided check **OR** fill in the banking information for the account.

Bank: _____
Address: _____
_____
Account #: _____
ABA #: _____

Diamedica USA, Inc.
Tenant

/s/ Rick Pauls
Signature

President & CEO
Title

_____
Date

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

Authorization for Automatic Withdrawal of Rent
RE: Leased Premises at: Two Carlson Parkway North, Suite 165, Plymouth, Minnesota

Commencing on September, 2015, the undersigned authorizes Asset Manager to withdraw funds from the account identified below for the Monthly Installment of Annual Base Rent and Additional Rents as defined in the lease, relating to the above premises on the first business day of each month during the lease term. Asset Manager will notify payor of the then current amount due prior to the day of funds transfer. This authorization shall remain effective until such time as the undersigned delivers written notice to Asset Manager of the withdrawal of said authorization.

Please attach a voided check OR fill in the banking information for the account.

Bank: _____
Address: _____
_____
Account #: _____
ABA #: _____

Diamedica USA, Inc.
Tenant

/s/ Rick Pauls
Signature

President & CEO
Title

_____
Date

Exhibit 10.8

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

SUPPLEMENTAL TO LEASE AGREEMENT

DATE: December 16, 2015

PARTIES: ONE TWO HOLDING LLC, A DELAWARE LIMITED LIABILTY COMPANY
"LANDLORD"

DIAMEDICA USA INC.,
A DELAWARE CORPORATION
"Tenant"

RECITALS:

A. Landlord and Tenant are parties to that certain lease dated September 18, 2015 (the "**Lease**") relating to approximately 1,559 rentable square feet of space (the "**Premises**") located at Two Carlson Parkway, Suite 165, Plymouth, MN 55447.

B. Landlord and Tenant have determined the Commencement Date and Termination Date.

AGREEMENT:

In consideration of the following terms and conditions, the parties agree as follows:

1. ***Recitals***. The foregoing Recitals are true and are incorporated herein.

2. ***Commencement Date/Termination Date***. Section 1.19 of the Lease is hereby amended to provide that the Commencement Date of the Lease shall be deemed to mean November 23, 2015 and Section 1.20 of the Lease is hereby amended to provide that the Termination Date of the Lease shall be deemed to mean February 29, 2019.

3. ***Interpretation of Supplemental Lease Agreement***. In the event of any conflict between the Lease and this Agreement, the terms of this Agreement shall control. Except as expressly amended, supplemented or modified by this Agreement, the Lease shall continue in full force and effect. All capitalized terms contained in this Agreement, unless specifically defined herein, shall have the meaning ascribed to them in the Lease.

4. ***Binding Effect***. This Agreement shall bind and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

5. ***Counterparts/Electronic Signatures***. This Agreement may be executed in multiple counterparts, each of which shall be effective upon delivery and, thereafter, shall be deemed to be an original, and all of which shall be taken as one and the same instrument with the same effect as if each party had signed on the same signature page. This Agreement may be transmitted by fax or by electronic mail in portable document format ("**pdf**") and signatures appearing on faxed instruments and/or electronic mail instruments shall be treated as original signatures.

IN WITNESS WHEREOF, the parties have executed this Supplemental to Lease Agreement as of the day and year first above written.

LANDLORD:

ONE TWO HOLDING LLC,
A DELAWARE LIMITED LIABILITY COMPANY

By: Carlson Real Estate Services, LLC
Its: Asset Manager

By: /s/ Mark G. Herreid
Name: Mark G. Herreid
Title: Chief Manager and CFO

TENANT:

DIAMEDICA USA INC.,
A DELAWARE CORPORATION

By: /s/Rick Pauls
Name: Rick Pauls
Title: CEO

Exhibit 10.9

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

FIRST AMENDMENT TO LEASE

DATE: May 3, 2017

PARTIES: ONE TWO HOLDING LLC,
A DELAWARE LIMITED LIABILITY COMPANY
"**Landlord**"

DIAMEDICA USA INC.,
A DELAWARE CORPORATION
"**Tenant**"

RECITALS:

A. Landlord and Tenant are parties to that certain lease dated September 18, 2015 and Supplemental Lease Agreement dated December 16, 2015 (collectively, the "**Lease**") relating to approximately 1,559 rentable square feet of space (the "**Existing Premises**") located at Two Carlson Parkway, Suite 165, Plymouth, MN 55447.

