

MANAGEMENT INFORMATION CIRCULAR

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

This Management Information Circular (or "**Circular**"), is furnished in connection with the solicitation of proxies by and on behalf of the management of DiaMedica Inc. (the "**Corporation**"), for use at our Annual General and Special Meeting of shareholders to be held on October 23, 2015 at the time and place and for the purposes set out in the accompanying Notice of Annual General and Special Meeting and any adjournment thereof.

No person has been authorized to give any information or make any representation in connection with any matters to be considered at the Annual General and Special Meeting, other than as contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

September 18, 2015

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON OCTOBER 23, 2015

TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual General and Special Meeting (the "**Meeting**") of the holders of voting common shares (the "**Common Shares**") of DiaMedica Inc. (the "**Corporation**") will be held at Suite 1700-360 Main St., Winnipeg, MB R3C 3Z3, on October 23, 2015, at 9:00 a.m. (Winnipeg time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2014, together with the report of the auditors thereon;

2. to elect directors of the Corporation for the ensuing year;

3. to appoint auditors of the Corporation for the ensuing year and to authorize the directors to fix the auditors' remuneration;

4. to consider, and if thought appropriate, to pass a special resolution approving the continuance of the Corporation under the *Canada Business Corporations Act;*

5. to authorize, approve and ratify the adoption of an amended stock option plan (the **"Amended Plan"**), as more particularly described in the Management Information Circular (the **"Circular"**), to amend the number of shares reserved for issuance under the Corporation's stock option plan from a fixed amount to a rolling percentage;

6. to consider, and if thought appropriate, to pass a special resolution as more particularly set forth in the Circular to amend the articles of incorporation to provide the Directors the power by resolution to change the name of the Corporation to such name as the Directors deem appropriate;

7. to consider, and if thought appropriate, to pass a special resolution as more particularly set forth in the Circular accompanying this Notice to amend the articles of incorporation, to provide the Directors the power by resolution to subdivide or consolidate the Company's share capital; and

8. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Shareholders are referred to the accompanying Circular for more detailed information with respect to the matters to be considered at the Meeting.

Record Date

The Board of Directors have fixed September 18, 2015 as the Record Date for the Meeting. Holders of Common Shares of record at the close of business on September 18, 2015 are entitled to receive Notice of the Meeting and to vote thereat or at any adjournment(s) thereof.

Delivery of Proxy

Shareholders who do not expect to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy (defined below) and return it in the envelope provided for that purpose. All instruments appointing proxies to be used at the Meeting or at any adjournment thereof must be deposited with Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, by telephone at 1-866-732-VOTE (8683) toll free, or by going to the website www.investorvote.com not later than 9:00 a.m. Winnipeg Time (10:00 a.m. Eastern Standard Time) two business days preceding the date of the Meeting or any adjournment thereof. A proxy is valid only at the meeting in respect of which it is given or any adjournment(s) of that meeting.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Richard Pilnik"

Richard Pilnik
Chairman

September 18, 2015

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Management Information Circular

NOTE: Shareholders who do not hold their shares in their own names as a registered shareholder should read "*Voting by Non-Registered Shareholders*" within for an explanation of their rights.

Solicitation of Proxies

This Management Information Circular (the "**Circular**") is provided in connection with the solicitation of proxies by or on behalf of the board of directors (the "**Board of Directors**") and management of DiaMedica Inc. (the "**Corporation**") for the Annual General and Special Meeting (the "**Meeting**") of the holders (the "**Shareholders**") of voting common shares (the "**Common Shares**") of the Corporation to be held on October 23, 2015, at 9:00 a.m. (Winnipeg time) at Suite 1700-360 Main St, Winnipeg, Manitoba R3C 3Z3 and at any adjournment(s) thereof for the purposes set out in the accompanying Notice of Annual General and Special Meeting of Shareholders (the "**Notice**").

This solicitation of proxies is made by or on behalf of the Board of Directors and management of the Corporation. The cost incurred in the preparation and mailing of the Notice, this Circular and the accompanying form of proxy furnished by the Corporation (the "**Instrument of Proxy**") will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interview, telephone or other means of communication by directors, officers and employees of the Corporation, none of whom will be specifically remunerated therefor.

Voting at the Meeting

Registered Shareholders are invited to attend the Meeting and vote their Common Shares at the Meeting or appoint another person (who need not be a Shareholder) to act as their proxy and vote in their place, as described below under the heading "*Appointment and Revocation of Proxy*".

Non-Registered or Beneficial Shareholders are invited to attend the Meeting, but in order to vote their Common Shares they must follow the procedures described below under the heading "*Voting by Non-Registered Shareholders*".

Appointment and Revocation of Proxies

A Registered Shareholder has the right to appoint a nominee (who need not be a Shareholder) to represent that Shareholder at the Meeting, other than the persons designated as management's nominees in the Instrument of Proxy, by inserting the name of the Shareholder's chosen nominee in the

space provided for such purposes on the Instrument of Proxy, or by completing another proper form of proxy acceptable to the Chairman of the Meeting. Such Shareholder should notify the nominee of the appointment, obtain the consent of the nominee to act as proxy and should instruct the nominee as to how the Shareholder's Common Shares are to be voted. In any case, the form of proxy should be dated and signed by the Shareholder or the Shareholder's attorney authorized in writing, with proof of such authorization attached where an attorney signed the proxy form.

The Instrument of Proxy will not be valid and not be acted upon or voted unless it is completed as outlined in the Instrument of Proxy and deposited with Computershare Investor Services Inc, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, by telephone at 1-866-732-VOTE (8683) toll free, or by going to the website www.investorvote.com not later than 9:00 a.m. Winnipeg Time (10:00 a.m. Eastern Standard Time) two business days preceding the date of the Meeting or any adjournment thereof. A proxy is valid only at the meeting in respect of which it is given or any adjournment(s) of that meeting.

A proxy is valid only at the meeting in respect of which it is given or any adjournment(s) of that meeting. The instrument appointing a proxy shall be in writing and shall be signed by the Shareholder or the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it, at any time before it is exercised, by instrument in writing executed by the Shareholder, or by that Shareholder's attorney authorized in writing, and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the date of the Meeting, or any adjournment(s) thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) thereof.

Voting by Non-Registered Shareholders

Only Registered Shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders of the Corporation are "non-registered" Shareholders ("**Non-Registered Shareholders**") because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of the Common Shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees); or (ii) in the name of a clearing agency (such as CDS Clearing and Depositary Services Inc.) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice, this Circular and the Instrument of Proxy and the request form (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

(i) be given a form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "**Voting Instruction Form**") which the Intermediary must follow. Typically, the Voting

Instruction Form will consist of one page of instructions which contains a removable label with a bar-code and other information. In order for the Instrument of Proxy to validly constitute a Voting Instruction Form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the Instrument of Proxy, properly complete and sign the Instrument of Proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

(ii) be given an Instrument of Proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the Instrument of Proxy, this Instrument of Proxy is not required to be signed by the Non-Registered Shareholder when submitting the Instrument of Proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the Instrument of Proxy and deposit it with Computershare Investor Services Inc, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, by telephone at 1-866-732-VOTE (8683) toll free, or by going to the website www.investorvote.com not later than 9:00 a.m. Winnipeg Time (10:00 a.m. Eastern Standard Time) two business days preceding the date of the Meeting or any adjournment thereof.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares of the Corporation that they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the Instrument of Proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven (7) days prior to the Meeting.

All references to Shareholders in this Circular and the accompanying Instrument of Proxy and Notice are to Shareholders of record unless specifically stated otherwise.

Record Date, Voting Shares and Principal Holders Thereof

The Corporation has fixed September 18, 2015 (the "**Record Date**") as the record date for determining Shareholders entitled to receive the Notice and vote at the Meeting. The Corporation will prepare a list of Shareholders as at the close of business on the Record Date and each Shareholder named in the list will be entitled to vote the Common Shares shown opposite their name on the said list at the Meeting except to the extent that the Shareholder has transferred any of their Common Shares after the Record Date and (i) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes that they own the Common Shares and (ii) the transferee of those Common Shares demands by not later than ten (10) days before the Meeting that their name be included in the list before the Meeting, in which case the transferee will be entitled to vote their Common Shares at the Meeting.

The authorized capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value. As at the Record Date, there were 77,775,430 Common Shares of the Corporation issued and outstanding.

A quorum will be present at the Meeting if there is at least one person present representing not less than 10% of the Common Shares entitled to vote at the Meeting. Holders of Common Shares are entitled to one vote at the Meeting for each Common Share held.

To the knowledge of the Board of Directors and management of the Corporation, as of the date hereof, no person or corporation beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Common Shares other than CentreStone Ventures Limited Partnership Fund which beneficially owns, directly or indirectly, or exercises control or direction over 11,607,373 Common Shares representing 14.92% of the issued and outstanding Common Shares.

