Sun BioPharma, Inc. Provides a Business Update and Files Report for Q3 2018

- Sun BioPharma, Inc. opens third site in Melbourne, Australia in Front-Line Combination Study of SBP-101 with Gemcitabine and nab-Paclitaxel for the Treatment of Patients with Metastatic Pancreatic Cancer
- Company announces leadership changes
- Results of new pancreatitis study presented at American Pancreatic Association meeting

MINNEAPOLIS, MN, November 5, 2018 (GLOBE NEWSWIRE) – Sun BioPharma, Inc. (OTCQB:SNBP), a clinical stage biopharmaceutical company developing disruptive therapeutics for the treatment of pancreatic diseases, today provides a business update and reports financial results for the quarter ended September 30, 2018.

Front-Line Combination PDA Study

The Company's newest trial, a Phase 1a/1b combination of SBP-101 with gemcitabine and nab-paclitaxel in patients previously untreated for metastatic pancreatic ductal adenocarcinoma (PDA), continued to enroll patients in the quarter ended September 30, 2018. The Phase 1a portion of this study will treat up to 18 PDA patients in three cohorts to determine a recommended dose of SBP-101 to be given in combination with standard treatment. The Phase 1b portion will be an expansion at the recommended dose of SBP-101 and will guide SBP-101's subsequent development for patients with PDA. This multi-center, front-line study has 3 sites in Australia, The Austin Health Cancer Trials Centre in Melbourne, The Adelaide Cancer Centre in Adelaide, The Blacktown Cancer and Haematology Centre in Sydney and one site in the United States, The University of Florida Health Cancer Center in Gainesville, Florida.

Suzanne Gagnon, MD, Chief Medical Officer for Sun BioPharma, Inc. commented, "We are delighted to have our Melbourne site open for this second study since Austin Health was the top enroller in our first-in-human study of SBP-101 monotherapy. We continue to appreciate the hard work by all of our sites to get this second study enrolled expeditiously."

Leadership changes announced

Effective October 31, 2018, Michael Cullen, MD, MBA, the company's Executive Chairman, has accepted the additional responsibilities of President and CEO of Sun BioPharma, Inc. and its wholly owned subsidiary, Sun BioPharma Australia Pty Ltd. David Kaysen has resigned as President, CEO and Board member. These changes were the result of the need for cost

reductions to focus further spending on the current Phase 1a/1b clinical trial in the front-line combination study of SBP-101 with gemcitabine and nab-paclitaxel for the treatment of patients with metastatic pancreatic cancer.

Michael Cullen, Executive Chairman, President and CEO commented, "Sun BioPharma is excited to continue with optimized operational efficiency in our current front-line study for patients with metastatic pancreatic cancer. The Company and our patients are grateful for the support of our investors."

New study results presented at American Pancreatic Association meeting

Sun BioPharma presented the results of a new pancreatitis study entitled "Effect of SBP-101 in a Mouse Model of Cerulein-induced Acute Pancreatitis" at the American Pancreatic Association meeting in Miami, FL on November 1, 2018.

The study, performed in collaboration with Cedars-Sinai Medical Center in Los Angeles, CA and funded by the National Institutes of Health, evaluated the ability of SBP-101, a polyamine metabolic inhibitor (PMI), to impact the course of acute pancreatitis using different formulations and dosing regimens. "In some instances, administration of SBP-101 was able to decrease levels of amylase and lipase, markers of acute pancreatitis in the blood, and reduce swelling and inflammation in the pancreas", said Michael Walker, MD, Director of Pancreatic Research at Sun BioPharma and one of the study's co-Principal Investigators.

Financial Results for the Three- and Nine-Months ending September 30, 2018

Operating Results

General and administrative ("G&A") expenses decreased 9.3% to $467,000 in the third quarter of 2018 down from $515,000 in the third quarter of 2017. G&A decreased 21.0% to 1.8 million in the nine months ended September 30, 2018, down from $2.3 million in the nine months ended September 30, 2017. The decrease in the third quarter is due primarily to a decrease in salary compensation expense. The decrease in the nine months ended September 30, 2018 is due primarily to lower salary expense associated with the waiver of contingent payments which occurred in February of 2018.

Our research and development ("R&D") expenses decreased 15.1% to $450,000 in the third quarter of 2018 down from $530,000 in the third quarter of 2017. R&D decreased 24.6% to 1.5 million in the nine months ended September 30, 2018, down from $2.0 million in the nine months ended September 30, 2017. The decrease for both the quarter and the six months ended September 30, 2018 was due primarily to decreased salary expense associated with fewer employees and less than expected spending on the Company's new clinical study which just began dosing patients in the second quarter.

Other net expense was $64,000 and $371,000 for the three months ended September 30, 2018 and 2017, respectively. Other expense in the current quarter was primarily currency loss related

to our wholey owned Australian subsidiary. Other expense in the quarter ended September 30, 2017 was primarily interest expense on the Company's convertible notes payable. On May 16, 2018 these notes were converted to common stock and warrants per the original terms of the notes. Other net expense decreased 53.6% to $2.1 million in the nine months ended September 30, 2018. This decrease is due primarily to the loss on induced debt conversion of $3.6 million which was included in the nine months ended September 30, 2017.

