AMENDED AND RESTATED WARRANT INDENTURE

Providing for the Issue of Warrants

BETWEEN

DiaMedica Inc.

and

CIBC Mellon Trust Company

Dated as of May 8, 2012
as amended and restated on July 8th, 2013

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THIS WARRANT INDENTURE made as of May 8, 2012 as amended and restated on July 8th, 2013;

BETWEEN:

DIAMEDICA INC., a corporation incorporated under the laws of the Province of Manitoba, having an office in the City of Winnipeg, in the Province of Manitoba (hereinafter referred to as the "**Corporation**")

OF THE FIRST PART

and

CIBC MELLON TRUST COMPANY, a trust company existing under the laws of Canada and authorized to carry on business in all provinces of Canada (hereinafter referred to as the "**Warrant Agent**")

OF THE SECOND PART

WHEREAS:

A. The Corporation has agreed to issue up to 1,552,500 Warrants pursuant to the Warrant Exercise Incentive Program;

B. each Warrant shall, subject to adjustment, entitle the holder thereof to purchase from the Corporation one Common Share at the Exercise Price (as defined below) at any time prior to the Time of Expiry (as defined below) on the Expiry Date (as defined below), upon the terms and conditions herein set forth;

C. all acts and deeds necessary have been done and performed to make the Warrants, when certified, issued and delivered as provided in this Indenture, legal, valid and binding upon the Corporation with the benefits and subject to the terms of this Indenture; and

D. the Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who from time to time become holders of Warrants issued pursuant to this Indenture.

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Indenture, including the recitals and schedules hereto, and in all indentures supplemental hereto:

(a) "**Acceleration Event**" has the meaning ascribed thereto in Section 3.6(b);

(b) "**Acceleration Notice**" has the meaning ascribed thereto in Section 3.6(b);

(c) "**Acceleration Press Release**" has the meaning ascribed thereto in Section 3.6(b);

(d) "**Applicable Legislation**" means the provisions of *The Corporations Act* (Manitoba) as from time to time amended, and any other statute of Canada or a province thereof, and the regulations under any such named or other statute, relating to trust indentures or to the rights, duties and obligations of trustees and of corporations under trust indentures, to the extent that such provisions are at the time in force and applicable to this Indenture;

(e) "**Authenticated**" means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Corporation and authenticated by manual signature of an authorized officer of the Warrant Agent, (b) with respect to the issuance of an uncertificated Warrant, one in respect of which the Warrant Agent has completed all internal procedures such that the particulars of such uncertificated Warrant are entered in the register of holders of Warrants, "**Authenticate**", "**Authenticating**" and "**Authentication**" have the appropriate correlative meanings;

(f) "**Beneficial Owner**" means a person that has a beneficial interest in a Warrant, whether or not it is a CDS Global Warrant, or it is represented by a Global Warrant Certificate;

(g) "**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;

(h) "**CDS**" means CDS Clearing and Depository Services Inc. or its successor;

(i) "**CDS Global Warrants**" means Warrants representing all or a portion of the aggregate number of Warrants issued in the name of CDS represented by an Uncertificated Warrant, or if requested by CDS or the Corporation, by a Warrant Certificate;

(j) "**CDS Participant**" means a participant in the CDS book-based securities registration and transfer system;

(k) "**Common Shares**" means, subject to Section 4.1, fully paid and non assessable common shares of the Corporation as presently constituted;

(l) "**Corporation's Auditors**" means a firm of chartered accountants duly appointed as auditors of the Corporation;

(m) "**Counsel**" means a barrister or solicitor or a firm of barristers and solicitors retained by the Warrant Agent or retained by the Corporation and acceptable to the Warrant Agent;

(n) "**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 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;

(o) "**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;

(p) "**Effective Date**" means the date hereof;

(q) "**Exchange**" means the TSX Venture Exchange;

(r) "**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;

(s) "**Exercise Price**" means Cdn. $1.60 per share, subject to adjustment as provided herein;

(t) "**Expiry Date**" means May 8, 2014, or upon the occurrence of the Acceleration Event, the day that is 30 days following the later of: (i) the date on which the Acceleration Notice is sent to the Warrantholders; and (ii) the date on which the Acceleration Press Release is issued;

(u) "**Extraordinary Resolution**" has the meaning set forth in Section 7.11;

(v) "**Original Warrant**" means the Common Share purchase warrants of the Corporation forming part of the Units and issued pursuant to and in accordance with a warrant indenture between the Corporation and CIBC Mellon Trust Company dated July 22, 2011 entitling holders thereof to acquire one Common Share;

(w) "**person**" means an individual, body corporate, partnership, trust, trustee, executor, administrator, legal representative or any unincorporated organization;

(x) "**Shareholder**" means a holder of record of one or more Common Shares;

(y) "**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;

(z) "**Time of Expiry**" means 5:00p.m. (Calgary time) on the Expiry Date;

(aa) "**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;

(bb) "**Units**" means the units offered by the Corporation pursuant to a short form prospectus dated July 7, 2011, each such unit consisting of one Common Share and one Warrant;

(cc) "**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;

(dd) "**Warrant**" means the Common Share purchase warrants of the Corporation forming part of the Warrant Exercise Incentive Program and to be issued pursuant to and in accordance with this Indenture entitling holders thereof 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;

(ee) "**Warrant Agency**" means the principal office of the Warrant Agent in the City of Calgary, Alberta or such other place as may be designated in accordance with Section 3.3;

(ff) "**Warrant Agent**" means CIBC Mellon Trust Company or its successors from time to time in the trust hereby created;

(gg) "**Warrant Certificate**" means a certificate, substantially in the form set forth in Schedule "A", issued on or after the Effective Date to evidence Warrants;

(hh) "**Warrant Exercise Incentive Program**" means the program used to encourage holders of the Original Warrants to exercise their Original Warrants prior to 4:30 (Central Standard Time) on May 3, 2012 by offering to such holders one Common Share and one-half of one Warrant for each Original Warrant exercised;

(ii) "**this Warrant Indenture**" "**this Indenture**", "**herein**", "**hereby**", "**hereof**" and similar expressions mean and refer to this Indenture and any indenture, deed or

instrument supplemental hereto; 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 Indenture;

(jj) "**Warrantholders**", or "**holders**" means the persons who are registered owners of Warrants;

(kk) "**Warrantholders' Request**" means an instrument signed in one or more counterparts by Warrantholders entitled to acquire in the aggregate not less than 25% of the aggregate number of Common Shares which could be acquired pursuant to all Warrants then unexercised and outstanding, requesting the Warrant Agent to take some action or proceeding specified therein; and

(ll) "**written request of the Corporation**" and "**certificate of the Corporation**" mean, respectively, a written request and 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.

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 this Indenture 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 this Indenture.

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 Indenture.

1.6 Currency

Except as otherwise stated, all dollar amounts herein are expressed in Canadian dollars.

1.7 Applicable Law

This Indenture and the Warrant Certificates 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 Indenture and the transactions contemplated herein.