Voting of Proxies

The person named in the Instrument of Proxy has been selected by the Board of Directors and is a senior officer of the Corporation. Mr. Rick Pauls or in the alternative Mr. David Gurvey, have each indicated a willingness to represent as proxy the Shareholders who appoint him. Each Shareholder may instruct the proxy how to vote the Shareholder's Common Shares by completing the blanks on the Instrument of Proxy. Common Shares represented by properly executed Instruments of Proxy in favour of the person designated on the enclosed form will be voted for, voted against or withheld from voting, as applicable, in accordance with the instructions given on the Instruments of Proxy. ***IN THE ABSENCE OF SUCH INSTRUCTIONS, SUCH COMMON SHARES WILL BE VOTED FOR THE APPROVAL OF ALL RESOLUTIONS IDENTIFIED IN THIS MANAGEMENT INFORMATION CIRCULAR.***

The Instrument of Proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice and with respect to any other matters which may properly come before the Meeting. The Common Shares represented by the proxy will be voted on such matters in accordance with the best judgment of the person voting the Common Shares. As of the date hereof, management of the Corporation knows of no such amendment, variation or other matters to come before the Meeting.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as otherwise set out herein, no director or executive officer of the Corporation or proposed nominee for election as a director, or any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in the matters to be acted upon at the Meeting.

Business of the Meeting

At the Meeting, Shareholders will be asked:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2014, together with the report of the auditors thereon;

2. to elect directors of the Corporation for the ensuing year;

3. to appoint auditors of the Corporation for the ensuing year and to authorize the directors to fix the auditors' remuneration;

4. to consider, and if thought appropriate, to pass a special resolution approving the continuance of the Corporation under the *Canada Business Corporations Act;*

5. to authorize, approve and ratify the adoption of an amended stock option plan (the **"Amended Plan"**), as more particularly described in the Management Information Circular (the **"Circular"**), to amend the number of shares reserved for issuance under the Corporation's stock option plan from a fixed amount to a rolling percentage;

6. to consider, and if thought appropriate, to pass a special resolution as more particularly set forth in the Circular to amend the articles of incorporation to provide the Directors the power by resolution to change the name of the Corporation to such name as the Directors deem appropriate;

7. to consider, and if thought appropriate, to pass a special resolution as more particularly set forth in the Circular accompanying this Notice to amend the articles of incorporation, to provide the Directors the power by resolution to subdivide or consolidate the Company's share capital

8. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Receipt of Financial Statements and Auditors' Report

Our audited consolidated financial statements for the year ended December 31, 2014, together with the auditors' report thereon will be submitted at the Meeting. Shareholder approval is not required in relation to these financial statements.

Election of Directors

It is proposed that the number of directors to be elected at the Meeting to hold office until the next annual meeting or until their successors are elected or appointed, be set at five (5). There are presently five (5) directors of the Corporation, each of whom will retire from office at the Meeting. The Corporation's current directors include Michael Giuffre, Rick Pauls, Richard Pilnik, Dawson Reimer and Thomas Wellner. The proposed directors of the Corporation upon completion of the Meeting are set forth in the table below. The table that follows provides the names of the individuals to be nominated for election as director, their current positions and offices in the Corporation, the period of time that they have been directors of the Corporation, their current principal occupation, their principal occupations during the past five (5) years, and the number of Common Shares of the Corporation which each beneficially owns or over which control or direction is exercised.

Voting for the election of the directors will be conducted on an individual, and not on a slate basis. **Unless instructed otherwise, the persons named in the accompanying Instrument of Proxy intend to vote their Common Shares represented thereby IN FAVOUR of the election to the Board of Directors of those persons designated in the table below**.

[continued on next page]

Name, Present Office Held and Municipality of Residence	Director Since	# of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as at the Date of this Circular[3]	Principal Occupation and Occupation During the Past Five (5) Years
Michael Giuffre Calgary, AB, Canada Director [1][2]	August 2010	2,350,100	Clinical Professor of cardiac sciences and pediatrics, faculty of Medicine, University of Calgary since 2009, Associate Professor since 1995. Currently President elect Alberta Medical Association, board member since 1995. Pediatric cardiologist at Alberta Children's Hospital since June 1990.
Rick Pauls Minneapolis, MN, USA CEO and Director	April 2005	379,100	President and CEO of DiaMedica Inc., since July 31, 2009. From 2002 until the beginning of 2010, he was the Managing Director of CentreStone Ventures Inc., a life sciences venture capital fund. Mr. Pauls also sits on the board of LED Medical Diagnostics Inc.
Richard Pilnik Indianapolis, IN, USA Director, Chairman [2]	January 2009	200,000	Mr. Pilnik recently retired as President of Quintiles Commercial Solutions. In 2008, he retired after 25 years with Eli Lilly & Co. where his most recent positions were group Vice President and Chief Marketing Officer. He currently sits on the board of the Duke University Fuqua School of Business.
Dawson Reimer Winnipeg, MB, Canada Director [1]	September 2011	80,246	Advisor to CentreStone Ventures Limited Partnership Fund. He is the President and Chief Operating Officer at Medicure Inc. where he has been employed since 2001.
James Parsons Mississauga, ON, Canada Director[4]	N/A	0	Mr. Parsons has been the Chief Financial Officer of Trillium Therapeutics Inc. (formerly Stem Cell Therapeutics Corp.) since August 25, 2011 and previously was the Director, Finance of the private company Trillium Therapeutics Inc. from 2010 to April 2013. He was previously the Vice President, Finance of DiaMedica Inc. from October 2010 to May 2014.

Notes:

(1) Member of the Audit Committee.

(2) Member of the Governance and Compensation Committee.

(3) Does not include options to purchase Common Shares.

(4) If elected as a Director at the Meeting, Mr. Parsons will become a member and Chair of the Audit Committee for the upcoming year.

Each Director will hold office until the next annual meeting of the Corporation, unless his office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. **In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy as nominee to vote the Common Shares represented by proxy for the election of any other person or persons as directors.**

Penalties or Sanctions

To the knowledge of the Board of Directors and management of the Corporation, none of the proposed directors of the Corporation is at the date of this Circular been subject to:

(a) any penalties or sanctions imposed by the court relating to a securities legislation or by a securities regulatory authority or has entered in a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by the court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Board of Directors or management of the Corporation, none of the proposed directors of the Corporation, is at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity:

(a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(b) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(c) within a year of after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets or the assets of the proposed director.

Appointment of Auditors

Management proposes to nominate KPMG LLP, the present auditors of the Corporation, as the auditors of the Corporation to hold office until the close of the next annual meeting of Shareholders. KPMG LLP was first appointed as auditors of the Corporation on May 14, 2001. Management further proposes that the Board of Directors be authorized to fix the remuneration of the auditors.

Unless instructed otherwise, the persons named in the accompanying Instrument of Proxy intend to vote IN FAVOUR of the appointment of KPMG LLP as auditors of the Corporation and the authorization of the Board of Directors to fix the auditors' remuneration.

Continuance of the Corporation Under the Canada Business Corporations Act

At the Meeting, Shareholders will be asked to consider the special resolution set forth below (the "**Continuance Resolution**"), to continue the Corporation from *The Corporations Act* (Manitoba) (the "**MCA**"), which currently governs its affairs, to the *Canada Business Corporations Act* (the "**CBCA**").

If the Continuance Resolution is approved at the Meeting, subject to the discretion of the board of directors to decide otherwise, the Corporation will seek approval of the Director under the CBCA for continuance of the Corporation. The Corporation intends to file Articles of Continuance pursuant to section 187 of the CBCA to continue the Corporation under the provisions of the CBCA as soon as practicable after the Meeting. Subject to appropriate shareholder approval and such filings, the continuance will be effective on the date of the certificate of continuance, which shall be issued by the Director under the CBCA upon receipt of Articles of Continuance. The Corporation will file notice with the Director of the Manitoba Companies Office of the continuance under the CBCA at which point, the Director, upon being satisfied with the continuance into another jurisdiction and that no creditors or shareholders will be adversely affected, will file notice and issue a certificate of discontinuance. The MCA will cease to apply to the Corporation on the date of the certificate of discontinuance, which shall be dated the same date as the continuance under the CBCA.

Notwithstanding the approval of the Continuance Resolution, the board of directors may, without further approval of the shareholders, abandon the application for continuance at any time prior to the issue of a certificate of continuance by the Director under the CBCA.

As the Continuance Resolution will effect an amendment to the constating documents of the Corporation, the approval of appropriate regulatory authorities, including the TSX Venture Exchange (the "**TSXV**") will be required prior to the continuance of the Corporation.

Reasons for and Effect of Continuance

Management believes that the continuance of the Corporation under the CBCA is appropriate given the national and international scope of the Corporation's business. Management is of the view that the CBCA will provide shareholders with substantially the same rights that are available to shareholders under the MCA, including rights of dissent and appraisal, and rights to bring derivative actions and oppression actions.

Continuance under the CBCA does not create a new legal entity and will not prejudice or affect the continuity of the Corporation. The continuance will not result in any change in the business of the Corporation. The persons who constitute the Corporation's board of directors will continue to be those persons elected by shareholders at the Meeting. The officers of the Corporation will continue to be those persons appointed by the board of directors.

Under the CBCA, upon continuance, there is no change in: (i) the ownership of corporate property; (ii) liability for obligations; (iii) the existence of a cause of action, claim or liability to prosecution; (iv) enforcement against the Corporation of any civil, criminal or administrative proceedings pending; and (v) the enforceability of any conviction or judgment against or in favour of the Corporation. Furthermore, any shares issued before the continuance are deemed to have been issued in compliance with the CBCA and articles of continuance. Continuance does not deprive a holder of common shares of any right or privilege, or relieve a holder of common shares of any liability in respect of an issued share.

