The Sanford Project to Present Results of DiaMedica's DM-199 for Type 1 Diabetes at the IDF World Diabetes Congress Conference

WINNIPEG, MANITOBA--(Marketwire - Sept. 27, 2011) -DiaMedica (TSX VENTURE:DMA) today announces that Dr. Alexi Savinov of The Sanford Project has been invited to present a poster based on its late-breaking abstract, detailing results of pre-clinical studies of DM-199 for the treatment of Type 1 diabetes. The material will be presented December 4-9, 2011 at the 21st biennial World Diabetes Congress organized by the International Diabetes Federation (IDF) in Dubai, United Arab Emirates.

The poster is entitled "Novel DM-199 compound provides potent protection against diabetes development in non-obese diabetic (NOD) mouse model by modulating autoimmunity."

The Sanford Project and DiaMedica previously announced high-level results that DM-199 administration to NOD mice, the gold standard animal model for Type 1 diabetes, prevented the autoimmune attack and thereby the destruction of insulin-producing beta cells in the pancreas which causes Type 1 diabetes. The DM-199 program has now demonstrated efficacy in three critical areas of Type 1 diabetes treatment; immune therapy, beta cell therapy and glucose control.

The research was a collaborative effort between DiaMedica and The Sanford Project, a research initiative at Sanford Health which has the goal to research and cure Type 1 diabetes. "We look forward to sharing greater details of the extremely promising results of DM-199 treatment for Type 1 diabetes at the IDF World Diabetes Congress," stated Dr. Alexei Savinov, MD, The Sanford Project.

About The Sanford Project

The Sanford Project is one of the four initiatives made possible through Denny Sanford's transformational gift to Sanford Health in 2007. From its inception, The Sanford Project was "designed for results." Sanford Health will combine clinical components of patient care and science into one of the most promising and fast-moving fields of research; regenerative medicine. Their goal is to research and cure Type 1 diabetes, all in pursuit of a healthy future for our children. For further information please visit www.sanfordproject.org.

About DiaMedica

DiaMedica is a biopharmaceutical company that has developed novel therapeutic compounds aimed to improve the lives of patients with diabetes and other major, medically-unmet diseases. DiaMedica's lead compound, DM-199, represents a novel approach to
treating Type 1 and Type 2 diabetes by demonstrating significant results against three major aspects of these diseases: 1) halting the autoimmune attack on beta cells; 2) proliferating insulin producing beta cells and 3) improving glucose control.

DiaMedica is also developing DM-204, a monoclonal antibody that inhibits the enzyme glycogen synthase kinase 3 beta (GSK3B). In pre-clinical studies, DM-204 significantly improved glucose control and decreased blood pressure.

The company is listed on the TSX Venture Exchange under the trading symbol 'DMA'.

**Caution Regarding Forward-Looking Information**

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. These statements reflect a current view of future events and are subject to certain risks and uncertainties as contained in the Company's filings with Canadian securities regulatory authorities. 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. The Company 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. Although management believes that expectations are based on reasonable assumptions, no assurance can be given that these expectations will materialize.

**CONTACT INFORMATION**

DiaMedica Inc.
Rick Pauls
President & CEO
204.477.7590
204.453.3745 (FAX)
rpauls@diamedica.com