

September 8, 2016



DiaMedica Completes Second Tranche of Non-Brokered Private Placement With Hermed Capital

WINNIPEG, MANITOBA and MINNEAPOLIS, MINNESOTA -- (Marketwired) -- 09/08/16 -- DiaMedica Inc. (the "**Company**") (TSX VENTURE:DMA)(OTCQB:DMCAF) is pleased to announce that it has closed the second tranche of a non-brokered private placement previously announced on July 17, 2016. The second tranche was an investment of USD\$3.0 million by Hermed Capital Healthcare Fund ("**Hermed**") for 15 million common shares of the Company at USD\$0.20 per share.

DiaMedica intends to use the offering proceeds toward advancing its research and development programs including an upcoming DM199 clinical trial and general corporate purposes.

The common shares issued in connection to the second tranche of the private placement are subject to a restricted period that expires four months after the issuance date. Both tranches of the private placement have received final approval of the TSX Venture Exchange. A finder's fee equal to 5% of the aggregate gross proceeds raised under the private placement may be payable to a person arm's length to the Company.

About DiaMedica

DiaMedica is a publicly-traded clinical stage biopharmaceutical company focused on developing novel treatments for neurological and kidney diseases. DiaMedica's shares are listed on the TSX Venture Exchange under the trading symbol "DMA" and on the OTCQB under the trading symbol "DMCAF".

About Hermed Capital

Hermed Capital Fund (the "**Fund**") is a private equity fund that invests primarily in the healthcare industry. The Fund was initiated through a partnership between Fosun Pharmaceutical Group ("**Fosun Pharma**") and SK Group ("**SK**"), as the General Partners and anchored investors.

Established in 1994 and listed on both the Shanghai and Hong Kong Stock Exchanges, Fosun Pharma (600196-SH; 02196-HK) is one of the largest healthcare conglomerates in China. In addition, the company has a leading domestic market position and unmatched advantages in pharmaceutical distribution and retail, healthcare services, diagnostic products, and medical devices, and maintains a strong focus on research and development, and manufacturing.

SK is a leading conglomerate in Korea, being one of the nation's economic pillars,

accounting for 11% of the country's GDP and 11% of exports. SK is mainly engaged in energy and chemicals; information and telecommunication; marketing and logistics services; biopharmaceuticals; and real estate. Moreover, as a world-class pharmaceutical and healthcare service operator with prominent capability in research and development, SK has its research and development labs, manufacturing facilities, and distribution channels in different countries, including Korea, the United States, and China.

FORWARD-LOOKING STATEMENTS

The statements made in this press release that are not historical facts contain forward-looking information that involves risk and uncertainties. All statements, other than statements of historical facts, which address DiaMedica's expectations, should be considered forward-looking statements. Such statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements. You should not place undue reliance on these forward-looking statements. Forward looking statements in this news release include, but are not limited to, the Company's objectives, goals, future plans and statements regarding the use of proceeds from the private placement. Factors that could cause actual results to differ materially from such forward-looking information described in detail in the DiaMedica's filings with the Canadian securities regulators, all of which are available on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results could differ materially from those anticipated in these forward-looking statements. DiaMedica undertakes no obligation, and does not intend, to update, revise or otherwise publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events, unless required by law. Although management believes that expectations are based on reasonable assumptions, no assurance can be given that these expectations will materialize.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of the contents of this press release.

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