Articles of Continuance

The Corporation is currently a Manitoba corporation which has articles of incorporation (as amended) which set out the name of the Corporation, the classes of shares that the Corporation is authorized to issue, the rights, privileges, restrictions and conditions attaching to the share classes, the maximum or minimum number of directors and the rights of the directors to appoint additional directors between annual meetings. Upon the continuance taking effect, the articles of continuance filed under the CBCA will replace the articles (as amended) of the Corporation under the MCA. The proposed articles of continuance under the CBCA are substantially the same as the articles (as amended) of the Corporation under the MCA.

Dissent Rights

Dissent rights are being provided to shareholders in respect of the continuance pursuant to section 184 of *The Corporations Act* (Manitoba). As a result, any registered shareholder may make a claim under that section with respect to all the common shares held by such shareholder on behalf of any one beneficial owner and registered in the shareholder's name, if the shareholder complies with the requirements of section 184 of the MCA and validly dissents with respect to the continuance and the continuance becomes effective. Beneficial Shareholders who wish to dissent should be aware that only registered shareholders are entitled to dissent. A Beneficial Shareholder who wishes to exercise the right to dissent should immediately contact the nominee with which the Beneficial Shareholder deals in respect of the common shares and either: (i) instruct the nominee to exercise the right to dissent on the Beneficial Shareholder's behalf (which, if the common shares are registered in the name of the clearing agency, would require that the common shares first be re-registered in the name of the nominee); or (ii) instruct the nominee to re-register the common shares in the name of the Beneficial Shareholder, in which case the Beneficial Shareholder would have to exercise the right to dissent directly.

The following summary does not purport to provide a comprehensive statement of the procedures to be followed by a dissenting shareholder under the MCA (a "**Dissenting Shareholder**"). Section 184 of the MCA governs a shareholder's right to dissent. The MCA requires strict compliance with the procedures established therein and failure to strictly comply with such procedures may result in the loss of a shareholder's right to dissent. Accordingly, each shareholder who wishes to exercise rights of dissent should carefully consider and comply with the provisions of section 184 of the MCA and consult its legal advisors. Pursuant to section 184(5) of the MCA, a Dissenting Shareholder who seeks payment of fair value for its common shares is required to deliver a written objection to the Continuance Resolution to the Corporation at or before the Meeting. A shareholder is not entitled to dissent with respect to the common shares it beneficially owns if it votes any of such common shares for the approval of the Continuance Resolution. The execution or exercise of a proxy or otherwise voting against the Continuance Resolution does not constitute a written objection for purposes of the rights to dissent under the MCA.

Within 10 days after the Continuance Resolution is approved by the shareholders, the Corporation must so notify the Dissenting Shareholder who is then required, within twenty (20) days after receipt of such notice (or if such shareholder does not receive such notice, within twenty (20) days after learning of the approval of the Continuance Resolution), to send to the Corporation a written notice containing its name and address, the number of common shares in respect of which the shareholder dissents and a demand for payment of the fair value of such shares and, not later than the thirtieth (30^{th}) day after sending such written notice, to send to the Corporation or its transfer agent the appropriate share certificate or certificates.

A Dissenting Shareholder who fails to send to the Corporation, within the appropriate time frame, the certificates representing the common shares in respect of which the shareholder dissents forfeits the right to make a claim under section 184 of the MCA. The Corporation or its transfer agent will endorse on the share

certificates received from a Dissenting Shareholder a notice that the holder is a Dissenting Shareholder and will return forthwith the certificates to the Dissenting Shareholder.

On sending a demand for payment to the Corporation, a Dissenting Shareholder ceases to have any rights as a shareholder, other than the right to be paid the fair value of such holder's common shares as determined under section 184 of the MCA, except where: (a) the Dissenting Shareholder withdraws the demand for payment before the Corporation makes an offer to the shareholder pursuant to subsection 184(12) of the MCA, (b) the Corporation fails to make an offer pursuant to subsection 184(12) of the MCA and the Dissenting Shareholder withdraws the demand for payment, or (c) the transaction contemplated in the Continuance Resolution does not proceed, in which case the Dissenting Shareholder's rights as a shareholder will be reinstated as of the date the Dissenting Shareholder sent the demand for payment. If the continuance becomes effective, the Corporation will be required to send, not later than the seventh day after the later of (i) the date that the continuance becomes effective (the "**Effective Date**"), or (ii) the day the demand for payment is received, to each Dissenting Shareholder whose demand for payment has been received, a written offer to pay for such Dissenting Shareholder's common shares such amount as the board of directors of the Corporation considers to be the fair value thereof accompanied by a statement showing how the fair value was determined.

The Corporation must pay for the common shares of a Dissenting Shareholder within ten days after an offer made as described above has been accepted by a Dissenting Shareholder, but any such offer lapses if the Corporation does not receive an acceptance thereof within thirty (30) days after such offer has been made.

If such offer is not made or accepted, the Corporation may, within fifty (50) days after the Effective Date or within such further period as a court may allow, apply to a court of competent jurisdiction to fix the fair value of such common shares. If the Corporation fails to make such an application, a Dissenting Shareholder has the right to so apply within a further twenty (20) days or within such further period as the court may allow. A Dissenting Shareholder is not required to give security for costs in such an application.

Upon an application to a court, all Dissenting Shareholders whose common shares have not been purchased by the Corporation will be joined as parties and be bound by the decision of the court, and the Corporation will be required to notify each Dissenting Shareholder of the date, place and consequences of the application and of the right to appear and be heard in person or by counsel. Upon any such application to a court, the court may determine whether any person is a Dissenting Shareholder who should be joined as a party, and the court will fix a fair value for the common shares of all Dissenting Shareholders who have not accepted an offer to pay. The final order of a court will be rendered against the Corporation in favour of each Dissenting Shareholder. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each such Dissenting Shareholder from the Effective Date until the date of payment.

In order to be effective, the special resolution approving the continuance must be passed by not less than two-thirds (⅔) of the votes cast by Shareholders present in person or by proxy at the Meeting. Therefore the Shareholders will be asked to consider and, if deemed advisable, approve the following special resolution continuing the Corporation under the CBCA at the Meeting:

"BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS THAT:

1. The continuance of the Corporation under s. 187 of the *Canada Business Corporations Act* is hereby authorized and approved;

2. Notwithstanding that this resolution has been duly passed, the board of directors of the Corporation may, without further notice to or approval of the holders of common shares,

withdraw or terminate the continuance of revoke this resolution at any time prior to the issuance by the Director of the certificate giving effect to the continuance; and

3. Any director or officer of the Corporation be and is hereby authorized to do all such further acts and things and execute all such documents and instruments as may be necessary or desirable to give effect to the matters contemplated by this special resolution, including but not limited to, the filing of articles of amendment under the Act."

Unless otherwise directed, the persons named in the enclosed forms of proxy intent to vote at the Meeting IN FAVOUR of the Continuance Resolution.

Recommendation of the Board

The board of directors believes that the proposed continuance is in the best interest of the Corporation and its Shareholders and unanimously recommends that Shareholders vote IN FAVOUR of the Continuation Resolution.

Stock Option Plan

Amendment to Stock Option Plan

Management believes that the Corporation's current stock option plan (the **"2011 Plan"**) requires amending (the amended and restated stock option plan referred to herein as the **"Amended Plan**") in order to, among other things, increase the total number of shares reserved for issuance. When the 2011 Plan was approved in September 2011, the total number of shares outstanding was equal to approximately 46,960,000. The 2011 Plan reserved for issuance 9,000,000 Shares (which represented 19% of the then issued and outstanding Shares), and limited the number of Shares reserved for issuance to insiders to 7,000,000.

An amendment to the 2011 Plan to, among other things, increase the number of Common Shares reserved for issuance is required in order for the Corporation to attract and retain key personnel and directors of the Corporation. Given the nature of the Corporation as a research and development company, it is difficult to provide cash incentives, as the Corporation does not have cash flows to support such incentives. The primary mechanism to incentivize key personnel is through non-cash methods, such as stock option grants.

The following is a brief description of the proposed amendments to the 2011 Plan:

- The maximum number of Common Shares that may be issued on the exercise of Options under the Amended Plan will be amended from a fixed 9,000,000 Common Shares to a rolling ten percent (10%) of shares outstanding. Note that the total aggregate number of Common Shares reserved for issuance under all compensation or incentive mechanisms or plans granted by the Corporation, including the Amended Plan and the Corporation's Deferred Share Unit Plan, shall not exceed ten percent (10%) of shares outstanding, consistent with the TSXV Policies limiting the number of shares reserved for issuance to insiders and the number of stock options that may be granted to insiders to 10% of the issued and outstanding shares of the Corporation;

- The Amended Plan also includes certain other changes compared to the 2011 Plan but none of those changes, on its own or together with all other such changes, constitutes a material change compared to the 2011 Plan.

A copy of the 2011 Plan as well as the Amended Plan is available to any shareholder upon request in writing to the Corporate Secretary of the Corporation, David Gurvey. If approved by Shareholders, the Amended Plan will be filed on SEDAR subsequent to the Meeting and will be available at www.sedar.com.