B. The parties have agreed to amend the Lease as set forth herein.

AGREEMENT:

In consideration of the following terms and conditions, the parties agree as follows:

1. ***Recitals***. The foregoing recitals are true and are incorporated herein.

2. ***Extension of Lease Term***. The Term of the Lease is hereby extended, pursuant to all of the terms and conditions of the Lease as amended, for an additional period of forty-two (42) months, ending on August 31, 2022 (the "**First Extended Term**").

3. ***Relocation - Substitution of Premises***.

(a) On or before the Rent Commencement Date, Landlord shall relocate Tenant from its Existing Premises into new premises comprised of approximately 3,752 rentable square feet of space located in Two Carlson Parkway, Suite 260, Plymouth, MN 55447 ***New Premises***") as shown on **Exhibit "A"** attached hereto. Landlord shall perform the improvements to the New Premises in accordance with the terms of Paragraph 7 of this First Amendment to Lease. As of the Rent Commencement Date, Tenant shall vacate and surrender the Existing Premises pursuant to Paragraph 22 of the Lease and shall also accept for lease and shall occupy the New Premises. Tenant's failure to relocate to the New Premises as specified herein shall constitute an Event of Default.

(b) The "**Rent Commencement Date**" of this First Amendment to Lease shall be the date of Substantial Completion of the New Premises Improvements (as hereinafter defined). Upon determination, Tenant shall, upon Landlord's request, execute and deliver a written statement specifying the Rent Commencement Date.

(c) The term "**Substantially Completed**" or any grammatical variation thereof, when used in this Lease, shall mean that the New Premises Improvements have been completed with the exception of punch list items which can be fully completed subsequent to the Rent Commencement Date without material interference with Tenant's activities. Tenant's taking possession of the New Premises shall be conclusive evidence of Tenant's receipt of the New Premises and of the New Premises Improvements being Substantially Completed and in good and satisfactory order, condition and repair. Tenant shall have thirty (30) days from the Rent Commencement Date to submit to Landlord, its punch list and Landlord shall, thereafter, use diligent efforts to perfonn such work as may be necessary to complete same in an expeditious manner.

(d) The term "**Premises**" shall be deemed to mean the Existing Premises prior to the Rent Commencement Date and shall be deemed to mean the New Premises subsequent to the Rent Commencement Date,

4. ***Street Address of Premises and Tenant's Notice Address Change*** . As of the Rent Commencement Date, Sections 1.1 and 1.3 of the Lease are hereby deleted and replaced with the following address:

"Two Carlson Parkway, Suite 260, Plymouth, MN 55447"

5. ***Lease Year***. As of the Rent Commencement Date, Section 1.12 of the Lease is hereby deleted in its entirety and replaced with the following:

"The twelve (12) full calendar month period commencing on the Rent Commencement Date and each anniversary thereof, unless the Rent Commencement Date does not fall on the first day of a month in which event the first Lease Year shall commence on the first day of the month immediately following the month in which the Rent Commencement Date occurs. Each subsequent Lease Year shall commence on the anniversary of the first Lease Year. The first Lease Year shall include any initial partial calendar month."