ARTICLE 2
ISSUE OF WARRANTS

2.1 Issue of Warrants

Up to 1,552,500 Warrants, on the terms and subject to the conditions herein provided, are hereby created and authorized to be issued at any time on or after the Effective Date and prior to the Time of Expiry. The Warrants hereby created shall be issued by the Warrant Agent, in the form set forth in Section 2.5 hereof, in accordance with the written direction of the Corporation.

2.2 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, and a Warrantholder shall not be entitled to subscribe for or purchase a fractional Common Share or be entitled to any cash or other consideration such holder might otherwise be entitled to based upon the holding of such Warrants. If the number of Warrants to which a Warrantholder would otherwise be entitled is not a whole number, then the number of Warrants to be issued to such Warrantholder shall be rounded down to the next whole number and the Warrantholder shall not be entitled to any compensation in respect of such fractional Warrant.

(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.

2.3 Warrantholder not a Shareholder

Nothing in this Indenture or 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.

2.4 Warrants to Rank Pari Passu

All Warrants shall rank pari passu, whatever may be the actual date of issue thereof.

2.5 Form of Warrants

The Warrants may be issued in whole or in part in either certificated or uncertificated form. All Warrants issued in certificated form shall be evidenced by the Warrant Certificates (including all replacements issued in accordance with this Indenture) substantially in the form set out in Schedule "A" hereto, 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, with the approval of the Warrant Agent and subject to applicable securities laws, prescribe, and shall be issuable in any denomination excluding fractions. All Warrants issued to CDS may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.9.

2.6 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 signatures 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, subject to Section 2.7, be valid and binding upon the Corporation and the holder thereof shall be entitled to the benefits of this Indenture.

2.7 Certification by the Warrant Agent

(a) No Warrant Certificate shall be issued or, if issued, shall be valid for any purpose or entitle the holder to the benefit of this Indenture until it has been certified by manual signature by or on behalf of the Warrant Agent by its authorized signing officers and such certification by the Warrant Agent upon any Warrant Certificate shall be conclusive evidence as against the Corporation that the Warrant Certificate so certified has been duly issued hereunder and that the holder is entitled to the benefits hereof.

(b) The certification of the Warrant Agent on Warrant Certificates issued hereunder shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrant Certificates (except the due certification thereof) and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrant Certificates or any of them or of the consideration therefor except as otherwise specified herein.

2.8 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 2.8(b), shall issue and thereupon the Warrant Agent shall certify and deliver, 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 a form pursuant to the provisions of this Warrant Indenture and approved by the Warrant Agent and the Warrants evidenced thereby shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Warrants issued or to be issued hereunder.

(b) The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.8 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 and to the Warrant Agent 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 and to the Warrant Agent, in their sole discretion, and such applicant shall also be required to furnish an indemnity or security in amount and form satisfactory to the Corporation and the Warrant Agent, in their sole discretion, and shall pay the reasonable charges of the Corporation and the Warrant Agent in connection therewith.

2.9 Book-Based System Warrants

(a) Except as described below, registration of interests in and transfers of Warrants shall be made only through the book-based system operated by CDS and no Warrant Certificates shall be issued in respect of such Warrants except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by CDS, as determined by the Corporation, from time to time. Except as provided in this Section 2.9, owners of beneficial interests in any CDS Global Warrants shall not be entitled to have Warrants registered in their names and shall not receive or be entitled to receive Warrants in certificated form or to have their names appear in the register referred to in Section 2.9 herein.

(b) The Corporation may terminate the application of this Section 2.9 in its sole discretion.

(c) Transfers of beneficial ownership in any Warrant which is a CDS Global Warrant will be effected only (i) with respect to the interest of a CDS Participant, through records maintained by CDS or its nominee for such CDS Global Warrant or through records maintained by such other Person as the Corporation and the Warrant Agent shall agree, and (ii) with respect to the interest of any Person other than a CDS Participant, through records maintained by CDS Participants. Beneficial Owners who are not CDS Participants but who desire to sell or otherwise transfer ownership of or any other interest in CDS Global Warrants may do so only through a CDS Participant.

(d) The rights of Beneficial Owners shall be limited to those established by applicable law and agreements between CDS and the CDS Participants and between such

CDS Participants and Beneficial Owners and must be exercised through a CDS Participant in accordance with the rules and procedures of CDS.

(e) Subject to Subsection 2.9(f), neither the Corporation nor the Warrant Agent shall be under any obligation to deliver to any CDS Participant or Beneficial Owner, nor shall any CDS Participant or Beneficial Owner have any right to require the delivery of, a certificate or other instrument evidencing any interest in Warrants.

(f) If any Warrants are held as uncertificated CDS Global Warrants or as a Global Warrant Certificate and any of the following events occurs:

(i) CDS or the Corporation has notified the Warrant Agent that (a) CDS is unwilling or unable to continue as the depository or (b) CDS ceases to be a clearing agency in good standing under applicable laws and, in either case, the Corporation is unable to locate a qualified successor depository within ninety (90) days of delivery of such notice; or

(ii) the Corporation or CDS is required by applicable law to take the action contemplated in this Subsection 2.9(f); then one or more definitive fully registered Warrant Certificates shall be executed by the Corporation and countersigned and delivered by the Warrant Agent to CDS in exchange for the uncertificated CDS Global Warrants or the Global Warrant Certificates held by CDS.

(g) Fully registered Warrant Certificates issued and exchanged pursuant to Subsection 2.9(f) shall be registered in such names and in such denominations as CDS shall instruct the Warrant Agent, provided that the aggregate number of Warrants represented by such Warrant Certificates shall be equal to the aggregate number of Warrants represented by the CDS Global Warrants or the Global Warrant Certificates so exchanged. Upon exchange of a CDS Global Warrant or a Global Warrant Certificate for one or more Warrant Certificates in definitive form, such CDS Global Warrant or Global Warrant Certificate shall be cancelled by the Warrant Agent.

(h) Every Warrant Authenticated upon registration of transfer of a CDS Global Warrant, or in exchange for or in lieu of a CDS Global Warrant or any portion thereof, whether pursuant to this Section 2.9, or otherwise, shall be Authenticated in the form of, and shall be, a CDS Global Warrant, unless such Warrant is registered in the name of a person other than CDS for such CDS Global Warrant or a nominee hereof.

(i) Notwithstanding anything to the contrary in this Indenture, subject to Applicable Legislation, the CDS Global Warrant will be issued as an uncertificated Warrant, unless otherwise requested in writing by CDS or the Corporation.

(j) The rights of beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the book entry registration system shall be limited

to those established by applicable law and agreements between CDS and the CDS Participants and between such CDS Participants and the beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the book entry registration system, and such rights must be exercised through a CDS Participant in accordance with the rules and procedures of CDS.

(k) Notwithstanding anything herein or in the terms of the Warrant Certificates to the contrary, neither the Corporation nor the Warrant Agent shall have any liability for (i) the records maintained by CDS or CDS Participants relating to the Warrants or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Warrants, or (iii) any advice or representation made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or its participants.