The TSXV has conditionally accepted for filing the Amended Plan. Final acceptance of the Amended Plan is conditional upon the TSXV receiving evidence of shareholder approval at the Meeting.

The following is the text of the resolution in connection with the foregoing amendment (the "**Amendment Resolution**") which will be put forward for approval by the Shareholders at the Meeting:

"BE IT RESOLVED THAT:

(a) The Amended Plan be and is hereby ratified, confirmed and approved with such additional provisions and amendments, provided that such are not inconsistent with the policies of the TSXV, as the directors of the Corporation may deem necessary of advisable.

(b) Any director or officer of the Corporation is authorized, for and on behalf of the Corporation, to execute and deliver such other documents and instruments and take such other actions as he may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions by such director or officer."

Unless otherwise directed, the persons named in the enclosed forms of proxy intend to vote at the Meeting IN FAVOUR of the Amendment Resolution.

Recommendation of the Board

The board of directors recommends that Shareholders vote IN FAVOUR of the Amendment Resolution.

Name Change Resolution

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, pass a special resolution (the **"Name Change Resolution"**) authorizing the Corporation to file articles of amendment under *The Corporations Act* (Manitoba) (the **"MCA"**) to change the name of the Corporation to such name as the board of directors deems appropriate and as may be approved by applicable regulatory authorities, including the TSXV. The Corporation believes that the DiaMedica name limits its focus to diabetes and does not reflect its shift to stroke and other vascular disease. The board of directors may determine not to implement the Name Change Resolution at any time after the Meeting and after receipt of necessary regulatory approvals, but prior to the issuance of a certificate of amendment, without further action on the part of the Shareholders.

No Dissent Rights

Under the MCA, the Shareholders do not have any dissent and appraisal rights with respect to the proposed Name Change Resolution.

Shareholder Approval

The MCA requires that the Name Change Resolution be approved by a special resolution of Shareholders, either in person or by proxy at the Meeting. Shareholders will be asked to consider and, if thought advisable, to authorize and approve the Name Change Resolution. Pursuant to the provisions of the MCA, in order to be effective, the Name Change Resolution must be approved by 66⅔% of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting.

The following is the text of the Name Change Resolution which will be put forward for approval by the Shareholders at the Meeting:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

(a) the Articles of the Corporation be amended to provide that the Corporation change its name to such name as the board of directors deems appropriate and as may be approved by applicable regulatory authorities, including the TSXV, if the board of directors considers it to be in the best interests of the Corporation to implement such a name change;

(b) notwithstanding that this resolution has been duly passed by the Shareholders, the board of directors is hereby authorized and empowered, if it decides not to proceed with this resolution, to revoke this resolution in whole or in part at any time prior to it being given effect without further notice to, or approval or, the Shareholders; and

(c) any one director or officer of the Corporation be, and such director or officer of the Corporation is hereby, authorized, instructed and empowered, activing for, in the name of and on behalf of the Corporation, to do or to cause all such other acts and things in the opinion of such director or officer of the Corporation as may be necessary or desirable in order to fulfill the intent of these foregoing resolutions."

Unless otherwise directed, the persons named in the enclosed forms of proxy intent to vote at the Meeting IN FAVOUR of the Name Change Resolution.

Recommendation of the Board

The board of directors unanimously recommends that Shareholders vote IN FAVOUR of the Name Change Resolution.

Share Consolidation

At the Corporation's Annual and Special Meeting of Shareholders which occurred on July 24, 2015, the Shareholders passed a special resolution authorizing the board of directors to consolidate its common shares on the basis of a ratio of one (1) post-consolidation common for each two (2) to ten (10) outstanding pre-consolidation common shares. The board of directors determined not to proceed with the consolidation prior to the date of this Meeting. The board of directors believes that at sometime in the future it may be in the best interests of the Corporation to consolidate the issued and outstanding common shares of the Corporation on the basis of a ratio of one (1) post-consolidation common share for each (2) two to (30) thirty outstanding pre-consolidation common shares (the "**Share Consolidation**"), with such ratio to be determined by the board of directors in its sole discretion. If the proposed Share Consolidation is implemented, the number of common shares issued and outstanding will be reduced from approximately

77,775,430 common shares (as of the Record Date) to between approximately 38,887,715 to 2,592,514 common shares, depending on the ratio selected by the Corporation's board of directors.

To consolidate the common shares, the articles (as amended) of the Corporation must be amended by a special resolution of the Shareholders in accordance with section 167(1) of *The Corporations Act* (Manitoba). In addition to the approval of the Shareholders, the Share Consolidation requires the approval of the TSXV which approval will be sought, if and when the board of directors determines to proceed with the Share Consolidation.

The board of directors of the Corporation believes that Shareholder approval of a range of potential consolidation ratios (rather than a single consolidation ratio) provides the board of directors with maximum flexibility to achieve the desired results of the Share Consolidation. If the special resolution is approved, the Share Consolidation would only be implemented, if at all, upon a determination by the board of directors that it is in the best interests of the Corporation and its Shareholders at that time. The board of directors' selection of the specific ratio will be based primarily on the price level of the Corporation's Common Shares at the time and expected stability of that price level.

There can be no assurances whatsoever that any increase in the market price per common share will result from the proposed Share Consolidation and there is no assurance whatsoever that a higher share price will generate increased investor interest if the proposed Share Consolidation is implemented.

No fractional common shares of the Corporation will be issued in connection with the Share Consolidation and, in the event that a Shareholder would otherwise be entitled to receive a fractional share upon such Share Consolidation, the number of common shares to be received by such Shareholder will be rounded up or down to the nearest whole common share.

At the Meeting, Shareholders will be asked to consider the special resolution set forth below, to consolidate the outstanding Common Shares on the basis of a ratio of one (1) post-consolidation common share for each (2) two to (30) thirty outstanding pre-consolidation common shares, with such ratio to be determined by the board of directors in its sole discretion.

If the proposed Share Consolidation is approved by the Shareholders and all regulatory requirements are complied with, including the approval of the TSXV, and implemented by the board of directors no later than one year from the date of approval of the Shareholders if the Continuance Resolution is passed (or six months if the Continuance Resolution is not passed), following the announcement by the Corporation of the effective date of the Share Consolidation, registered Shareholders may be sent a transmittal letter by the Corporation's transfer agent, Computershare Investor Services Inc., containing instructions on how to exchange their share certificates representing pre-consolidation Common Shares for new share certificates representing post-consolidation common shares. Non-registered Shareholders holding their common shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Share Consolidation than those that will be put in place by the Corporation for the registered Shareholders. If you hold your common shares with such a bank, broker or other nominee and if you have any questions in this regard, you are encouraged to contact your nominee.

In order to be effective, the special resolution approving the Share Consolidation must be passed by not less than two-thirds (⅔) of the votes cast by Shareholders present in person or by proxy at the Meeting.

Therefore, in the event that the Continuance Resolution is approved by the Shareholders at the Meeting, the Shareholders will be asked to consider and, if deemed advisable, approve the following special resolution amending the articles of the Corporation at the Meeting (the "**Consolidation Resolution**"):

"BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS THAT:

(a) If DiaMedica Inc. (the "Corporation") has been continued as a federal corporation under the Canada Business Corporations Act (the "CBCA") and is subject to the CBCA, then pursuant to section 173(1) of the CBCA, the Articles of DiaMedica Inc. (the "Corporation") be amended to consolidate all of the issued and outstanding common shares of the Corporation (the "Common Shares") on the basis of a ratio of one (1) post-consolidation Common Share for each two (2) to thirty (30) outstanding pre-consolidation Common Shares, with such ratio to be determined by the board of directors in its sole discretion. Any resulting fractional Common Shares shall be either rounded up or down to the nearest whole Common Share;

(b) If the Corporation has not been continued as a federal corporation under the CBCA and remains subject to The Corporations Act (Manitoba) (the "MCA"), then pursuant to section 167(1) of *The Corporations Act* (Manitoba), the Articles of the Corporation be amended to consolidate all of the issued and outstanding common shares of the Corporation on the basis of a ratio of one (1) post-consolidation Common Share for each (2) two to (30) thirty outstanding pre-consolidation Common Shares, with such ratio to be determined by the board of directors in its sole discretion. Any resulting fractional Common Shares shall be either rounded up or down to the nearest whole Common Share;

(c) The board of directors of the Corporation be and it is hereby authorized to revoke, without further approval of the Shareholders, this special resolution at any time prior to the completion thereof, notwithstanding the approval by the Shareholders of same, if determined, in the board of directors' sole discretion to be in the best interest of the Corporation; and

(d) Any director or officer of the Corporation be and is hereby authorized to do all such further acts and things and execute all such documents and instruments as may be necessary or desirable to give effect to the matters contemplated by this special resolution, including but not limited to, the filing of articles of amendment under the MCA, as the case may be."

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote at the Meeting IN FAVOUR of the Share Consolidation Resolution.

Recommendation of the Board

The board of directors believes that the proposed Share Consolidation of the Common Shares is in the best interests of the Corporation and its Shareholders and unanimously recommends that Shareholders vote IN FAVOUR of the Consolidation Resolution.