6. ***Annual Base Rent.*** As of the Rent Commencement Date, Tenant's Annual Base Rent for the Premises shall be as follows:

Months	**Annual Base Rent**	**Monthly Installment**
Rent Commencement Date - November 30, 2017	$59,919.44	$4,990.29
12/1/2017 — 11/30/2018	$61,720.40	$5,143.37
12/1/2018 — 11/30/2019	$63,558.88	$5,296.57
12/1/2019 — 11/30/2020	$65,465.65	$5,455.47
12/1/2020 — 11/30/2021	$67,429.62	$5,619.13
12/1/2021 — 08/31/2022	$69,452.50	$5,787.71

7. ***Increase in Pro Rata Share of Operating Expenses and Taxes***. As of the Effective Date and for purposes of calculating Tenant's share of Operating Expenses and Real Estate Taxes, the Premises shall be deemed to be comprised of 3,752 rentable square feet of space.

8. ***Parking***. As of the Rent Commencement Date, Landlord hereby leases to Tenant one (1) parking stall contained in the lower level parking garage within the Building (the "**Parking Space**") and Tenant hereby accepts and leases the Parking Space in its "as is" condition from Landlord for the Term and extended term, unless sooner terminated pursuant to any provision set forth in this Lease. Commencing on the Rent Commencement Date, Tenant shall pay Landlord monthly, as Additional Rent, at the rate of One Hundred Fifty and 00/100 Dollars ($150.00) per month per Parking Space, plus any and all taxes ("**Parking Rent**"). Parking Rent shall be paid in equal monthly installments, as Additional Rent, The Parking Space and the Premises may be treated separately by Landlord under the terms of this Lease and Landlord shall not be required to provide any improvements in the event of a relocation of the Parking Space. Tenant shall use the Parking Space for parking passenger vehicles and for no other purpose. Parking shall be at the sole risk of Tenant and Tenant assumes all risk for damage which may occur to any vehicle. The Parking Space shall only be furnished such heat as legally required and shall not be furnished with air conditioning. Landlord shall maintain the parking garage as an Operating Expense. The Parking Space will not affect the determination of Tenant's Pro Rata Share. Except as provided in this Paragraph 8, Tenant's occupancy of the Parking Space shall be subject to all of the terms and conditions of this Lease as if the Parking Space was included in the definition of "Premises". Failure to pay the Parking Rent shall constitute an Event of Default.

9. ***New Premises Improvements***.

(a) **Preliminary Plans**. Landlord shall complete the installation of those certain tenant improvements (the "**New Premises Improvements**") substantially as described in the set of preliminary plans as prepared by Tanek and dated February 8, 2017 (the "**Preliminary Plans**").

(b) **Final Plans**. On or before thirty (30) days following the date of full execution of this First Amendment to Lease, Landlord shall submit to Tenant two (2) sets of Landlord's proposed space and construction plans and specifications prepared by Landlord's architect, for the Tenant Improvements. Within three (3) business days after receipt of Landlord's plans and specifications Tenant shall either: (i) evidence its approval by endorsement on one (1) set of said plans and specifications (and return such signed or initialed set to Landlord); or (ii) indicate those revisions or corrections which Tenant requires and the reasons therefor; provided Landlord shall not be obligated to accept any revisions which Landlord shall reasonably determine: (A) do not conform to the standards of design, motif and decor reasonably established or adopted by Landlord for the Building; (B) would subject Landlord or the Premises to any additional cost, expense, liability, violation, fine, penalty, or forfeiture; would adversely affect the reputation, character, or nature of the Building; (C) would provide for or require any installation of work which is or might be unlawful, create an unsound or dangerous condition, adversely affect the structural soundness of the Premises or Building; (D) interfere with or abridge the use and enjoyment of any adjoining or other space in the Building, or (E) is of a special use or nature with little or no residual value (unless Tenant agrees to pay for such improvements and the removal thereof upon the expiration or earlier termination of this Lease). Landlord shall, within five (5) days thereafter, submit four (4) sets of proposed plans and specifications, as so revised or corrected, to Tenant for its approval in accordance with this paragraph, which plans will then be considered the final plans (the "**Final Plans**"). The Final Plans may subsequently be amended by Tenant provided that significant changes will require Landlord's prior written approval, which approval shall be given or reasonably refused within five (5) business days after receipt of such amended plans and specifications. The parties will work cooperatively to complete the plan approval process expeditiously.