(l) The provisions of Section 2.11 with respect to the transfer of Warrants are subject to the provisions of this Section 2.9.

2.10 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 Warrant Agent, 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 Warrant Agency or at any other place that is designated by the Corporation with the approval of the Warrant Agent. Any Warrant Certificate tendered for exchange shall be cancelled by the Warrant Agent.

(c) Warrant Certificates issued pursuant to this Section 2.10 shall be in same form and shall bear the same legends as those Warrant Certificates they are exchanged for.

2.11 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 Indenture. 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 2.11(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 Warrant Agent 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 Indenture. The Corporation and the Warrant Agent may deem and treat the registered owner of any Warrant as the

beneficial owner thereof for all purposes and neither the Corporation nor the Warrant Agent shall 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 Warrant Agency 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 Warrant Agent, upon surrendering to the Warrant Agent for cancellation the Warrant Certificate evidencing such Warrants and upon compliance with:

(i) the conditions set forth in this Indenture;

(ii) such reasonable requirements as the Warrant Agent 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 Warrant Agent shall, subject to Subsection 2.11(d), record such transfer in such register and issue to the transferee a Warrant Certificate evidencing the Warrants transferred. Notwithstanding the foregoing, if the Warrants are represented by a Global Warrant Certificate, the provisions of Section 2.9 shall apply.

(d) Notwithstanding any provision to the contrary contained in this Indenture, the Corporation will, on the advice of counsel, acting reasonably, be entitled, and may direct the Warrant Agent, and the Warrant Agent will, at the direction of the Corporation, acting reasonably, or otherwise on the advice of counsel, 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 and the Warrant Agent will deem and treat the registered owner of any Warrant as the beneficial owner thereof for all purposes and neither the Corporation nor the Warrant Agent shall be affected by any notice to the contrary. Subject to the provisions of this indenture and applicable legislation, the Warrantholders 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 and the Warrant Agent with respect to such Warrants and neither the Corporation nor the Warrant Agent shall 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 Warrant Agent shall not permit the transfer of any Warrants unless the holder thereof has provided to the Warrant Agent and the Corporation an opinion of counsel, or other evidence, in form reasonably satisfactory to the Corporation and the Warrant Agent, 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 Warrant Agent shall be protected in acting and relying on the address provided for purposes of determining if the transfer is to a U.S. Person.

(h) The provisions of this section 2.11 are subject to the provisions of section 2.9, as applicable.

2.12 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 any Warrant Certificate or the issue of a new Warrant Certificate(s) pursuant hereto including the reimbursement of the Warrant Agent or 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.

2.13 Cancellation of Surrendered Warrants

All Warrant Certificates surrendered pursuant to Sections 2.8, 2.10, 2.11, 3.1, 3.5, or 5.4 shall be returned to the Warrant Agent for cancellation and, after the expiry of any period of retention prescribed by law, destroyed by the Warrant Agent. Upon request in writing by the Corporation, the Warrant Agent shall furnish to the Corporation a destruction certificate identifying the Warrant Certificates so destroyed, the number of Warrants evidenced thereby and the number of Common Shares, if any, issued pursuant to such Warrants.

2.14 Registration of Warrants

The Warrant Agent shall keep at the Warrant Agency a register of Warrantholders in which shall be entered in alphabetical order the names and addresses of the holders of Warrants, including Beneficial Owners, and particulars of the Warrants held by them and a register of transfers in

which all transfers of Warrants and the date and other particulars of each transfer shall be entered. Branch registers shall also be kept at such other place or places, if any, as the Corporation, with the approval of the Warrant Agent, may designate. The Warrant Agent will from time to time when requested to do so by the Corporation furnish a list of the names and addresses of Warrantholders showing the number of Warrants held by each such Warrantholder.

2.15 Transferee Entitled to Registration

The transferee of a Warrant shall, after the transfer form attached to the Warrant Certificate or any other form of transfer acceptable to the Warrant Agent is duly completed and the Warrant Certificate is lodged with the Warrant Agent and upon compliance with all other conditions in that regard required by this Indenture or by applicable law, be entitled to have his or her name entered on the register of holders as the owner of such Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Warrant, save in respect of equities of which the Corporation or the transferee is required to take notice by statute or by order of a court of competent jurisdiction.

2.16 Assumption by Transferee and Release of Transferor

Upon becoming a Warrantholder in accordance with the provisions of this Indenture, the transferee thereof shall be deemed to have acknowledged and agreed to be bound by this Indenture. Upon the registration of such transferee as the holder of a Warrant, the transferor shall cease to have any further rights under this Indenture 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) Subject to Subsection 3.1(c), for the Exercise Date, the registered holder of Warrants may exercise the right thereby conferred on such holder to purchase Common Shares by delivering to the Warrant Agent at the Warrant Agency 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 Warrant Agent, together with such other documentation as the Corporation or the Warrant Agent may reasonably require, including, if necessary, an NCI (non certificated issue) letter of instruction, specifying the number of Common Shares subscribed for together with a certified cheque, bank draft or money order in lawful money of Canada payable to or to the order of the Corporation at par in Calgary, Alberta 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 Warrant Agent and the Corporation, 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) A Beneficial Owner who desires to exercise his or her Warrants must do so by causing a CDS Participant to deliver to CDS, on behalf of the Beneficial Owner (or if CDS does not accept delivery, to the Warrant Agent), a written notice of the owner's intention to exercise Warrants. 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 Beneficial Owner exercising such Warrants.

(d) By causing a CDS Participant to deliver to CDS a notice of the Beneficial Owner's intention to exercise Warrants, a Beneficial Owner shall be deemed to have irrevocably surrendered his or her Warrants so exercised and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise and the receipt of Common Shares in connection with the obligations arising from such exercise.

(e) Any Exercise Form which CDS determines to be incomplete in any material respect, not in proper form or not duly executed shall for all purposes be void and

of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise or to give effect to the settlement thereof in accordance with the Beneficial Owner's instructions will not give rise to any obligations or liability on the part of the Corporation to the CDS Participant or the Beneficial Owner.

(f) 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 Warrant Agent and/or the Corporation may prescribe and shall pay to the Corporation or the Warrant Agent on behalf of 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, or the Warrant Agent on behalf of 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 Warrant Agency

In connection with the exchange or transfer of Warrant Certificates and exercise of Warrants and compliance with such other terms and conditions hereof as may be required, the Corporation has appointed the principal office of the Warrant Agent in the City of Calgary, Alberta as the agency at which Warrant Certificates may be surrendered for exchange or transfer or at which Warrants may be exercised and the Warrant Agent has accepted such appointment.

3.4 Effect of Exercise of Warrants

(a) Upon the exercise of Warrants pursuant to Section 3.1 and subject to Section 3.5, 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 3.5, 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 Warrant Agency 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.

3.5 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 3.5(b), would otherwise have been entitled to receive a fractional Common Share.