Other Business

While there is no business other than that mentioned in the Notice to be presented to the Shareholders at the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting, or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

Statement of Executive Compensation

All references in this Circular to "**$**" or "**dollars**" refers to Canadian dollars, unless otherwise noted.

Compensation of Named Executive Officers

For the purposes of this Circular:

"**CEO**" means each individual who served as Chief Executive Officer of the Corporation or a subsidiary of the Corporation or acted in a similar capacity during the most recently completed financial year;

"**CFO**" means each individual who served as Chief Financial Officer of the Corporation or a subsidiary of the Corporation or acted in a similar capacity during the most recently completed financial year;

"**equity incentive plan**" means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of section 3870 of the Handbook;

"**Executive Officer**" means an individual who at any time during the year was the president and any vice-president in charge of a principal business unit such as sales, finance or production, any officer of the Corporation or a subsidiary who performs a policy-making function of the Corporation whether or not that person is also a director of the Corporation or the subsidiary, and the chairman and any vice-chairman of the Board of Directors of the Corporation if that person performs the functions of that office on a full-time basis;

"**grant date**" means a date determined for financial statement reporting purposes under International Financial Reporting Standards;

"**incentive plan**" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

"**incentive plan award**" means compensation awarded, earned, paid, or payable under an incentive plan;

"**Named Executive Officer**" or "**NEO**" means the following individuals:

(a) the Chief Executive Officer ("**CEO**") of the Corporation (or person acting in a similar capacity) during the most recently completed financial year of the Corporation;

(b) the Chief Financial Officer ("**CFO**") of the Corporation (or person acting in a similar capacity) during the most recently completed financial year of the Corporation;

(c) each of the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than $150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 – *Statement of Executive Compensation* of National Instrument 51-102 - *Continuous Disclosure Obligations,* for that financial year; and

(d) each additional individual who would be an NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, as at the end of the most recently completed financial year.

During its most recently completed financial year, the Corporation had four NEOs:

(1) Rick Pauls, who was interim CEO until June 29, 2010 and was appointed full-time President and CEO on June 30, 2010;

(2) James Parsons, Vice President, Finance (acting in the capacity of Chief Financial Officer) from October 20, 2010. Mr. Parsons ceased to act in the capacity of Chief Financial Officer as of April 7, 2014 with the hiring of John Savage as Chief Financial Officer. Mr. Savage was laid off on December 2, 2014 and David Gurvey was appointed Vice President, Finance (acting in the capacity of Chief Financial Officer) on January 15, 2015; and

(3) Mark Williams, Vice President, Research from June 30, 2010.

(4) Mark Robbins, Vice President, Clinical and Regulatory Affairs from December 2012 and was appointed Executive Vice President on July 10, 2014. Dr. Robbins resigned on January 16, 2015.

"**non-equity incentive plan**" means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

"**option-based award**" means an award under an equity incentive plan of options, including for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

"**plan**" includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

"**share-based award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalents units, and stock; and

"**TSXV**" means TSX Venture Exchange.

Compensation Discussion and Analysis

To date, the board of directors have not adopted any formal policies to determine executive compensation. Executive compensation is currently determined by the compensation committee of the board of directors who have general oversight of compensation of employees and executive officers.

In carrying out its duties and responsibilities in relation to compensation and utilizing industry comparable salaries and bonuses, the compensation committee sets annual performance objectives that are aligned to the overall objectives of the Corporation and assess the attainment of the corporate goals to determine the amount of performance bonus compensation paid.

The board of directors will consider implementing formal compensation policies in the future should circumstances warrant.

Two long-term compensation components are available to the NEOs consisting of stock options granted under the stock option plan (the "**Stock Option Plan**") and deferred share units ("**DSUs**") granted under the Deferred Share Unit Plan (the "**DSU Plan**") which are administered by the board of directors and are designed to give each option and DSU holder an interest in preserving and maximizing shareholder value in the longer term, to enable the Corporation to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance. The Governance and Compensation Committee considers stock option and DSU grants when reviewing each NEO's compensation package as a whole.

The allocation of stock options and DSUs is regarded as an important element to attract and retain NEOs for the long term and it aligns their interests with shareholders.

Option-based Awards

The Corporation has established a Stock Option Plan in order to attract and retain directors, executive officers and employees, who will be motivated to work towards ensuring the success of the Corporation. The board of directors has full and complete authority to interpret the Stock Option Plan, to establish applicable rules and regulations applying to it and to make all other determinations it deems necessary or useful for the administration of the Stock Option Plan, provided that such interpretations, rules, regulations and determinations are consistent with the rules of all stock exchanges on which the Corporation's securities are then traded and with all relevant securities legislation.

On a periodic basis, the CEO recommends to the Governance and Compensation Committee, which in turn, after its review, recommends to the board of directors, the granting of stock options to key employees, and any terms and conditions forming part of such grants. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibility and the importance of the position to the Corporation's overall success. The aggregate number of stock options which may be issued under the Stock Option Plan is limited by the terms of the Stock Option Plan and cannot be increased without Shareholder approval.

Individuals eligible to participate under the Stock Option Plan will be determined by the board of directors. No stock options granted under the Stock Option Plan may be exercised at any time beyond a maximum period of ten (10) years following the date of their grant unless specifically provided by the board of directors and authorized by the relevant stock exchange. The board of directors or the Governance and Compensation Committee, as the case may be, designates, at its discretion, the individuals to whom stock options are granted under the Stock Option Plan and determines the number of Common Shares covered by each of such stock options, the grant date, the exercise price of each stock option, the expiry date, the vesting schedule and any other matter relating thereto, in each case in accordance with the applicable rules and regulations of the regulatory authorities. The board of directors or the Governance and Compensation Committee, as the case may be, takes into account previous grants of stock options when considering new grants.

The Board is currently considering an amendment to the Stock Option Plan as previously described in this Management Information Circular.

Share-based Awards

The board of directors approved the adoption of a Deferred Share Unit Plan effective July 7, 2011 which was approved by Shareholders on September 22, 2011. The purpose of this DSU Plan is to provide an alternative form of compensation to satisfy annual and special bonuses payable to directors and executive officers and to satisfy fees that may be payable to directors for acting as directors of the Corporation. This form of compensation promotes a greater alignment of interests amongst directors and executive officers and the Corporation's shareholders.

The DSU Plan provides that the board of directors may, from time to time, issue deferred share units to any eligible person (as defined by the DSU Plan) at the time of declaring or awarding any bonuses or at the time of payment of fees to directors. The number of DSUs granted is determined by dividing the applicable bonus amount by the fair market value of the common shares as at the last trading day before the award date as calculated in accordance with the policies of the TSXV. The maximum aggregate number of common shares that may be reserved for issuance pursuant to the DSU Plan is 2,000,000 common shares.

Risk Oversight

In carrying out its mandate, the board of directors reviews from time to time the risk implications of the Corporation's compensation policies and practices, including those applicable to the Corporation's executives. This review of the risk implications ensures that compensation plans, in their design, structures and application have a clear link between pay and performance and do not encourage excessive risk taking. Key considerations regarding risk management include the following:

- design of the compensation program to ensure all executives are compensated equally based on the same or, depending on the mandate and term of appointment of that particular executive, substantially equivalent performance goals;
- balance of short-term performance incentives with equity-based awards that vest over time;
- ensuring overall expense to the Corporation of the compensation program does not represent a disproportionate percentage of the Corporation's revenues, after giving consideration to the development stage of the Corporation; and
- utilizing compensation policies that do not rely solely on the accomplishment of specific tasks without consideration to longer term risks and objectives.

For the reasons set forth below, the board of directors believe that the Corporation's current executive compensation policies and practices achieve an appropriate balance in relation to the Corporation's overall business strategy and do not encourage executives to expose the Corporation to inappropriate or excessive risks.

While a significant feature of the Corporation's current executive compensation practice is the awarding of stock options under its Stock Option Plan, and while such compensation is "at risk" (i.e. not guaranteed), the Corporation's long-term incentive plans are designed such that stock options vest over a three year period and therefore encourage sustainable common share price appreciation and reduce the risk of actions which may have short-term advantages. Additionally, the granting of stock options is in accordance with the terms and provisions of the Corporation's Stock Option Plan.

The base salaries set for the Corporation's executives are intended to provide a steady income regardless of share price performance, allowing executives to focus on both near-term and long-term goals and objectives without undue reliance on short term share price performance or market fluctuations.

Compensation payable under the Corporation's bonus plan is overseen by the board of directors. The Board does not consider the applicable periods set for bonus purposes to be heavily weighed to the short-term and believes it has struck an appropriate balance between short-term performance incentives and long-term awards that vest over time. With the establishment of the DSU Plan, incentive compensation may be issued in the form of DSU units which reduce the risk of actions which may have short-term advantages.

Hedging and Offsetting

At present, the Corporation does not have a formal policy prohibiting its directors and officers from engaging in short sales of securities of the Corporation or buying or selling puts, calls or other derivatives that are designed to hedge or offset a decrease in the market value of securities of the Corporation.

Currently, in the absence of such a policy, the directors and officers of the Corporation are expected to act at all times transparently, with integrity and with a view to the best interests of the Corporation and its shareholders in their securities trading activities.

