FOR IMMEDIATE RELEASE

Sun BioPharma Announces U.S. FDA Grants IND for SBP-101 Pancreas Special Effect First in-Class Compound

Phase 1 Clinical Study Expected to Begin By End of Year

Minneapolis, MN, August 31, 2015 - Sun BioPharma Inc., a privately-held, pre-clinical biopharmaceutical company announced today that the U.S. Food and Drug Administration (FDA) has granted Investigational New Drug (IND) status to its lead development candidate, SBP-101, a polyamine analogue compound licensed from the University of Florida with therapeutic potential for both pancreatic cancer and pancreatitis indications. As a result of FDA acceptance of the IND, a Phase 1 clinical study of SBP-101 to treat patients with pancreatic ductal adenocarcinoma (PDA), the most common form of pancreatic cancer, is expected to begin in Australia prior to the end of 2015 and in the United States during the first quarter of 2016.

"FDA acceptance of this IND is a major milestone for the development of SBP-101," said Dr. Michael Cullen, Executive Chairman of Sun BioPharma. "We believe SBP-101 is a potentially disruptive approach to pancreatic cancer and represents a potential first and only pancreatitis therapeutic agent. We look forward to working with our lead clinicians in Australia and the United States as we prepare for the treatment of pancreatic cancer patients by the end of this year."

“It is gratifying that our discovery will now be studied in patients having a critical unmet medical need,” added Raymond J. Bergeron, inventor of SBP-101 and Professor, University of Florida Departments of Medicine and Medicinal Chemistry, Gainesville, Florida.

Sun BioPharma licensed SBP-101 from the University of Florida in 2011 after xenograft studies of human pancreatic cancer cells transplanted into mice indicated that SBP-101 suppresses both primary and metastatic growth of these cells. To facilitate and accelerate the development of this compound in the pancreatic cancer indication, Sun BioPharma has also acquired data and materials related to this technology from other researchers. Management believes that SBP-101, if successfully developed, may represent a novel approach that effectively treats both pancreatic cancer and pancreatitis, and could become the dominant product in these markets. Only three treatment options for pancreatic cancer have been approved by the United States Food & Drug Administration (FDA) in the last 20 years, and no drugs have been approved for the specific treatment of patients with pancreatitis. Pancreatic cancer is expected to be the second leading cause of cancer deaths in the US by 2020, surpassed only by lung cancer. PDA represents approximately 95% of all pancreatic cancers, with a 5-year survival rate of approximately 6%. Pancreatic cancer diagnosis is usually delayed; by the time diagnosis has been made, the cancer has often metastasized and cannot be dealt with via surgery. The prognosis for such patients is poor and most die from complications due to disease progression.

About SBP-101

SBP-101 is a first-in-class proprietary polyamine compound designed to exert therapeutic effect in a mechanism specific to the pancreas. Sun BioPharma originally licensed SBP-101 from the University of Florida in 2011. The molecule has been shown to be highly effective in human pancreatic cancer models, demonstrating superior activity to existing chemotherapy agents. Combination potential has also been shown for pancreatic cancer. SBP-101 is expected to hold an edge over current pancreatic cancer therapies, since it specifically targets the exocrine

pancreas and can eliminate both primary and metastatic pancreatic cancer, while leaving the insulin-producing islet cells and non-pancreatic tissue unharmed.

About Sun BioPharma

With offices in Gainesville, FL and Waconia, MN, Sun BioPharma Inc. is a privately-held next-generation biopharmaceutical company developing disruptive therapeutics for severe unmet medical needs. The company's initial programs are aimed at diseases of the pancreas, including pancreatitis and pancreatic cancer. Sun BioPharma has clinical collaborations with pancreatic disease experts at The Ohio State University, the Fred Hutchinson Cancer Center in Seattle, Translational Genomics (TGen) in Scottsdale, AZ, the Austin Health Cancer Trials Centre and the Box Hill Hospital in Melbourne, Australia and the Ashford Cancer Centre in Adelaide, Australia. Further information can be found at: www.sunbiopharma.com.

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