3.6 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 anytime prior to May 8, 2014 the volume-weighted average trading price of the Common Shares on the Exchange exceeds $3.00 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 Warrantholders 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 30th day following the later of (i) the date on which the Acceleration Notice is sent to Warrantholders, and (ii) the date of issuance of the Acceleration Press Release.

3.7 Accounting and Recording

(a) The Warrant Agent shall promptly account to the Corporation with respect to Warrants exercised. Any securities or other instruments (including any property), from time to time received by the Warrant Agent shall be received in trust for, and shall be segregated and kept apart by the Warrant Agent in trust for the Warrantholders and the Corporation as their interests may appear.

(b) The Warrant Agent shall record the particulars of Warrants exercised which particulars shall include the names and addresses of the persons who become holders of Common Shares and the Exercise Date in respect thereof. The Warrant Agent shall provide such particulars in writing to the Corporation within five Business Days of any request by the Corporation therefor.

3.8 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 Warrant Agent 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, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the Warrantholders to the end that the provisions set forth in this Indenture 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 indenture entered into between the Corporation (or if applicable, a successor entity or purchasing entity) and the Warrant Agent pursuant to the provisions of this subsection 4.1(b) shall be a supplemental indenture entered into pursuant to the provisions of Article 8 hereof. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Warrant Agent 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 Warrantholders 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 Warrantholders 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 clause 4.1(d)(i), 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 Indenture 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 Indenture, 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 Warrant Agent, all Warrantholders 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 Warrant Agent 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 Warrant Agent that, so long as any Warrants remain outstanding, it will give notice to the Warrant Agent and to the Warrantholders 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 Warrant Agent that it will not close its transfer books or take any other corporate action which might deprive the holder of a Warrant 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.

4.9 Protection of Warrant Agent

Except as provided in Section 9.2, the Warrant Agent:

(a) shall not at any time be under any duty or responsibility to any Warrantholder to determine whether any facts exist which may require any adjustment contemplated by Section 4.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;

(b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any shares or other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Warrant;

(c) shall not be responsible for any failure of the Corporation to issue, transfer or deliver Common Shares or certificates for the same upon the surrender of any Warrants for the purpose of the exercise of such Warrants or to comply with any of the covenants contained in this Article; and

(d) shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the directors, officers, employees, agents or servants of the Corporation.

ARTICLE 5
RIGHTS OF THE CORPORATION AND COVENANTS

5.1 General Covenants

The Corporation covenants with the Warrant Agent 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 the Warrant Certificates, 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 herein and in the Warrant Certificates 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; and, if and whenever required in writing by the Warrant Agent, file with the Warrant Agent copies of all annual and interim financial statements of the Corporation furnished to its shareholders during the term of this Indenture;

(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;

(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 Indenture.

5.2 Warrant Agent's Remuneration and Expenses

The Corporation covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Warrant Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed, except any such expense, disbursement or advance as may arise out of or result from the Warrant Agent's negligence, wilful misconduct or bad faith.

5.3 Performance of Covenants by Warrant Agent

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Warrant Agent may notify the Warrantholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it but, subject to Section 9.2, shall be under no obligation to perform said covenants or to notify the Warrantholders of such performance by it. All sums expended or advanced by the Warrant Agent in so doing shall be repayable as provided in Section 5.2. No such performance, expenditure or advance by the Warrant Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

5.4 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 5.4 shall forthwith be cancelled by the Warrant Agent upon receipt by the Warrant Agent of the Warrant Certificate and a direction from the Corporation to cancel such Warrant Certificate. No Warrants shall be issued in replacement thereof.

ARTICLE 6
ENFORCEMENT

6.1 Suits by Warrantholders

All or any of the rights conferred upon any Warrantholder by any of the terms of the Warrant Certificates or of this Indenture, or of both, may be enforced by the Warrantholder by appropriate proceedings but without prejudice to the right which is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Warrantholders.

6.2 Immunity of Shareholders, etc.

The Warrant Agent and, by the acceptance of the Warrant Certificates and as part of the consideration for the issue of the Warrants, the Warrantholders hereby waive and release 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" (as such term is defined in Section 8.2) on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Warrant Certificates.

6.3 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.

The Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it deems necessary or advisable to preserve and protect its interest and the interests of the Warrantholders.

6.4 Waiver of Default

Upon the happening of any default hereunder, the Warrant Agent shall provide a notice as provided in Section 10.2 to the Warrantholders setting out, in reasonable detail, the particulars of such default and:

(a) the holders of not less than 51% of the Warrants then outstanding shall have the power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Warrant Agent to waive any default hereunder and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or

(b) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, if, in the Warrant Agent's opinion, the same shall have been cured or adequate provision made therefor;

provided that no delay or omission of the Warrant Agent or of the Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Warrantholders shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 7
MEETINGS OF WARRANTHOLDERS

7.1 Right to Convene Meetings

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Corporation or of a Warrantholders' Request and upon being indemnified to its reasonable satisfaction by the Corporation or by the Warrantholders signing such Warrantholders' Request against the cost which may be incurred in connection with the calling and holding of a meeting, convene a meeting of the Warrantholders (a "**Meeting**"). In the event of the Warrant Agent failing to so convene a Meeting within ten (10) days after receipt of such written request of the Corporation or such Warrantholders' Request and indemnity given as aforesaid, the Corporation or such Warrantholders, as the case may be, may convene such Meeting. Every Meeting shall be held in the City of Winnipeg, Manitoba or at such other place as may be approved or determined by the Warrant Agent and the Corporation.

7.2 Notice

At least twenty-one days' prior notice of any Meeting shall be given to the Warrantholders in the manner provided for in Section 10.2 and a copy of such notice shall be sent by mail to the Warrant Agent (unless the Meeting has been called by the Warrant Agent) and to the Corporation (unless the Meeting has been called by the Corporation). Such notice shall state the time when and the place where the Meeting is to be held, shall state briefly the general nature of the business to be transacted thereat and shall contain such information as is reasonably necessary to enable the Warrantholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 7.

7.3 Chairman

An individual (who need not be a Warrantholder) designated in writing by the Warrant Agent and the Corporation shall be chairman of any Meeting and if no individual is so designated, or if the individual so designated is not present within 15 minutes from the time fixed for the holding of the Meeting, the Warrantholders present in person or by proxy shall choose some individual present to be chairman.

7.4 Quorum

Subject to the provisions of Section 7.11, at any Meeting a quorum shall consist of Warrantholders present in person or by proxy and entitled to acquire at least 25% of the aggregate number of Common Shares which could be acquired pursuant to all the then outstanding Warrants, provided that at least two persons entitled to vote thereat are personally present. If a quorum of the Warrantholders shall not be present within 30 minutes from the time fixed for holding any Meeting, the Meeting, if summoned by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the Meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day) at the same time and place and no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned Meeting which might have been dealt with at the original Meeting in accordance with the notice calling the same. No business shall be transacted at any Meeting unless a quorum be present at the commencement of business. At the adjourned Meeting the Warrantholders present in person or by proxy shall form a quorum and may transact the business for which the Meeting was originally convened, notwithstanding that they may not be entitled to acquire at least 25% of the aggregate number of Common Shares which may be acquired pursuant to all then outstanding Warrants.