It should be noted that any transactions of this nature are subject to insider reporting requirements and are reported on the System for Electronic Disclosure by Insiders (SEDI).

[continued on next page]

Summary Compensation Table

The following table is a summary of the compensation paid to the NEOs of the Corporation during the financial years ended December 31, 2014, 2013 and 2012 for services rendered to the Corporation.

Name and Principal Position	Year	Salary ($)[7]	Share-based awards ($)[5]	Option-based awards ($)[5]	Non-Equity incentive plan compensation ($)		Pension Value ($)	All other Compensation ($)	Total Compensation ($)
					Annual incentive plans[6]	Long-term incentive plans			
Rick Pauls President & Chief Executive Officer[1]	2014 2013 2012	293,248 276,536 259,935	Nil Nil Nil	Nil 120,795 203,773	Nil Nil 70,200	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	293,248 397,331 533,908
Mark Williams Vice President, Research[2]	2014 2013 2012	182,284 176,983 166,390	Nil Nil Nil	Nil 90,596 152,830	Nil Nil 22,410	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	182,284 267,579 341,630
Mark Robbins Executive Vice President[3]	2014 2013 2012	248,133 233,992 9,162	Nil Nil Nil	Nil 45,298 128,946	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	248,133 279,290 138,108
John Savage Chief Financial Officer [8]	2014 2013[9]	135,041 N/A	Nil N/A	86,838 N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A	221,879 N/A
James Parsons Vice President, Finance[4]	2014 2013 2012	30,030 74,513 88,274	Nil Nil Nil	Nil Nil 45,849	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	30,030 74,513 134,123
David Gurvey Vice President, Finance [9]	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Rick Pauls held the position of interim President and CEO from April 7, 2008 to February 9, 2009 and July 31, 2009 to June 29, 2010, and became full time President and CEO on June 30, 2010. Mr. Pauls is also a director of the Corporation and did not receive any compensation related to his role as a director during the three years ended December 31, 2014.

(2) Dr. Williams was appointed Vice President, Research on June 30, 2010. Previously in 2010, Dr. Williams was employed in a part-time capacity with the Corporation.

(3) Dr. Robbins joined on December 17, 2012 as Vice President Clinical and Regulatory Affairs with an annual salary of USD$220,000 and became Executive Vice President on July 10, 2014. Dr. Robbins resigned on January 16, 2015. See Note 7 for conversion rates.

(4) Mr. Parsons was appointed Vice President, Finance on October 20, 2010. The salary amounts for Mr. Parsons were paid to him as a consultant. Mr. Parsons acted in the capacity of the Chief Financial Officer until the hiring of Mr. Savage in April 2014.

(5) The grant date fair value of these options has been calculated in accordance with International Financial Reporting Standards (IFRS) using the Black-Scholes option pricing model. See discussion below.

(6) Mr. Pauls and Dr. Williams were awarded bonuses of $70,200 and $22,410 respectively for 2012 based on the achievement of corporate objectives for 2012, which included development, manufacturing and business development targets and an equity financing objective. As of the date of this Circular, the bonuses had not been paid and the form of payment had not been determined.

(7) During 2012, Mr. Pauls and Dr. Williams relocated to the Minneapolis, MN area. On their relocation, their gross salaries were unchanged but paid in U.S. currency. The salary amounts for 2012 are the sum of the Canadian dollar salaries paid and the U.S. dollar salaries paid converted to Canadian dollars at $1 Cdn = U.S. $0.9995. The salary amounts for 2013 are the U.S. dollar salaries paid converted to Canadian dollars at $1 Cdn = $1.0636 U.S. being the US dollar exchange rate as at December 31, 2013. The salary amounts for 2014 are the U.S. dollar salaries paid converted to Canadian dollars at $1 Cdn = $1.1601 U.S. being the U.S. dollar exchange rate as at December 31, 2014. The board of directors approved a salary for Mr. Pauls of USD$280,000 in 2013, however, Mr. Pauls was paid USD$252,778, electing not to receive the increased

amount at this time. Dr. Williams was paid USD$157,128 in 2014. Dr. Robbins was paid USD$213,889 in 2014.

(8) On April 7, 2014 Mr. Savage was appointed as the Chief Financial Officer of the Corporation with an annual salary of USD$175,000. Mr. Savage was laid off on December 2, 2014 and was paid USD$135,041 in 2014.

(9) On January 15, 2015, Mr. Gurvey was appointed as Vice President of Finance of the Corporation. He did not receive any compensation in fiscal 2014.

The Corporation has estimated the "grant date fair value" amounts in the "Option-based awards" column above using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors, including the exercise price of the option, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security, the expected life of the option, forfeitures, dividend yield and the risk-free rate of return. The weighted average assumptions used in the pricing model for options granted in 2014 were as follows: expected option life – 4.3 years; risk free interest rate – 1.5%; dividend yield – nil; expected volatility – 68%.

Termination of Employment, Change in Responsibilities and Employment Contracts

Effective January 28, 2010, the Corporation entered into an employment arrangement with Mr. Pauls pursuant to which he agreed to serve as the Corporation's President and CEO. The arrangement may be terminated by the Corporation without prior notice on payment of a lump sum equal to 12 months of base salary plus applicable bonus with any unvested stock options continuing to vest for a period of six months after termination. In the event of voluntary resignation or termination after a specified change in control, Mr. Pauls is entitled to a payment equal to 18 months of base salary plus applicable bonus with any unvested stock options fully vesting under certain circumstances. Assuming this agreement was terminated on December 31, 2014, Mr. Pauls would receive severance of approximately $417,000, or severance totalling approximately $625,000 if it occurred as a result of a change in control.

Effective July 1, 2010, the Corporation entered into an employment arrangement with Dr. Williams pursuant to which he agreed to serve as the Corporation's Vice President, Research. The agreement may be terminated by the Corporation without prior notice on payment of a lump sum equal to 6 months of base salary. In the event of voluntary resignation or termination after a specified change in control, Dr.Williams is entitled to a payment equal to 9 months of base salary with any unvested stock options vesting immediately. Assuming this agreement was terminated on December 31, 2014, Dr. Williams would receive severance of approximately $88,000, or severance totalling approximately $133,000 if it occurred as a result of a change in control.

Effective December 10, 2012, the Corporation entered into an employment arrangement with Dr. Robbins pursuant to which he agreed to serve as the Corporation's Vice President, Clinical and Regulatory Affairs. As of the date of this Circular, Dr. Robbins resigned on January 16, 2015 and received $20,000 in back pay as well as $44,000 representing his 2013 bonus per a negotiated separation agreement.

Other than noted above, the Corporation has no contract, agreement, plan or arrangement in effect that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in an NEO's responsibilities.

[continued on next page]

Incentive Plan Awards

The following table sets out, for each NEO, the stock options (option-based awards) outstanding as at December 31, 2014. No NEO exercised stock options during the fiscal year ended December 31, 2014. The closing price of the Corporation's Common Shares on the TSXV was $0.08 on December 31, 2014.

	Option-based Awards				Share-based Awards
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)[1]	Market or payout value of vested share-based awards not paid out or distributed ($)
Rick Pauls	300,000 550,000 200,000 200,000 200,000	0.42 0.68 1.15 1.70 1.07	June 30, 2015 November 4, 2015 October 6, 2021 February 15, 2022 June 25, 2023	Nil Nil Nil Nil Nil	Nil
Mark Williams	75,000 412,500 150,000 150,000 150,000	0.42 0.68 1.15 1.70 1.07	June 29, 2015 November 4, 2015 October 6, 2021 February 15, 2022 June 25, 2023	Nil Nil Nil Nil Nil	Nil
Mark Robbins[2]	200,000 75,000	1.25 1.07	December 14, 2022 June 25, 2023	Nil Nil	Nil
John Savage[2]	200,000	0.83	April 7, 2024	Nil	Nil
James Parsons[2]	Nil	Nil	N/A	Nil	Nil
David Gurvey	100,000	0.10	January 15, 2025	Nil	Nil

Note:

(1) Value is calculated based on the difference between the closing market price of the Corporation's common shares on the TSXV on December 31, 2014, which was $0.08, and the exercise price of the options, multiplied by the number of options.

(2) Per Stock Option Plan, stock options terminate 120 days from the date the individual ceased acting as an Officer of the Corporation.

[continued on next page]

Incentive Plan Awards – value vested or earned during the year

The following table shows the incentive plan awards value vested during 2014 as well as the annual cash incentive earned for each NEO.

Name	Option-based awards – Value vested during the year ($)[1]	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)[2]
Rick Pauls	Nil	Nil	Nil
Mark Williams	Nil	Nil	Nil
Mark Robbins	Nil	Nil	Nil
James Parsons	Nil	Nil	Nil
John Savage			

Note:

(1) The amount represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the market price of the common shares underlying the options on the TSXV on the vesting date and the exercise price of the options.

(2) As of the date of this Circular, the bonus compensation for 2014 had not been determined.

Pension Plan Benefits

The Corporation offers a voluntary 401(k) retirement plan which the employee may contribute to at their discretion. For the year ended December 31, 2014, Internal Revenue Services regulations required that the Corporation make a minimum 3% matching contribution for all non-key employees. The Corporation has decided to offer a uniform 3% matching contribution to all employees who elect to participate in the plan effective January 1, 2015.

