



DIAMEDICA THERAPEUTICS INC. CORPORATE GOVERNANCE GUIDELINES

Organization

The Board of Directors (the “Board”) of DiaMedica Therapeutics Inc. (the “Company”) has adopted the following Corporate Governance Guidelines (these “Guidelines”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Company and its shareholders. These Guidelines should be interpreted in the context of all applicable laws and the Company’s Notice of Articles and Articles and other corporate governance documents. These Guidelines acknowledge the leadership exercised by the Board’s standing committees and their chairs and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate and in the best interests of the Company and its shareholders or as required by applicable laws and regulations.

Board of Directors

Size of the Board

The Company’s Articles provide that until changed in accordance with applicable law, the number of directors, excluding additional directors appointed under Article 14.8 of the Articles, is set at the greater of three and the most recently set of: (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and (ii) the number of directors set under Article 14.4 of the Articles. The Nominating and Corporate Governance Committee will periodically review the size of the Board and may make recommendations to the Board regarding the size that is most effective in relation to future operations.

Independence of the Board

Except as otherwise permitted by the applicable Nasdaq Stock Market LLC (“Nasdaq”) rules and the rules of any other stock exchange on which the Company’s securities may then be listed, the Board will be comprised of a majority of directors who qualify as independent directors (the “Independent Directors”) as required under Nasdaq rules and other applicable stock exchange or other rules. To be considered independent under these requirements, the Board must determine that a director does not have any relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board is responsible for determining the independence of each director, which should be reviewed at least annually.

Separate Sessions of Independent Directors

The Independent Directors will meet in executive session without management present on a regular basis, but no less than twice per year. The Independent Directors will review the Company’s implementation of, and compliance with, these Guidelines and consider such matters as they may deem appropriate at such meetings.

Board Leadership Structure

The Board may select from its members a Chairman of the Board. The office of Chairman of the Board and the office of President and Chief Executive Officer (“Chief Executive Officer”) may or may not be held by one person. The Board believes it is best not to have a fixed policy on this issue and that it should be free to make this determination based on what it believes is best in the circumstances. The Nominating and Corporate Governance Committee will review periodically the Board’s leadership structure to assess whether it is appropriate given the specific characteristics and circumstances of the Company. If at any time, the Chief Executive Officer and Chairman of the Board are the same, the Board shall elect an Independent Director to serve as the lead Independent Director. The lead Independent Director will have the following duties and responsibilities in addition to such other duties and responsibilities as may be determined by the Board from time to time:

- (1) chairing the executive sessions of the Independent Directors and calling meetings of the Independent Directors;
- (2) determining the agenda for the executive sessions of the Independent Directors, and participating with the Chairman of the Board in establishing the agenda for Board meetings;
- (3) coordinating feedback among the Independent Directors and the Chief Executive Officer;
- (4) overseeing the development of appropriate responses to communications from shareholders and other interested persons addressed to the Independent Directors as a group;
- (5) on behalf of the Independent Directors, retaining legal counsel or other advisors as they deem appropriate in the conduct of their duties and responsibilities; and
- (6) performing such other duties as the Board deems appropriate from time to time.

Director Qualification Standards

The Company’s Articles provide certain qualification requirements for directors. The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate characteristics, skills and experience required for the Board as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current Board members), the Nominating and Corporate Governance Committee, in recommending candidates for election, and the Board, in approving (and, in the case of vacancies, appointing) such candidates, may take into account many factors, including, but not limited to: personal and professional integrity, ethics and values; experience in corporate management; finance experience; relevant social policy concerns; experience relevant to the Company’s industry; experience as a board member of another publicly held company; relevant academic expertise or other proficiency in an area of the Company’s operations; diversity of expertise and experience in substantive matters pertaining to the Company’s business relative to other board members; diversity of background and perspective; practical and mature business judgment, including, but not limited to, the ability to make independent analytical inquiries; and any other relevant qualifications, attributes or skills. The Board evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent shareholder interests through the exercise of sound judgment. In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee may also consider the director’s past attendance at meetings and participation in and contributions to the activities of the Board.

Selection of New Directors

Each year, at the annual meeting of shareholders, the Board will recommend a slate of directors for election by the shareholders. In accordance with the Articles of the Company, the Board will also be responsible for filling vacancies or newly-created directorships on the Board that may occur between annual general meetings of shareholders. The Nominating and Corporate Governance Committee is primarily responsible for identifying, screening and recommending candidates to the entire Board for Board membership.

Director Orientation

Management, working with the Nominating and Corporate Governance Committee, shall provide an orientation process for new directors, including background material on the Company and its business.

No Specific Limitation on Other Board Service

The Board does not believe that its non-employee directors should be prohibited from serving on boards of other organizations and has not adopted any guidelines limiting such activities provided that Audit Committee members will not serve on more than three public company audit committees simultaneously unless the Board determines that such simultaneous service would not impair the member's ability to serve effectively on the Audit Committee. However, the Nominating and Corporate Governance Committee may take into account the nature of and time involved in a director's service on other boards and/or committees in evaluating the suitability of individual director candidates and current directors and making its recommendations to the Company's shareholders.