7.5 Power to Adjourn

The chairman of any Meeting at which a quorum of the Warrantholders is present may, with the consent of the Meeting, adjourn any such Meeting, and no notice of such adjournment need be given except such notice, if any, as the Meeting may prescribe.

7.6 Show of Hands

Every question submitted to a Meeting shall be decided in the first place by a simple majority of the votes given on a show of hands except that votes on an Extraordinary Resolution shall be given in the manner hereinafter provided. At any Meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

7.7 Poll and Voting

On every Extraordinary Resolution, and on any other question submitted to a Meeting and after a vote by show of hands when demanded by the chairman or by one or more of the Warrantholders acting in person or by proxy and entitled to acquire in the aggregate at least 5% of the aggregate number of Common Shares which could be acquired pursuant to all the Warrants then outstanding, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by Extraordinary Resolution shall be decided by a simple majority of the votes cast on the poll.

On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as proxy for one or more absent Warrantholders, or both, shall have one vote. On a poll, each Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each whole Common Share which he is entitled to acquire pursuant to the Warrant or Warrants then held or represented by it. A proxy need not be a Warrantholder. The chairman of any Meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by him.

7.8 Regulations

The Warrant Agent, or the Corporation with the approval of the Warrant Agent, may from time to time make and from time to time vary such regulations as it shall think fit for:

(a) the setting of the record date for a Meeting for the purpose of determining Warrantholders entitled to receive notice of and to vote at the Meeting;

(b) the issue of voting certificates by any bank, trust company or other depositary satisfactory to the Warrant Agent stating that the Warrant Certificates specified therein have been deposited with it by a named person and will remain on deposit until after the Meeting, which voting certificate shall entitle the persons named therein to be present and vote at any such Meeting and at any adjournment thereof or to appoint a proxy or proxies to represent them and vote for them at any such Meeting and at any adjournment thereof in the same manner and with the same effect as though the persons so named in such voting certificates were the actual bearers of the Warrant Certificates specified therein;

(c) the deposit of voting certificates and instruments appointing proxies at such place and time as the Warrant Agent, the Corporation or the Warrantholders convening the Meeting, as the case may be, may in the notice convening the Meeting direct;

(d) the deposit of voting certificates and instruments appointing proxies at some approved place or places other than the place at which the Meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or facsimiled before the Meeting to the Corporation or to the Warrant Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the Meeting;

(e) the form of the instrument of proxy, which instrument of proxy shall, when deposited with the Warrant Agent, be dated and bear the signature of the person in whose name the Warrants are registered; and

(f) generally for the calling of Meetings and the conduct of business thereat.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any Meeting as a Warrantholder, or be entitled to vote or be present at the Meeting in respect thereof (subject to Section 7.9), shall be Warrantholders or duly appointed proxies of Warrantholders.

7.9 Corporation and Warrant Agent May be Represented

The Corporation and the Warrant Agent, by their respective employees, directors and officers, and the Counsel for the Corporation and for the Warrant Agent may attend any Meeting, but shall not be entitled to vote thereat, whether in respect of any Warrants held by them or otherwise.

7.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Warrantholders at a Meeting shall, subject to the provisions of Section 7.11, have the power, exercisable from time to time by Extraordinary Resolution:

(a) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Warrantholders or the Warrant Agent in its capacity as trustee hereunder (subject to the Warrant Agent's approval) or on behalf of the Warrantholders against the Corporation whether such rights arise under this Indenture or the Warrant Certificates or otherwise;

(b) to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Warrantholders;

(c) to direct or to authorize the Warrant Agent to enforce any of the covenants on the part of the Corporation contained in this Indenture or the Warrant Certificates or

to enforce any of the rights of the Warrantholders in any manner specified in such Extraordinary Resolution or to refrain from enforcing any such covenant or right;

(d) to waive, and to direct the Warrant Agent to waive, any default on the part of the Corporation in complying with any provisions of this Indenture or the Warrant Certificates either unconditionally or upon any conditions specified in such Extraordinary Resolution;

(e) to restrain any Warrantholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation in this Indenture or the Warrant Certificates or to enforce any of the rights of the Warrantholders;

(f) to direct any Warrantholder who, as such, has brought any suit, action or proceeding to stay or to discontinue or otherwise to deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such Warrantholder in connection therewith;

(g) to assent to any change in or omission from the provisions contained in the Warrant Certificates and this Indenture or any ancillary or supplemental instrument which may be agreed to by the Corporation, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission; and

(h) with the consent of the Corporation (which consent shall not be unreasonably withheld), to remove the Warrant Agent or its successor in office and to appoint a new trustee or trustees to take the place of the Warrant Agent so removed.

7.11 Meaning of Extraordinary Resolution

(a) The expression "Extraordinary Resolution" when used in this Indenture means, subject as hereinafter provided in this Section 7.11 and in Section 7.14, a resolution proposed at a Meeting duly convened for that purpose and held in accordance with the provisions of this Article 7 at which there are present in person or by proxy Warrantholders entitled to acquire at least 25% of the aggregate number of Common Shares which may be acquired pursuant to the exercise of all the then outstanding Warrants and passed by the affirmative votes of Warrantholders entitled to acquire not less than 66⅔% of the aggregate number of Common Shares which may be acquired pursuant to the exercise of all the then outstanding Warrants represented at the Meeting and voted on the poll upon such resolution.

(b) If, at the Meeting at which an Extraordinary Resolution is to be considered, Warrantholders entitled to acquire at least 25% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants are not present in person or by proxy within 30 minutes after the time appointed for the Meeting, then the Meeting, if convened by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case it shall stand

adjourned to such day, being not less than 15 or more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than ten days' prior notice shall be given of the time and place of such adjourned Meeting in the manner provided for in Section 10.2. Such notice shall state that at the adjourned Meeting the Warrantholders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the Meeting was originally called or any other particulars. At the adjourned Meeting the Warrantholders present in person or by proxy shall form a quorum and may transact the business for which the Meeting was originally convened and a resolution proposed at such adjourned Meeting and passed by the requisite vote as provided in subsection 7.11(a) shall be an Extraordinary Resolution within the meaning of this Indenture notwithstanding that Warrantholders entitled to acquire at least 25% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants are not present in person or by proxy at such adjourned Meeting.

(c) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

7.12 Powers Cumulative

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Warrantholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warrantholders to exercise such power or powers or combination of powers then or thereafter from time to time.