[continued on next page]

Director Compensation

Director Compensation Table

The following table sets out, for each director that is not also an NEO, compensation earned for the fiscal year ended December 31, 2014.

Name[1]	Fees earned ($)[2]	Share-based awards ($)[2]	Option-based awards ($)[3]	Non-equity incentive plan compensation ($)	Pension Value ($)	All other compensation ($)	Total ($)
Michael Giuffre	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Richard Pilnik	Nil	Nil	56,739	Nil	Nil	Nil	56,739
Dawson Reimer	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Thomas Wellner	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Compensation information for Rick Pauls is reported in the corresponding table for NEOs above.

(2) For each board of directors meeting held in the financial year ended December 31, 2014 the Corporation compensated each director as follows: $1,500 per board meeting and $750 per committee meeting attended. Each director also receives an annual retainer of $5,000 and the chair of the audit committee receives an additional annual retainer of $2,500. The Directors have elected to not receive their fees earned in 2014 at this time.

(3) The grant date fair value of these options has been calculated in accordance with International Financial Reporting Standards using the Black-Scholes option pricing model. See discussion below.

The Corporation has estimated the "grant date fair value" amounts in the "Option-based awards" column above using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors, including the exercise price of the option, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security, the expected life of the option, forfeitures, dividend yield and the risk-free rate of return. The weighted average assumptions used in the pricing model were as follows: expected option life – 4.3 years; risk free interest rate – 1.5%; dividend yield – nil; expected volatility – 68%.

[continued on next page]

Incentive Plan Awards

The following table sets out, for each director that is not also an NEO, the stock options (option-based awards) outstanding as at December 31, 2014. The closing price of the Corporation's Common Shares on the TSXV was $0.86 on December 31, 2014.

Name[1]	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)[2]
Michael Giuffre				
	37,500	0.68	November 4, 2015	Nil
	110,000	1.20	April 10, 2016	Nil
	25,000	1.44	April 13, 2016	Nil
	25,000	1.15	October 6, 2021	Nil
	25,000	1.70	May 9, 2022	Nil
	25,000	1.66	October 31, 2022	Nil
	25,000	1.07	June 25,2023	Nil
	25,000	0.86	November 6, 2023	Nil
Richard Pilnik				
	150,000	0.69	July 7, 2014	Nil
	50,000	0.86	January 13, 2014	Nil
	7,500	0.88	April 13, 2014	Nil
	12,500	0.42	June 29, 2015	Nil
	37,500	0.68	November 4, 2015	Nil
	25,000	1.44	April 13, 2016	Nil
	25,000	1.15	October 6, 2021	Nil
	25,000	1.70	May 9, 2022	Nil
	25,000	1.66	October 31, 2022	Nil
	25,000	1.07	June 25, 2023	Nil
	25,000	0.86	November 6, 2023	Nil
Dawson Reimer				
	25,000	1.15	October 6, 2021	Nil
	75,000	1.70	May 9, 2022	Nil
	25,000	1.66	October 31, 2022	Nil
	25,000	1.07	June 25, 2023	Nil
	25,000	0.86	November 6, 2023	Nil
Thomas Wellner				
	7,500	0.86	April 6, 2014	Nil
	12,500	0.42	June 29, 2015	Nil
	37,500	0.68	November 4, 2015	Nil
	25,000	1.44	April 13, 2016	Nil
	25,000	1.15	October 6, 2021	Nil
	25,000	1.70	May 9, 2022	Nil
	25,000	1.66	October 31, 2022	Nil
	25,000	1.07	June 25, 2023	Nil
	25,000	0.86	November 6, 2023	Nil
	25,000	0.86	November 6, 2023	Nil

Notes:

(1) Information for Mr. Pauls is reported in the corresponding table for NEOs above.

(2) Value is calculated based on the difference between the closing market price of the Corporation's common shares on the TSXV on December 31, 2014, which was $0.08, and the exercise price of the options, multiplied by the number of options.

Incentive Plan Awards – value vested or earned during the year

The following table shows the incentive plan awards value vested during 2014 as well as the annual cash incentive earned for each director during 2014.

Name[1]	Option-based awards – Value vested during the year ($)[2]	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Michael Giuffre	Nil	Nil	Nil
Richard Pilnik	Nil	Nil	Nil
Dawson Reimer	Nil	Nil	Nil
Thomas Wellner	Nil	Nil	Nil

Notes:

(1) Information for Mr. Pauls is reported in the corresponding table for NEOs above.

(2) The amount represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the market price of the common shares underlying the options on the TSXV on the vesting date and the exercise price of the options. Stock options that were out-of-the money at their respective vesting dates were valued at nil.

Securities Authorized for Issuance Under Equity Compensation Plans

Set forth below is a summary as at the end of the Corporation's most recently completed financial year of all securities to be issued pursuant to the Corporation's Stock Option Plan, being the only equity compensation plan of the Corporation.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights[1] (a)	Weighted-average exercise price of outstanding options, warrants and rights[1] (b)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding common Shares reflected in column (a))[1] (c)
Equity compensation plans approved by securityholders[1]	4,366,470	$1.01	4,366,470
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,366,470	$1.01	4,366,470

Notes:

(1) The equity compensation plans of the Corporation include the Option Plan and the DSU Plan. The number of securities to be issued upon exercise of stock options as at December 31, 2014 was 4,291,914 and the number of DSU units issued life-to-date is 74,556. The weighted-average exercise price of outstanding stock options was $1.01. The number of securities remaining available for future issuance under the Option Plan was 2,708,086 and under the DSU Plan was 1,925,444.

Indebtedness of Directors and Officers

As of December 31, 2014, the most recently completed financial year of the Corporation, none of the directors and officers is indebted to the Corporation.

Interest of Informed Persons in Material Transactions

Except as disclosed herein, no informed person of the Corporation and no proposed nominee for election as a director of the Corporation or any associates or affiliates of the foregoing persons has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction material to the Corporation since the commencement of the Corporation's last financial year.

Management Contracts

Except as set out herein, there are no management functions of the Corporation which are to any substantial degree performed by a person or company other than the directors or senior officers of the Corporation.

Auditor and Audit Committee

Auditor

KPMG LLP are the auditors of the Corporation.

Audit Committee

Composition

The Audit Committee of the Corporation is currently comprised of Thomas Wellner (Chair), Michael Giuffre and Dawson Reimer. If elected as a Director at the Meeting, James Parsons will join the Audit Committee, replacing Thomas Wellner as the chair. In the view of management of the Corporation, Thomas Wellner, Michael Giuffre and Dawson Reimer are independent members of the Audit Committee as determined in accordance with National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"). In the view of management of the Corporation, each proposed member of the Audit Committee is financially literate as determined in accordance with NI 52-110**.**

Charter

The Charter of the Audit Committee is attached as APPENDIX A.

Relevant Education and Experience

The current chair of the Corporation's Audit Committee, Thomas Wellner, is Chief Executive Officer of Revera Inc. Previously, he was Co-Chief Executive Officer of LifeLabs LP, President and CEO of CML HealthCare Inc., from February 2012 to October 2013 and President and CEO of Therapure Biopharma Inc. Michael Giuffre is Clinical Professor of Cardiac Sciences and Pediatrics at the University of Calgary.

Dawson Reimer is the President and COO of Medicure Inc. The proposed chair of the Corporation's Audit Committee, James Parsons, is the Chief Financial Officer of Trillium Therapeutics (formerly Stem Cell Therapeutics Corp.), is Chair of the Audit Committee for Sernova Corp. which is listed on the TSXV and was previously the Director, Finance, of Trillium Therapeutics Inc. and previously the Vice President, Finance of the Corporation. All members of the Audit Committee have been involved in the life sciences industry for many years and have significant experience reviewing and understanding financial statements while serving as senior executives for established life science companies.

Audit Committee Oversight

At no time since the commencement of the Corporation's financial year ended December 31, 2014 was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the board of directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's financial year ended December 31, 2014 has the Corporation relied on the exemption in section 2.4 of NI 52-110 (*de minimis* non-audit services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval of Policies and Procedures

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by its external auditors. The Audit Committee may delegate to one or more members of the Audit Committee the authority to pre-approve non-audit services, provided that the member(s) report to the Audit Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Audit Committee from time to time.

External Auditor Service Fees

During the last two completed financial years of the Corporation, the Corporation has incurred fees from its external auditor as follows:

Service Provider	Year	Audit Fees ($)[(1)]	Audit Related Fees ($)	Tax Fees ($)	All other Fees ($)
KPMG LLP	2014	204,009	Nil	8,400	Nil
	2013	122,750	Nil	6,000	Nil

Notes:

(1) Includes fees related to the fiscal year audit, notwithstanding when the fees and expenses were billed or when the services were rendered. For 2014 and 2013, these fees also relate to quarterly review engagements and services in connection with prospectus offerings.

The Corporation is relying upon the exemption contained in Section 6.1 of NI 52-110 on the basis that it is a venture issuer under that instrument.