Service on other boards and/or committees should be consistent with the Company's conflict of interest policies set forth below.

Directors Who Resign or Materially Change Their Current Positions With Their Own Company or Become Aware of Circumstances that May Adversely Reflect upon the Director or the Company

When a director, including any director who is currently an officer or employee of the Company, resigns or materially changes his or her position with his or her employer or becomes aware of circumstances that may adversely reflect upon the director or the Company, such director should notify the Nominating and Corporate Governance Committee of such circumstances. The Nominating and Corporate Governance Committee will consider the circumstances and may, in certain cases, consider requesting that the director submit his or her resignation from the Board.

Term Limits

As each director is subject to annual election by shareholders, the Board does not believe it is in the best interests of the Company to establish term limits at this time. Additionally, such term limits may cause the Company to lose the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company's business and therefore can provide an increasingly significant contribution to the Board.

Director Responsibilities

The business and affairs of the Company will be carried out under the oversight of the Board, including through one or more of its committees as set forth in the Articles and committee charters. Each director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. These include:

- (1) overseeing the conduct of the Company's business, to evaluate whether the business is being properly managed and to provide oversight to management in formulating corporate strategy;
- (2) reviewing and, where appropriate, approving the Company's major financial objectives, plans and actions;
- (3) reviewing and, where appropriate, approving major changes in, and determinations of other major issues respecting, the appropriate accounting principles and practices to be used in the preparation of the Company's financial statements;
- (4) reviewing and, where appropriate, approving major changes in, and determinations under, these Guidelines, the Company's Code of Business Conduct and Ethics and other Company policies;
- (5) reviewing and, where appropriate, approving actions to be undertaken by the Company that would result in a material change in the financial structure or control of the Company, the acquisition or disposition of any businesses or asset(s) material to the Company or the entry of the Company into any major new line of business;
- (6) reviewing the performance of the Chief Executive Officer and other executive officers, considering reports from the Compensation Committee;
- (7) planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other key executives, considering reports from the Compensation Committee; and
- (8) ensuring that the Company's business is conducted with the highest standards of ethical conduct and in conformity with applicable laws and regulations.

Compensation

Management directors will not be paid for their service as a Board member. To attract and retain qualified non-employee directors, non-employee director compensation should be competitive and reviewed periodically to ensure that it meets this standard. The Compensation Committee will review and make recommendations to the Board regarding director compensation. Except as otherwise permitted by the applicable Nasdaq rules, members of the Audit Committee and Compensation Committee may not directly or indirectly receive any compensation from the Company other than their directors' compensation, including any compensation for service on committees of the Board and the receipt of equity incentive awards.

Share Ownership

The Company encourages directors to own Company common shares. However, the number of Company common shares owned by any director is a personal decision and, at this time, the Board has chosen not to adopt a policy requiring ownership by directors of a minimum number of shares.

Conflicts of Interest

Directors are expected to avoid any action, position or interest that conflicts with the interests of the Company or gives the appearance of a conflict. If an actual or potential conflict of interest develops, the director should immediately report all facts regarding the matter to the Board. Any significant conflict must be resolved or the director will be asked to resign. If a director has a personal interest in a matter before the Board, the director must disclose the interest to the Board, excuse himself or herself from discussion on the matter and not vote on the matter. The Board may delegate any decision with respect to such transaction to the Audit Committee and/or Nominating and Corporate Governance Committee.

Interaction with Institutional Investors, the Press and Customers

The Board believes that management speaks for the Company. Each director should refer all inquiries from institutional investors, the press or customers regarding the Company's operations to management. Individual Board members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board.

Board Access to Senior Management

The Board will have complete access to Company management in order to ensure that directors can ask any questions and receive all information necessary to perform their duties. Directors should exercise judgment to ensure that their contact with management does not distract managers from their jobs or disturb the business operations of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Chairman of the Board, or if neither are available or neither is appropriate, directly by the director. To the extent appropriate, such contact, if in writing, should be copied to the Chief Executive Officer of the Company.

Board Access to Independent Advisors

The Board committees may hire independent advisors as set forth in their applicable charters. The Board as a whole shall have access to such advisors and such other independent advisors that the Company retains or that the Board considers necessary to discharge its responsibilities.

Self-Evaluation

The Board will evaluate periodically its performance, including a review of any areas in which the Board or management believes the Board can make a better contribution to the governance of the Company, as well as a review of the committee structure and an assessment of the Board's compliance with the principles set forth in these Guidelines.

Board Meetings

Frequency of Meetings

The Board will meet at least four (4) times annually. In addition, special meetings may be called from time to time as determined by the needs of the business. It is the responsibility of the directors to attend meetings.

Director Attendance

A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to regularly prepare for and attend meetings of the Board and all committees on which the director sits (including separate meetings of non-management directors and the Independent Directors), with the understanding that, on occasion, a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting, and, whenever possible, participate in such meeting via teleconference.