7.13 Minutes

Minutes of all resolutions and proceedings at every Meeting shall be made and duly entered in books to be provided from time to time for that purpose by the Warrant Agent at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman or the secretary of the Meeting at which such resolutions were passed or proceedings had shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every Meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

7.14 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Warrantholders at a Meeting held as provided in this Article 7 may also be taken and exercised by Warrantholders entitled to acquire at least 66⅔% of the aggregate number of Common Shares which may be acquired pursuant to the exercise of all the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warrantholders in person or by

attorney duly appointed in writing, and the expression "Extraordinary Resolution" when used in this Indenture shall include an instrument so signed.

7.15 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 7 at a Meeting shall be binding upon all the Warrantholders, whether present at or absent from such Meeting, and every instrument in writing signed by Warrantholders in accordance with Section 7.14 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

7.16 Holdings by Corporation Disregarded

In determining whether Warrantholders holding Warrant Certificates evidencing the entitlement to acquire the required number of Common Shares are present at a Meeting for the purpose of determining a quorum or have concurred in any consent, waiver, Extraordinary Resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation shall be disregarded in accordance with the provisions of Section 10.6.

ARTICLE 8
SUPPLEMENTAL INDENTURES

8.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Corporation (when authorized by action of the directors) and the Warrant Agent may, subject to the provisions hereof, and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(a) setting forth any adjustments resulting from the application of the provisions of Article 4;

(b) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of Counsel, are necessary or advisable, provided that the same are not in the opinion of the Warrant Agent, relying on the opinion of Counsel, prejudicial to the interests of the Warrantholders as a group;

(c) giving effect to any Extraordinary Resolution passed as provided in Article 7;

(d) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder or for the purpose of obtaining a listing or quotation of the Warrants on any stock exchange, provided that such provisions are not, in the opinion of the Warrant Agent, relying on the opinion of Counsel, prejudicial to the interests of the Warrantholders;

(e) adding to or altering the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrant Certificates, and making any modification in the form of the Warrant Certificates which does not affect the substance thereof;

(f) modifying any of the provisions of this Indenture, including relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that such modification or relief shall be or become operative or effective only if such modification or relief, in the opinion of Counsel, in no way prejudices or adversely affects any of the rights of the Warrantholders or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative; and

(g) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that the rights of the Warrant Agent, relying on the opinion of Counsel, and of the Warrantholders are in no way prejudiced or adversely affected thereby.

8.2 Successor Corporations

In the case of the consolidation, amalgamation, merger or arrangement with, or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to, another corporation ("**successor Corporation**"), the successor Corporation resulting from such consolidation, amalgamation, merger, arrangement or transfer (if not the Corporation) shall expressly assume, by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, the due and punctual performance and observance of each and every covenant and condition of this Indenture to be performed and observed by the Corporation, provided that no such supplemental indenture shall be required if the successor Corporation is liable for such performance or observance by operation of law.

ARTICLE 9
CONCERNING THE TRUSTEE

9.1 Trust Indenture Legislation

(a) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(b) The Corporation and the Warrant Agent agree that each will, at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of Applicable Legislation.

9.2 Rights and Duties of Warrant Agent

(a) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall exercise that degree of care, diligence and skill that a reasonably prudent trustee and/or custodian would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct or bad faith.

(b) The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice by the Warrant Agent, sufficient funds to commence or to continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent to protect and to hold harmless the Warrant Agent against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or to risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.

(c) The Warrant Agent may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Warrantholders, at whose instance it is acting to deposit with the Warrant Agent the Warrants held by them, for which Warrants the Warrant Agent shall issue receipts.

(d) Every provision of this Indenture that by its terms relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation, of this Section 9.2 and of Section 9.3.

(e) The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required so to do under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Warrant Agent and in the absence of any such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that the no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

9.3 Evidence, Experts and Advisers

(a) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof, and in such form, as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Corporation.

(b) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, act and rely and shall be protected in acting and relying as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished to the Warrant Agent pursuant to a request of the Warrant Agent, provided that such evidence complies with Applicable Legislation and that the Warrant Agent complies with Applicable Legislation and that the Warrant Agent examines the same and determines that such evidence complies with the applicable requirements of this Indenture.

(c) Whenever it is provided in this Indenture or under Applicable Legislation that the Corporation shall deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Corporation to have the Warrant Agent take the action to be based thereon.

(d) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by the certificate of a notary public, or other officer with similar powers, that the person signing such instrument acknowledged to it the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate.

(e) The Warrant Agent may employ or retain such Counsel, accountants, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any Counsel, and shall not be responsible for any misconduct or negligence on the part of any such experts or advisers who have been appointed with due care by the Warrant Agent.

(f) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser, engineer or other expert or advisor, whether retained or employed by the Corporation or by the Warrant Agent, in relation to any matter arising in the administration of the trusts hereof.

9.4 Documents, Monies, etc. Held by Warrant Agent

The Warrant Agent may retain any cash balance held in connection with this Indenture and may, but need not, hold the same in its deposit department, the deposit department of one of its Affiliates or the deposit department of a Canadian chartered bank; but the Warrant Agent, its Affiliates or a Canadian chartered bank shall not be liable to account for any profit to the Corporation or any other person or entity other than at a rate, if any, established from time to time by the Warrant Agent, its Affiliates or a Canadian chartered bank. For the purpose of this Section, "Affiliate" means affiliated companies within the meaning of the *Business Corporations Act* (Ontario) and includes Canadian Imperial Bank of Commerce, CIBC Mellon Global Securities Services Company and The Bank of New York Mellon and each of their Affiliates.

9.5 Actions by Warrant Agent to Protect Interest

The Warrant Agent shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warrantholders.

9.6 Warrant Agent Not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

9.7 Protection of Warrant Agent

By way of supplement to the provisions of any law for the time being relating to trustees it is expressly declared and agreed as follows:

(a) the Warrant Agent shall not be liable for or by reason of any statements of fact or recitals in this Indenture or in the Warrant Certificates (except the representation contained in Section 9.9 or in the certificate of the Warrant Agent on the Warrant Certificates) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Corporation;

(b) nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;

(c) the Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof; and

(d) the Corporation indemnifies and saves harmless the Warrant Agent and its officers, directors, employees and agents from and against any and all liabilities, losses, costs, claims, actions, or demands whatsoever which may be brought against the Warrant Agent or which it may suffer or incur as a result of or arising out of the performance of its duties and obligations under this Indenture, save only in the event and as a result of negligence, wilful misconduct or bad faith of the Warrant Agent. In the absence of negligence, wilful misconduct or bad faith

on its part, the Warrant 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 Warrant 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 Warrant Agent has been advised of the possibility of such damages. Any liability of the Warrant Agent will be limited in the aggregate to an amount equal to twelve (12) times the monthly fee paid by the Corporation.

In the event any question or dispute arises with respect to the Warrant Agent's duties hereunder, the Warrant 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 Warrant Agent may file a suit in interpleader or for a declatory 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 Warrant Agent and executed by the Warrant Agent. In addition, the Warrant 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. It is understood and agreed that this indemnification shall survive the termination or discharge of this Indenture or the resignation of the Warrant Agent.