(c) **Work Commencement**. Construction of the Tenant Improvements shall not commence unless and until: Landlord has (a) approved the Final Plans and (b) obtained all applicable building permits.

(d) **Allowance**. Subject to the conditions set forth herein, Landlord agrees to contribute up to Ninety Thousand and 00/100 Dollars ($90,000.00) towards the Tenant Improvements (the "**Improvement Allowance**"). The reasonable costs of preparing the Preliminary Plans, Final Plans or construction drawings shall be considered a Tenant Improvement expense along with the Construction Management Fee and shall be paid from the Improvement Allowance. Landlord shall have the right to require that Tenant pay, in advance, the cost of any Tenant Improvements in excess of the Improvement Allowance and shall reserve the right to require that Tenant pre-pay any excess caused by change orders submitted by Tenant subsequent to the commencement of Tenant Improvements. In the event Tenant defaults in the performance of any of its monetary obligations under the Lease and fails to cure such default within the applicable cure period, then any portion of the Improvement Allowance paid to Tenant shall become immediately due and payable to Landlord as Additional Rent under the Lease.

(e) **Extra Work**.

(i) If Tenant desires to make changes to the Final Plans or desires that extra work, materials or equipment not included in the Final Plans be performed by Landlord and its general contractor ("**Extra Work**"), then Tenant must deliver to Landlord information necessary to properly describe the Extra Work requested. Landlord shall submit a proposal to Tenant for such Extra Work within thirty (30) days after receipt of such information. If Tenant decides to accept Landlord's proposal and proceed with the Extra Work, Tenant shall be responsible to pay Landlord for same promptly following performance of such Extra Work in an amount equal to the actual cost of the work to Landlord from its general contractor, plus a 10% fee.

(ii) It shall be reasonable for Landlord to refuse to perform or approve any Extra Work for the reasons stated in Paragraph 7(b) above or if such Extra Work, in Landlord's reasonable opinion would cause a delay to the overall and final completion of the Tenant's Improvements.

(iii) Tenant shall not engage any contractor to perform any Extra Work, unless Landlord has given Tenant notice of its refusal to perform such work and/or has otherwise approved the contractor that Tenant wishes to engage to perform such Extra Work.

(iv) Notwithstanding the foregoing provisions, Landlord shall not authorize the general contractor to perform any Extra Work without prior written authorization from Tenant.

This prohibition pertains, without limitation, to the issuance of a change order by Landlord to general contractor.

10. ***Brokerage***. Landlord and Tenant warrant that neither has incurred liability for any real estate brokerage fees or any other fees to any third party in connection with this Lease and in the event that any third party institutes legal action in an effort to recover brokerage fees, the breaching party shall defend such action and indemnify and hold the other party harmless from any related damages, liability or costs.

11. ***Counterparts/Electronic Signatures***. This First Amendment to Lease may be executed in multiple counterparts, each of which shall be effective upon delivery and, thereafter, shall be deemed to be an original, and all of which shall be taken as one and the same instrument with the same effect as if each party had signed on the same signature page. This First Amendment to Lease may be transmitted by fax or by electronic mail in portable document format ("**pdf**") and signatures appearing on faxed instruments and/or electronic mail instruments shall be treated as original signatures.

12. ***Interpretation of First Amendment to Lease***. In the event of any conflict between the Lease and this First Amendment to Lease, the terms of this First Amendment to Lease shall control. Except as expressly amended, supplemented or modified by this First Amendment to Lease, the Lease shall continue in full force and effect. All capitalized terms contained in this First Amendment to Lease, unless specifically defined herein, shall have the meaning ascribed to them in the Lease.

13. ***Binding Effect***. This First Amendment to Lease shall bind and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

[Signature page follows]

IN WITNESS WHEREOF, Landlord and Tenant have caused this First Amendment to Lease to be executed as of the day and year first above written.