Attendance of Non-Directors

The Board encourages the Chairman of the Board or of any committee to invite Company management and outside advisors or consultants from time to time to participate in Board and/or committee meetings to (i) provide insight into items being discussed by the Board which involve the manager, advisor or consultant, (ii) make presentations to the Board on matters which involve the manager, advisor or consultant, and (iii) bring managers with high potential into contact with the Board. Attendance of non-directors at Board meetings is at the discretion of the Board.

Advance Receipt of Meeting Materials

Information regarding the topics to be considered at a meeting is essential to the Board's understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Board meeting will be distributed to the directors sufficiently in advance of each meeting to allow for meaningful review of such agenda and materials by the directors. Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.

Committee Matters

Number, Name, Responsibilities and Independence of Committees

The Board currently has three (3) committees: (i) the Audit Committee, (ii) the Compensation Committee and (iii) the Nominating and Corporate Governance Committee. Each Committee is composed entirely of Independent Directors, subject to any exceptions provided by the Nasdaq rules and applicable laws and regulations. From time to time and depending upon the circumstances, the Board may form a new committee or disband a current committee. Each committee will perform its duties as assigned by the Board in compliance with the Company's Articles and each committee's respective charter. Each committee shall meet as often as it deems necessary or desirable in order to perform its responsibilities. The Audit Committee shall periodically meet separately with management and with the Company's independent auditor.

Assignment and Rotation of Committee Members

Committee members and committee chairs will be assigned according to criteria set forth in the applicable committee charter and such other criteria that the Board determines to be appropriate in light of the responsibilities of each committee. Committee membership and the position of committee chair will not be rotated on a mandatory basis unless the Board determines that rotation is in the best interest of the Company.

Each member of the Audit Committee must satisfy the independence requirements of the U.S. federal securities laws, any applicable securities laws of the provinces and territories of Canada, and under the rules and regulations established by the SEC and the Nasdaq Stock Market, and any applicable laws, rules and regulations of any other stock exchange on which the Company's securities may be listed, and as may be amended from time to time. Without limiting the generality of the foregoing, except as otherwise permitted by the applicable Nasdaq rules, Rule 10A-3 under the Exchange Act (subject to the exemptions provided in Rule 10A-3), and must be financially literate, as determined by the Board in its business judgment, and at least one (1) member of the Audit Committee must have accounting or related financial management expertise as determined by the Board in its business judgment. In addition, at least one (1) member of the Audit Committee must meet the definition of "audit committee financial expert" as determined by the Board in its business judgment in accordance with Item 407(d) of Regulation S-K.

Committee Self-Evaluations

Each committee will evaluate periodically its performance.

Leadership Development

CEO Evaluation

The Board will ensure that a process is in place, utilizing the Compensation Committee, to annually evaluate the performance of the Chief Executive Officer and to provide a summary of the Board's review to the Chief Executive Officer. The process shall ensure that each outside director has the opportunity to provide written or oral input prior to the evaluation being provided to the Chief Executive Officer.

Succession Planning

The Board (or a committee delegated by the Board or the Compensation Committee) will work on a periodic basis with the Chief Executive Officer to evaluate the Company's succession plans upon the retirement or unplanned vacancy of the Chief Executive Officer and other senior executives and in the event of an unexpected occurrence.

Management Development

The Board (or a committee delegated by the Board or the Nominating and Corporate Governance Committee) will work on a periodic basis with the Chief Executive Officer to evaluate the Company's management and talent development plans for senior executives and other key employees.

Retirement and Resignation Policy

Director and officer retirements and resignations shall be communicated in advance and in writing to the Company's Chairman of the Board, Chief Executive Officer or Corporate Secretary.

Loans to Directors and Executive Officers

Loans from the Company to directors and executive officers are prohibited.

Director Attendance at Annual General Meeting of Shareholders

Directors are encouraged, but not required, to attend our annual general meeting of shareholders, if their schedules permit.

Oversight of Risk Management

The Board and the committees of the Board shall have an active role in overseeing management of the Company's risks. The Board shall regularly review information regarding the Company's credit, liquidity and operations, as well as the risks associated with each. The Compensation Committee shall be responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Audit Committee shall oversee management of financial and accounting risks. The Nominating and Corporate Governance Committee shall manage risks associated with the independence of the Board, potential conflicts of interest and compliance with legal and regulatory requirements as well as our ethical standards and policies, other than with respect to matters relating to our financial statements and financial reporting obligations and any accounting, internal accounting controls or auditing matters, which matters are within the purview of the Audit Committee. While each committee

shall be responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks.

Communication with Directors

Any shareholder who desires to communicate with the Board or any specified individual director, may do so by directing such correspondence to the attention of the Corporate Secretary, DiaMedica Therapeutics Inc., 2 Carlson Parkway, Suite 260, Minneapolis, MN 55447. The Corporate Secretary will forward the communication to the Board members or individual director as appropriate.

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Approved by Board of Directors of
DiaMedica Therapeutics Inc.
March 17, 2020