9.8 Replacement of Warrant Agent; Successor by Merger

(a) The Warrant Agent may resign its trust and be discharged from all further duties and liabilities hereunder, subject to this Section 9.8, by giving to the Corporation not less than 90 days prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Warrantholders by Extraordinary Resolution shall have power at any time to remove the existing Warrant Agent and to appoint a new Warrant Agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new trustee unless a new trustee has already been appointed by the Warrantholders; failing such appointment by the Corporation, the retiring Warrant Agent at the expense of the Corporation or any Warrantholder may apply to a justice of the Ontario Superior Court of Justice on such notice as such justice may direct, for the appointment of a new trustee; but any new trustee so appointed by the Corporation or by the court shall be subject to removal as aforesaid by the Warrantholders. Any new Warrant Agent appointed under any provision of this Section 9.8 shall be a Corporation authorized to carry on the business of a trust company in the Province of Manitoba and, if required by the applicable legislation for any other provinces, in such other provinces. On any such appointment the new trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as trustee hereunder and the Warrant Agent, upon payment of its outstanding

remuneration and expenses, shall transfer to such new trustee all documents and other property held by the Warrant Agent subject to the trusts in this Indenture.

(b) Upon the appointment of a successor Warrant Agent, the Corporation shall promptly notify the Warrantholders thereof in the manner provided for in Section 10.2 hereof.

(c) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated or arranged, or any corporation resulting therefrom to which the Warrant Agent shall be a party, or any corporation succeeding to the trust business of the Warrant Agent shall be the successor to the Warrant Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as a successor trustee under subsection 9.8(a). For greater certainty, the applicable provisions of this Indenture referring to the "Warrant Agent" shall refer instead to the successor to the Warrant Agent.

9.9 Conflict of Interest

(a) The Warrant Agent represents to the Corporation that at the time of execution and delivery hereof no material conflict of interest exists between its role as a trustee hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within 90 days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its trust hereunder to a successor Warrant Agent approved by the Corporation and meeting the requirements set forth in subsection 9.8(a). Notwithstanding the foregoing provisions of this subsection 9.9(a), if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrant Certificate shall not be affected in any manner whatsoever by reason thereof.

(b) Subject to subsection 9.9(a), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract and enter into financial transactions with the Corporation or any Subsidiary of the Corporation without being liable to account for any profit made thereby.

9.10 Acceptance of Trust

The Warrant Agent hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth.

9.11 Warrant Agent Not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver, a receiver and manager or liquidator of all or any part of the assets or undertakings of the Corporation.

9.12 Anti-Money Laundering and Anti-Terrorist Legislation

The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgment, determines that such 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 Warrant Agent, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its 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) days written notice to the Corporation, provided that (a) the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (b) if such circumstances are rectified to the Warrant Agent's satisfaction within such ten (10) day period, then such resignation shall not be effective.

9.13 Accounts Opened for Corporation

The Corporation hereby represents to the Warrant Agent that any account to be opened by, or interest to held by, the Warrant Agent in connection with this Indenture, for or to the credit of the Corporation, either (a) is not intended to be used by or on behalf of any third party; or (b) is intended to be used by or on behalf of a third party, in which case the Corporation hereto agrees to complete and execute forthwith a declaration in the Warrant Agent's prescribed form as to the particulars of such third party.

ARTICLE 10
GENERAL

10.1 Notice to the Corporation and the Warrant Agent

(a) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrant Agent 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.
200-135 Innovation Drive
Winnipeg, Manitoba
R3T 6A8

Attention: President
Facsimile: (204) 477-7590

with a copy to:

Fillmore Riley LLP
1700-360 Main Street
Winnipeg, Manitoba

R3C 3Z3

Attention: Peter Davey
Facsimile: (204) 954-0388

If to the Warrant Agent:

CIBC Mellon Trust Company
600, 333 – 7th Avenue S.W.
Calgary, Alberta
T2P 2Z1

Attention: Manager, Client Relations
Facsimile: (403) 264-2100

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, the next Business Day after transmission provided that transmission has been completely and accurately transmitted.

(b) The Corporation or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in subsection 10.1(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 Warrant Agent, as the case may be, for all purposes of this Indenture.

(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 Warrant Agent 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 at the appropriate address or number provided in subsection 10.1(a).

10.2 Notice to Warrantholders

(a) Unless otherwise provided herein, any notice to the Warrantholders under the provisions of this Indenture shall be valid and effective if delivered or if sent by letter or circular through the ordinary post addressed to such holders at their post office addresses appearing on the register hereinbefore mentioned and shall be deemed to have been effectively given on the date of delivery or, if mailed, five Business Days following actual posting of the notice.

(b) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholders hereunder could reasonably be considered unlikely to reach its destination, such

notice shall be valid and effective only if it is delivered at the appropriate address referred to in subsection 10.2(a) or by hand delivery.

(c) For greater clarity, the sending of any notice to Warrantholders as contemplated in Section 3.6(b) shall be conclusively deemed to have been sent by the Corporation on the date the notice is sent by first class mail to the registered address of the Warrantholders as reflected on the register of Warrantholders maintained under this Indenture. Accidental error or omission in giving notice or accidental failure to mail notice to any Warrantholder will not invalidate any action or proceeding founded thereon.

10.3 Counterparts

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof. Counterparts may be executed in original form, facsimile or other electronically transmitted form and such facsimile or other electronically transmitted copy shall be treated as original signatures.

10.4 Satisfaction and Discharge of Indenture

Upon the earlier of:

(a) the date by which there shall have been delivered to the Warrant Agent 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 or to the Warrant Agent in accordance with such provisions 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 Indenture shall cease to be of further effect and the Warrant Agent, on demand of and at the cost and expense of the Corporation and upon delivery to the Warrant Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities provided to the Warrant Agent by the Corporation hereunder shall remain in full force and effect and survive the termination of this Indenture.

10.5 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders

Nothing in this Indenture or in the Warrant Certificates, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the Warrantholders, as the case may be, any legal or equitable right, remedy or claim under this Indenture, or under any

covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

10.6 Warrants Owned by the Corporation or its Subsidiaries; Certificate to be Provided

For the purpose of disregarding any Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation pursuant to Section 7.16, the Corporation shall provide to the Warrant Agent, from time to time upon request, a certificate of the Corporation setting forth as at the date of such certificate:

(a) the names (other than the name of the Corporation) of the registered holders of Warrants which, to the knowledge of the Corporation, are owned by or held for the account of the Corporation or any Subsidiary of the Corporation; and

(b) the number of Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation;

and the Warrant Agent, in making the computations in Section 7.16, shall be entitled to rely on such certificate without any additional evidence.

10.7 Evidence of Ownership

(a) Upon receipt of a certificate of any bank, trust company or other depositary satisfactory to the Warrant Agent 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 and the Warrant Agent 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 and the Warrant Agent 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 Warrant Agent 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 Warrant Agent.

