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DiaMedica Announces Regulatory Clearance to Initiate Bridging Clinical Trial for DM199

MINNEAPOLIS, MINNESOTA -- (Marketwired) -- 09/12/16 -- DiaMedica Inc. (the "***Company***") (TSX VENTURE:DMA)(OTCQB:DMCAF) DiaMedica announced that it has received regulatory clearance in Australia to initiate a Phase 1b study with DM199, a novel recombinant tissue kallikrein ("rKLK1") protein under development for acute ischemic stroke and kidney diseases. Overall, this clinical study is designed to assess the safety, tolerability, pharmacokinetics and pharmacodynamics of DM199 in healthy volunteers.

Specifically, the study will compare multiple doses of intravenous and subcutaneous dosing of DM199, to identify a dose and delivery route that most closely compares to or improves the pharmacokinetic and pharmacodynamic profile of the approved urinary tissue kallikrein ("uKLK1"), trade name Kailikang®. Kailikang® via daily intravenous delivery has been approved and is believed to be widely used in the Republic of China for the treatment of acute ischemic stroke.

"The Australian Human Research Ethics Committee acceptance represents a significant milestone for DiaMedica," stated Todd Verdoorn, DiaMedica's Chief Scientific Officer. "We look forward to the upcoming initiation of the clinical study with patient enrollment to begin this fall."

"This clinical trial will build upon our previous clinical studies that demonstrated DM199 is safe, well tolerated, and has significant activity in humans consistent with the proposed mechanism of action," said Rick Pauls, President and CEO of DiaMedica.

About DM199

DM199, is a recombinant (synthetic) human tissue kallikrien ("rhKLK-1") protein to treat neurological and kidney diseases. DiaMedica has completed four clinical trials with DM199 including single ascending doses, multiple ascending doses, and a pilot study in Type 2 diabetic patients. In addition to a having a good safety and tolerability profile, DM199 showed significant activity on blood pressure over the course of treatment in multiple clinical studies. The dose limiting tolerability was orthostatic hypotension at dose levels greater than those anticipated to be effective for treating disease. These obserations are consistent with the DM199 mechanism of action and its effect in pre-clinical studies.

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".

FORWARD-LOOKINGSTATEMENTS

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.

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