Net loss in the third quarter of 2018 was $927,000, or $0.18 per diluted share, compared to a net loss of $1.3 million, or $0.33 per diluted share, in the third quarter of 2017. The net loss for the nine months ended September 30, 2018 was $5.2 million, or $1.14 per diluted share, compared to a net loss of $8.2 million, or $2.33 per diluted share, for the nine months ended September 30, 2017.

Balance Sheet and Cash Flow

Total cash was $239,000 as of September 30, 2018, compared to $152,000 as of December 31, 2017. Total current assets were $892,000 and $767,000 as of September 30, 2018, and December 31, 2017, respectively. An increase in cash as the result of our sale of equity securities in the 2018 Purchase Agreements totaling $2.3 million was offset by cash used to fund operations.

Current liabilities decreased to $1.5 million as of September 30, 2018, compared to $4.2 million as of December 31, 2017. The decrease in current liabilities resulted primarily from the conversion of the Company's convertible notes payable, totaling approximately $3.3 million in principal and accrued interest, for common stock and warrants and from the waiver of contingent payment obligations of $1.1 million.

Net cash used in operating activities was $2.2 million in the nine-months ended September 30, 2018, compared to $2.6 million in the same period of the prior year. The net cash used in each of these periods primarily reflects the net loss for these periods and was partially offset by the effects of changes in operating assets and liabilities. In the nine months ended September 30, 2017, the net loss is also offset by non-cash charges recorded for the loss on induced debt conversion and share-based compensation.

About SBP-101

SBP-101 is a first-in-class, proprietary, polyamine compound designed to exert therapeutic effects in a mechanism specific to the pancreas. Sun BioPharma originally licensed SBP-101 from the University of Florida Research Foundation in 2011. The molecule has been shown to be highly effective in preclinical studies of human pancreatic cancer models, demonstrating superior activity to existing FDA-approved chemotherapy agents. Combination therapy potential has also been shown for pancreatic cancer. SBP-101 is expected to differ from current pancreatic cancer therapies in that it specifically targets the exocrine pancreas and has shown efficacy against primary and metastatic disease in animal models of human pancreatic cancer. Therefore, management believes that SBP-101 may effectively treat both primary and metastatic pancreatic cancer, while leaving the insulin-producing islet cells and non-pancreatic tissue unharmed. The

safety and metabolic profile demonstrated in our first-in-human safety study further supports evaluation of the potential for additive or synergistic effects in combination with current standard pancreatic cancer treatment.

About Sun BioPharma

Sun BioPharma Inc. is a clinical-stage biopharmaceutical company developing disruptive therapeutics for urgent unmet medical needs. The Company's development programs target diseases of the pancreas, including pancreatic cancer and pancreatitis; the Company's initial product candidate is SBP-101 for the treatment of patients with pancreatic cancer. SBP-101 was invented by Raymond Bergeron, Ph.D., a Distinguished Professor Emeritus at the University of Florida. Sun BioPharma has scientific collaborations with pancreatic disease experts at Cedars Sinai Medical Center in Los Angeles, the University of Miami, the University of Florida, the Austin Health Cancer Trials Centre in Melbourne, Australia, the Ashford Cancer Centre in Adelaide, Australia and The Blacktown Cancer and Haemotology Centre in Sydney, Australia. The Company's independent Data Safety Monitoring Board (DSMB) is Chaired by James Abbruzzese, MD, Professor of Medicine, Charles Johnson, M.D. Professor of Medicine, a member of the Duke Cancer Institute and Chief, Division of Medical Oncology at Duke University School of Medicine. Professor David Goldstein, FRACP, Senior Staff Specialist at the Prince Henry & Prince of Wales Hospital / Cancer Care Centre in Sydney, Australia is Co-Chair of the DSMB. Further information can be found at: www.sunbiopharma.com. Sun BioPharma's common stock is currently quoted on the OTCQB tier of the over-the-counter markets administered by the OTC Markets Group, Inc. under the symbol: SNBP.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. For example, statements regarding the Company's next study, the timing and effects of the reverse stock split and potential eligibility and approval for listing on a national securities exchange are forward-looking statements. Any other statements that are not historical fact (including, but not limited to statements that contain words such as "will", "believes," "may," "anticipates," "expects," "estimates" or "plans") should also be considered to be forward-looking statements. Forward-looking statements are not a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time the statements are made and involve known and unknown risks, uncertainties and other factors that may cause our results, levels of activity, performance or achievements to be materially different from the information expressed or implied by such forward-looking statements, including, without limitation, the anticipated timing of first patient enrollment, our need to obtain additional capital, which may not be available on acceptable terms or at all, risks inherent in the development and/or commercialization of potential products, uncertainty in the results or timing of clinical trials or regulatory approvals, timing of necessary regulatory processes relating to the reverse stock split, and other material changes in our business that could jeopardize our ability to qualify for listing on a national securities exchange. Actual results may differ materially from the results anticipated in these forward-looking statements and as such should be evaluated together with the many uncertainties that affect the Company and

its business, particularly those disclosed from time to time in its filings with the Securities and Exchange Commission. Stockholders and other readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. The Company disclaims any intent or obligation to update these forward-looking statements.