Corporate Governance

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and accountable to the shareholders, and accounts for the role of management who are appointed by the Board of Directors and charged with the day-to-day management of the Corporation. The Board of Directors and senior management consider good corporate governance to be central to our effective and efficient operation. National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires the Corporation to disclose annually in its Circular certain information concerning its corporate governance practices, as set forth below.

Board of Directors

The Board of Directors is responsible for overseeing the management of the Corporation and for the conduct of the Corporation's affairs generally. Each director is elected annually by the shareholders and serves for a term that will end at the Corporation's next annual meeting. The Board of Directors has established a Corporate Governance Policy that describes the basic approach of the Corporation to corporate governance. The Board of Directors is currently comprised of five directors, four of which are independent within the meaning of NI 58-101. The independent directors for 2014 were Michael Giuffre, Richard Pilnik, Dawson Reimer and Thomas Wellner. The director who is not independent is Rick Pauls due to the fact that he currently holds the position of President and CEO of the Corporation. If elected to the Board of Directors at the Meeting, James Parsons will be an independent director. The Board of Directors meets on a regular basis, not less than four times per year, with management involved only as necessary. This ensures the Board of Directors' independence from management. In addition, the Board of Directors holds an in-camera session at the conclusion of each board meeting.

The Board of Directors facilitates its exercise of independent supervision over the Corporation's management through a combination of formal meetings of the Board of Directors and informal discussions amongst board members. Due to the small size of the Board and with a majority of independent directors, the Board managed governance matters both directly and through the Governance and Compensation committee. The Board of Directors looks to management of the Corporation to keep it apprised of all significant developments affecting the Corporation and its operations. All major acquisitions, dispositions, investments and contracts and other significant matters outside the ordinary course of the Corporation's business are subject to approval by the Board of Directors.

During the most recently completed financial year ended December 31, 2014, the Board of Directors held four formal board meetings. The remaining decisions during the year were passed by written resolution following informal discussions amongst the directors and management. The Board of Directors has no direct, day-to-day involvement with management and their decisions beyond what is approved by resolution during Board meetings.

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Board and Committee Meetings Held for the Fiscal Year Ended December 31, 2014

	Number of Meetings	Dates of Meetings
Board	6	January 13, April 28, June 27, September 15, November 14, November 24
Audit Committee	4	April 28, May 21, August 25, November 24
Compensation Committee	0	N/A
Total Number of Meetings Held	10	

Attendance of Directors for the Fiscal Year Ended December 31, 2014

Director	Board Meetings Attended	Audit Committee Meetings Attended[(1)]	Compensation Committee Meetings Attended[(1)]
Michael Giuffre	5	N/A	N/A
Rick Pauls	6	N/A	N/A
Richard Pilnik	6	N/A	N/A
Dawson Reimer	6	4	N/A
Thomas Wellner	5	4	N/A

Notes:

(1) Committee attendance is determined based on membership of the Committee during the year ended December 31, 2014.

Directorships

Directors of the Corporation who are also directors of other Reporting Issuers are noted below:

DIRECTOR	Other Public Directorships – Company Name
Rick Pauls	LED Medical Diagnostics Inc.
Thomas Wellner	Cipher Pharmeceuticals

James Parsons, who is not currently a director of the Corporation, but may be elected at the Meeting, is a director of Sernova Corp. which is a reporting issuer listed on the TSXV.

Orientation and Continuing Education

Though the Corporation does not have a formal orientation or continuing education program for new directors, the Board of Directors has established a Governance and Compensation Committee (see below)

that is responsible for the orientation and education of all new recruits to the Board of Directors. New directors are provided with access to recent, publicly filed documents of the Corporation, technical reports and internal financial information and given copies of all Board minutes and corporate governance materials. Directors are encouraged to ask questions and communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation.

Continuing education is an important compliance requirement to promote the competence and integrity of board members. This committee encourages the directors to take part in relevant education programs offered by appropriate regulatory bodies.

Ethical Business Conduct

Ethical business behaviour is of great importance to the Board of Directors and the management of the Corporation. The Corporation has instituted policies on disclosure, insider trading as well as a whistleblower policy for all staff and personnel to report any fraudulent or illegal acts on an anonymous basis directly to the Audit Committee chair.

In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar activities, the Board of Directors must comply with the conflict of interest provisions of *The Corporations Act* (Manitoba), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings which involve such conflict.

Corporate Governance and Compensation Committee

Our corporate Governance and Compensation Committee shall be composed of at least two members of our board, all of whom are considered

The Governance and Compensation Committee is responsible for recruiting and nominating new members to the Board of Directors and planning for the succession of directors. The Committee considers the advice and input from all directors regarding the qualifications of potential directors and the specific needs, expertise or vacancies required to be filled among the Board of Directors.

The Governance and Compensation Committee's mandate includes assessing the performance and determining the remuneration of the President and CEO of the Corporation and reviewing the adequacy and form of compensation of directors, based on an assessment of the responsibilities and risks involved in being an effective director.

Other Board Committees

The Corporation may establish special committees from time to time should the need arise. For a description of the audit committee, see "Auditor and Audit Committee" above and Appendix "A" hereto which contains a copy of the audit committee charter.

Assessments

The Governance and Compensation Committee is entrusted with the task of assessing the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors and the contributions of

individual directors. This committee makes recommendations with respect to the effectiveness of the entire Board of Directors, individual members and board committees when appropriate.

Additional Information

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative consolidated financial statements for the year ended December 31, 2014 and the related Management's Discussion and Analysis (MD&A). Each of these documents is available on SEDAR at www.sedar.com and are incorporated herein by reference.

Copies of these consolidated financial statements and MD&A may be obtained (in some cases upon payment of a reasonable charge if the request is made by a person or company that is not a securityholder of the Corporation) upon written request to Rick Pauls, President and CEO, DiaMedica Inc, c/o DiaMedica USA, One Carlson Parkway, Suite 124, Minneapolis, Minnesota, USA, 55447.

Approval of the Directors

The contents and the distribution of this Circular have been approved by the Board of Directors.

DATED this 18th day of September 2015.

DIAMEDICA INC.

Per: *(signed) "Richard Pilnik"*
Richard Pilnik
Chairman

APPENDIX "A"

DIAMEDICA INC.
AUDIT COMMITTEE CHARTER

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of DiaMedica Inc. ("**DiaMedica**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee are as follows:

- To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of DiaMedica and related matters;
- To provide effective communication between directors and external auditors;
- To enhance the external auditors' independence; and
- To increase the credibility and objectivity of financial reports.

Membership of Committee

1. The Committee shall be comprised of at least three (3) directors of DiaMedica. At least two (2) of the directors on the Committee shall be "independent" as such term is used in National Instrument 52-110 – Audit Committees.

2. The Board shall have the power to appoint the Committee Chairman.

Meetings

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.

2. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board.

3. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken.

4. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.

5. The Committee shall meet with the external auditors at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditors and the Committee consider appropriate.

Mandate and Responsibilities of Committee

1. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.

2. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to DiaMedica's internal control system:

    - identifying, monitoring and mitigating business risks; and
    - ensuring compliance with legal, ethical and regulatory requirements.

3. It is a responsibility of the Committee to review the annual financial statements of DiaMedica prior to their submission to the Board for approval. The process should include but not be limited to:

    - reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
    - reviewing significant accruals or other estimates such as the ceiling test calculation;
    - reviewing accounting treatment of unusual or non-recurring transactions;
    - ascertaining compliance with covenants under loan agreements;
    - reviewing disclosure requirements for commitments and contingencies;
    - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
    - reviewing unresolved differences between management and the external auditors; and
    - obtaining explanations of significant variances within comparative reporting periods.

4. The Committee is to review the financial statements (and make a recommendation to the Board with respect to their approval), prospectuses, management discussion and analysis and all public disclosure containing audited or unaudited financial information before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of DiaMedica's disclosure of all other financial information and shall periodically access the accuracy of those procedures.

5. With respect to the appointment of external auditors by the Board, the Committee shall:

    - recommend to the Board the appointment of the external auditors;

- recommend to the Board the terms of engagement of the external auditors, including the compensation of the external auditors and a confirmation that the external auditors shall report directly to the Committee; and

- when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.

6. The Committee shall review with external auditors (and the internal auditor if one is appointed by DiaMedica) their assessment of the internal controls of DiaMedica, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of DiaMedica and its subsidiaries.

7. The Committee must pre-approve all non-audit services to be provided to DiaMedica or its subsidiaries by the external auditors. The Committee may delegate to one or more members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.

8. The Committee shall review risk management policies and procedures of DiaMedica (i.e. hedging, litigation and insurance).

9. The Committee shall establish a procedure for:

    - the receipt, retention and treatment of complaints received by DiaMedica regarding accounting, internal accounting controls or auditing matters; and

    - the confidential, anonymous submission by employees and agents of DiaMedica of concerns regarding questionable accounting or auditing matters.

10. The Committee shall review and approve DiaMedica’s hiring policies regarding employees and former employees of the present and former external auditors of DiaMedica.

11. The Committee shall have the authority to investigate any financial activity of DiaMedica. All employees and agents of DiaMedica are to cooperate as requested by the Committee.

12. The Committee may retain any person having special expertise and/or obtain independent professional advice to assist in satisfying their responsibilities at the expense of DiaMedica without any further approval of the Board.