10.8 Privacy Laws

The Corporation and the Warrant Agent acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "Privacy Laws") applies to obligations and activities under this Indenture. Despite any other provision of this Indenture, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information to the Warrant Agent, 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. The Warrant Agent shall use reasonable commercial efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Warrant Agent agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or injury; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of or direction from the Corporation or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

10.9 Severability

The invalidity or unenforceability of any particular provision of this Indenture shall not affect or limit the validity or enforceability of the remaining provisions of this Indenture .

10.10 Further Assurances

Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Indenture.

IN WITNESS WHEREOF the parties hereto have executed this Indenture under their respective corporate seals and the hands of their proper officers in that behalf.

MADE as of the 8th day of May, 2012 as amended and restated on the 8th day of July, 2013.

DIAMEDICA INC.

Per: _____
Name: Rick Pauls
Title: CEO

CIBC MELLON TRUST COMPANY

Per: _____
Name:
Title

Per: _____
Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this Indenture under their respective corporate seals and the hands of their proper officers in that behalf.

MADE as of the 8th day of May, 2012 as amended and restated on the 8th day of July, 2013.

DIAMEDICA INC.

Per: _____
Name:
Title:

CIBC MELLON TRUST COMPANY

Per: _____
Name: DONALD SANTINI
Title MANAGER, CLIENT RELATIONS

Per: Sandra Evans
Name:
Title:

SANDRA EVANS
ASSOCIATE DIRECTOR, RELATIONSHIP MANAGEMENT

THIS IS SCHEDULE "A" to the Warrant Indenture made as of May 8, 2012 as amended and restated on July 8th, 2013 between DiaMedica Inc. and CIBC Mellon Trust Company as Warrant Agent.

WARRANT CERTIFICATE

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO DIAMEDICA INC. (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

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)

CUSIP: 25253T131

ISIN: CA25253T1315

WARRANT
CERTIFICATE NO.1

THIS IS TO CERTIFY THAT: **CDS & CO.**
is the registered holder of transferable warrants of DiaMedica as set out in Schedule "A".

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 the warrant indenture dated May 8, 2012 as amended and restated on July 8th, 2013 between the Corporation and CIBC Mellon Trust Company, as it may be amended from time to time (the "Warrant Indenture") 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 Warrant Indenture, on one of the registers of transfers to be kept at the offices of CIBC Mellon Trust Company (the "Warrant Agent") in the City of Calgary and at such other place or places, if any, or by such other registrar or registrars, if any, as the Corporation may designate, by the registered holder hereof or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation and upon compliance with such reasonable requirements as the Warrant Agent or other registrar may prescribe.

This certificate shall not be valid for any purpose until it has been countersigned by the Warrant Agent.

IN WITNESS WHEREOF, DiaMedica Inc. has caused this certificate to be duly executed.

Dated:

Certified by **CIBC Mellon Trust Company** **(Calgary)** **Warrant Agent and Registrar** By: (Authorized Officer)	**DIAMEDICA INC.** By: (Authorized Officer)

EXERCISE AND TERMS OF SUBSCRIPTION RIGHT

Subject to the terms, covenants, conditions and provisions of that Warrant Indenture between DiaMedica Inc. (the "**Corporation**") and CIBC Mellon Trust Company, dated May 8, 2012 as amended and restated on July 8th, 2013 (the "**Indenture**") 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 Indenture, one (1) fully paid and non assessable common share ("**Common Share**") of the Corporation as such shares were constituted on the Effective Date, upon payment of Cdn. $1.60 per share payable to the Warrant Agent by way of certified cheque, money order or bank draft. The "Expiry Date" means May 8, 2014, or if on any date (the "**Accelerated Exercise Date**") prior to May 8, 2014 the 10-day volume-weighted average trading price of the Common Shares on the TSX Venture Exchange exceeds $3.00 per Common Share, then, at the Corporation's sole discretion and upon the Corporation sending the holder written notice of such Accelerated Exercise Date (the "**Notice**") and issuing a news release announcing such Accelerated Exercise Date (the "**News Release**"), the day that is 30 days following the later of: (i) the date on which such Notice is sent to the holder; and (ii) the date on which the News Release is issued. The Notice shall be conclusively deemed to have been sent by the Corporation on the date the Notice is sent by first class mail to the registered address of the Warrantholder as reflected on the register of Warrantholders maintained under the Indenture. **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 Indenture.

A subscriber may subscribe for the resulting whole number of Common Shares or any lesser whole number of Common Shares by instructing the CDS Participant holding the subscriber's Warrants to exercise all or a specified number of such Warrants and forwarding the Subscription Price for each Common Share subscribed for in accordance with the terms of the Warrants to the CDS Participant that holds the subscriber's Warrants.

The Exercise Price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of a CDS Participant, by direct debit from the subscriber's brokerage account, or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the appropriate office of the CDS Participant. The entire Exercise Price for Common Shares subscribed for must be paid at the time of subscription and must be received by the Warrant Agent prior to the expiry time on the applicable Exercise Date. Accordingly, a subscriber subscribing through a CDS Participant must deliver its payment and instructions sufficiently in advance of the expiry time on the applicable Exercise Date to allow the CDS Participant to properly exercise the Warrants on its behalf.

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 Warrant Indenture. 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 Toronto Stock 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 Indenture and in this Warrant Certificate.

The Indenture 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 Indenture 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 Warrant Agent 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 Warrant Agent, upon compliance with the conditions prescribed in the Indenture 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 Warrant Agent may prescribe.

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 CIBC Mellon Trust Company represented by the attached Warrant Certificate and irrevocably appoints CIBC Mellon Trust Company 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 Warrant Agent and 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.

SCHEDULE "A"
DiaMedica Inc.
Schedule to Global Warrant Certificate No. 1

The following records the number of Warrants represented by this Global Warrant Certificate:

Date	Number of Warrants Issued (Exercised)	Number of Warrants Remaining outstanding Following such exercise	Registrar and Warrant Agent's Notation

EXERCISE FORM

TO: **DiaMedica Inc.**
AND TO: **CIBC Mellon Trust Company**

The undersigned hereby exercises the right to acquire _____Common Shares of DiaMedica Inc. as constituted on May 8, 2012 (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 Indenture referred to in the accompanying Warrant Certificate) in accordance with and subject to the provisions of such Indenture. The Exercise Price payable shall be the number of Common Shares listed above multiplied by the Exercise Price (as defined in the Indenture).

The undersigned represents that it is not a resident of the United States or a U.S. Person at the date this exercise form is completed. "United State" and "U.S. Person" are as defined Regulation S under the *United States Securities Act* of 1933, as amended.

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 of the Warrant Indenture. A copy of the Warrant Indenture may be obtained at the offices of CIBC Mellon Trust Company, 600, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1.

   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 Warrant Agent and the Corporation.

If by Mail:

CIBC Mellon Trust Company
P.O.Box 1036
Adelaide Street Postal Station
Toronto, ON M5C 2K4

If by hand or courier:

CIBC Mellon Trust Company
320 Bay Street, Basement Level (B1 level)
Toronto, ON
M5H 4A6