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Sun BioPharma, Inc
Consolidated Statements of Operations and Comprehensive Loss (unaudited)
(In thousands, except share and per share amounts)

	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	Percent Change	2018	2017	Percent Change
Operating expenses:						
General and administrative	$ 467	$ 515	-9.3%	$ 1,779	$ 2,252	-21.0%
Research and development	450	530	-15.1%	1,475	1,955	-24.6%
Operating loss	(917)	(1,045)	-12.2%	(3,254)	(4,207)	-22.7%
Other income (expense):						
Interest income	-	1	-100.0%	-	1	-100.0%
Grant income	29	27	7.4%	51	110	-53.6%
Interest expense	(3)	(474)	-99.4%	(1,763)	(1,145)	54.0%
Loss on induced debt conversions	-	-	-	-	(3,696)	-100.0%
Other income	(90)	75	-220.0%	(362)	264	-237.1%
Total other income (expense)	(64)	(371)	-82.7%	(2,074)	(4,466)	-53.6%
Loss before income tax benefit	(981)	(1,416)	-30.7%	(5,328)	(8,673)	-38.6%
Income tax benefit	54	197	-72.6%	163	460	-64.6%
Net loss	(927)	(1,219)	-24.0%	(5,165)	(8,213)	-37.1%
Foreign currency translation adjustment loss	255	(62)	-511.3%	324	(246)	-231.7%
Comprehensive Loss	$ (672)	$ (1,281)	-47.5%	$ (4,841)	$ (8,459)	-42.8%
Basic and diluted net loss per share	$ (0.18)	$ (0.33)	-45.5%	$ (1.14)	$ (2.33)	-51.1%
Weighted average shares outstanding - basic and diluted	5,060,594	3,670,443	37.9%	4,522,606	3,518,839	28.5%

Sun BioPharma, Inc.
Consolidated Balance Sheets (unaudited)
(In thousands, except share amounts)

ASSETS	September 30, 2018 (Unaudited)	December 31, 2017
Current Assets:		
Cash	$ 239	$ 152
Prepaid expenses and other current assets	115	195
Income tax receivable	538	420
Total current assets	892	767
Other noncurrent assets	53	-
Total Assets	$ 945	$ 767
LIABILITITES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 1,017	$ 1,196
Accrued expenses	140	1,254
Convertible notes payable, net	25	1,525
Term debt, current portion	300	14
Accrued interest	5	181
Total current liabilities	1,487	4,170
Long-term liabilities:		
Term debt, noncurrent portion	-	286
Total long-term liabilities	-	286
Stockholders' deficit:		
Preferred stock, $0.001 par value; 10,000,000 authorized; no shares issued or outstanding as of September 30, 2018 and December 31, 2017	-	-
Common stock, $0.001 par value; 100,000,000 authorized; 5,060,594 and 3,841,652 shares issued and outstanding, as of September 30, 2018 and December 31, 2017, respectively	5	4
Additional paid-in capital	33,612	25,625
Accumulated deficit	(34,318)	(29,153)
Accumulated comprehensive income (loss)	159	(165)
Total stockholders' deficit	(542)	(3,689)
Total liabilities and stockholders' deficit	$ 945	$ 767

Sun BioPharma, Inc.
Consolidated Statements of Cash Flows (unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	$ (5,165)	$ (8,213)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on induced debt conversions	-	3,696
Stock-based compensation	1,202	1,167
Amortization of debt discount	1,687	961
Amortization of debt issuance costs	9	53
Non-cash interest expense	6	87
Changes in operating assets and liabilities:		
Income tax receivable	(157)	9
Prepaid expenses and other current assets	23	(131)
Accounts payable	186	(654)
Accrued liabilities	(16)	406
Net cash used in operating activities	(2,225)	(2,619)
Cash flows from financing activities:		
Net proceeds from the sale of convertible promissory notes	-	3,059
Net proceeds from sale of common stock and warrants	2,314	-
Proceeds from the exercise of stock options	-	28
Proceeeds from exercise of stock purchase warrants	-	19
Net cash provided by financing activities	2,314	3,106
Effect of exchange rate changes on cash	(2)	18
Net increase in cash	87	505
Cash at beginning of period	152	438
Cash at end of period	$ 239	$ 943
Supplemental disclosure of cash flow information:		
Cash paid during period for interest	$ 61	$ 5
Supplemental disclosure of non-cash transactions:		
Conversion of convertible notes payable and accrued interest into common stock	$ 350	$ 2,888
Conversion of convertible notes payable and accrued interest into common stock and warrants	$ 2,908	$ -
Intrinsic value of beneficial conversion feature in convertible notes	$ 121	$ 2,954
Conversion of demand notes into common stock	$ -	$ 250
Options granted in exchange for release from contingent payment obligations	$ 1,094	$ -