LANDLORD:

ONE TWO HOLDING LLC,
A DELAWARE LIMITED LIABILITY COMPANY

By: Carlson Real Estate Services, LLC
Its: Asset Manager
By:/s/ Mark G. Herreid
Name: Mark G. Herreid
Title: Chief Manager and CFO

TENANT:

DIAMEDICA USA INC.,
A DELAWARE CORPORATION

By:/s/ Rick Pauls
Name: Rick Pauls
Title: President and CEO

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

EXHIBIT "A"

NEW PREMISES

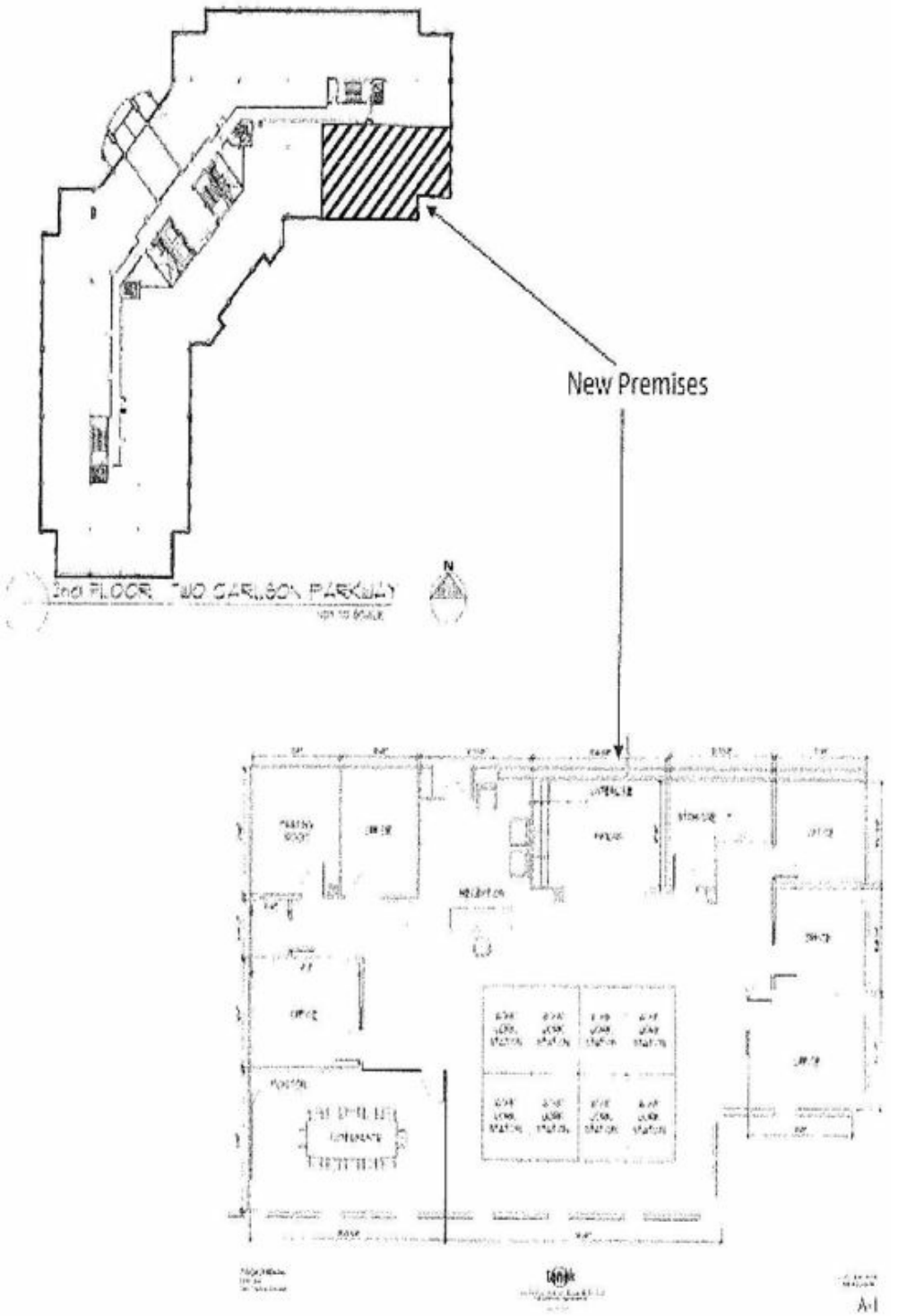

Exhibit 10.10

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

SECOND AMENDMENT TO LEASE

DATE: SEPTEMBER 5, 2017

PARTIES: ONE TWO HOLDING LLC, A DELAWARE LIMITED LIABILTY COMPANY
"LANDLORD"

DIAMEDICA USA INC.,
A DELAWARE CORPORATION
"Tenant"

RECITALS:

A. Landlord and Tenant are parties to that certain lease dated September 18, 2015, Supplemental Lease Agreement dated December 16, 2015, and First Amendment to Lease Agreement dated May 3, 2017, (collectively, the **"Lease"**) relating to approximately 3,752 rentable square feet of space (the **"Premises"**) located at Two Carlson Parkway, Suite 260, Plymouth, MN 55447.

B. The parties have agreed to amend the Lease as set forth herein.

AGREEMENT:

In consideration of the following terms and conditions, the parties agree as follows:

1. ***Recitals***. The foregoing recitals are true and are incorporated herein.

2. ***Effective Date***. The "**Effective Date**" of this Second Amendment to Lease shall be August 21, 2017.

3. ***Rent Commencement Date***. Paragraph 3(b) of the First Amendment to Lease is hereby amended to provide that the Rent Commencement Date of the First Amendment to Lease shall be deemed to mean August 21, 2017.

4. ***Parking***. As of the Rent Commencement Date, Paragraph 8 of the First Amendment to Lease is hereby deleted in its entirety and is of no further force or effect.

5. ***Counterparts/Electronic Signatures***. This Second Amendment to Lease may be executed in multiple counterparts, each of which shall be effective upon delivery and, thereafter, shall be deemed to be an original, and all of which shall be taken as one and the same instrument with the same effect as if each party had signed on the same signature page. This «Amend» Amendment to Lease may be transmitted by fax or by electronic mail in portable document format ("**pdf**") and signatures appearing on faxed instruments and/or electronic mail instruments shall be treated as original signatures.

6. ***Interpretation of «Amend» Amendment to Lease.*** In the event of any conflict between the Lease and this Second Amendment to Lease, the terms of this Second Amendment to Lease shall control. Except as expressly amended, supplemented or modified by this Second Amendment to Lease, the Lease shall continue in full force and effect. All capitalized terms contained in this Second Amendment to Lease, unless specifically defined herein, shall have the meaning ascribed to them in the Lease.

7. ***Binding Effect***. This Second Amendment to Lease shall bind and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Second Amendment to Lease to be executed as of the day and year first above written.

LANDLORD:

ONE TWO HOLDING LLC,
A DELAWARE LIMITED LIABILITY COMPANY

By:Carlson Real Estate Services, LLC
Its: Asset Manager

By:/s/ Mark G. Herreid
Name: Mark G. Herreid
Title: Chief Manager and CFO

TENANT:

DIAMEDICA USA INC.,
A DELAWARE CORPORATION

By:/s/ Rick Pauls
Name:Rick Pauls
Title: CEO

Exhibit 21.1

CONFIDENTIAL TREATMENT REQUESTED
BY DIAMEDICA THERAPEUTICS INC.
PURSUANT TO 17 C.F.R. SECTION 200.83

DIAMEDICA THERAPEUTICS, INC.

Subsidiaries

	Entity Name	**Country of Incorporation**
1.	DiaMedica Europe Ltd.	United Kingdom
2.	DiaMedica USA Inc.	Delaware, USA
3.	DiaMedica Pty Ltd	Australian