

**SUN BIOPHARMA, INC.**  
**DISCLOSURE POLICY**  
**(Adopted as of September 12, 2016)**

**PURPOSE**

Sun BioPharma, Inc. (“Sun BioPharma”, “we”, or “our”) recognizes that providing information to the public is a very important and sensitive function. It is our policy that all disclosures we make to the public, including our stockholders and the investment community, should (i) be accurate, complete and timely, (ii) fairly present, in all material respects, our financial condition, results of operations and cash flows, and (iii) meet any other applicable legal, regulatory or stock exchange requirements.

Our disclosure practices are designed to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission (SEC), and accumulated and communicated to our management, including our principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our disclosure practices are also designed to ensure that information we disclose, to all investors and other interested persons, is on a fair and even basis in accordance with all applicable securities and other laws, including the selective disclosure rules of Regulation FD under the Securities Exchange Act of 1934, as amended.

The purpose of this policy is to inform all Sun BioPharma personnel of their continuing obligation to keep our Executive Chairman (EC), Chief Executive Officer (CEO) and Chief Financial Officer (CFO) fully informed of all material information about developments at or affecting our Company in order for the EC, CEO and CFO to determine their materiality and appropriateness of and timing for public release of the information or whether the information should remain confidential. This policy also sets forth who is authorized to speak on behalf of Sun BioPharma to analysts, market professionals, investors, the media and other third parties and what information about Sun BioPharma will be available to the public on a regular basis

**SCOPE**

This policy applies to all full and part-time employees and independent consultants, including officers and directors, of Sun BioPharma and its subsidiaries and affiliates. It covers disclosures contained in documents we file with or furnish to the SEC and written statements made in our annual, quarterly and current reports, proxy statements, press releases, letters to stockholders, and information contained on our Internet website. It also covers oral statements made on our behalf in speeches, interviews with the media, and group and individual meetings or telephone conferences with analysts, market professionals, investors, the media, and other third parties.

## **OFFICIALS AUTHORIZED TO SPEAK ON BEHALF OF SUN BIOPHARMA**

Sun BioPharma has designated its EC, CEO and CFO as our company spokespersons. Only such spokespersons are authorized to speak with analysts, market professionals, investors and members of the media or issue statements on our behalf. Other Sun BioPharma personnel are prohibited from communicating information about Sun BioPharma to such persons, unless specifically asked to do so by the EC, CEO and CFO, and are directed to refer all inquiries from such persons to such spokespersons. In certain limited situations, the EC, CEO and CFO may authorize additional individuals to speak on our behalf or to respond to specific inquiries from the investment community or media. Authorization by the EC, CEO and CFO must occur, however, prior to the individual's communication.

## **DISCLOSURE OF MATERIAL NONPUBLIC INFORMATION**

Sun BioPharma personnel must keep the EC, CEO and CFO fully informed of all material information about developments at or affecting our Company in order for the EC, CEO and CFO to determine their materiality and appropriateness of and timing for public release of the information or whether the information should remain confidential.

We may disclose material nonpublic information only in a manner that ensures broad and non-exclusionary communication to the public and is consistent with SEC and NASDAQ rules. Such public disclosure may be effected by: (i) the issuance of a press release through a widely disseminated news or wire service; (ii) the filing with or furnishing to the SEC a current report on Form 8-K or other periodic SEC report; (iii) the initiation of a webcast and/or telephone conference to which the public has been notified and invited in advance through a press release; or (iv) any combination of these methods or any other method or combination of methods that is reasonably designed to provide broad, non-exclusionary distribution of the information to the public. The determination of when and the manner in which such disclosure will be made is the joint responsibility of the EC, CEO and CFO. In determining the appropriate method(s) of disclosure, we will choose the method(s) that is in fact reasonably designed to effect a broad and non-exclusionary distribution of information to the public in light of all the relevant facts and circumstances.

In cases of non-intentional disclosure by us or our authorized spokespersons of material nonpublic information to an outside individual, public disclosure of such information will be made as soon as reasonably practicable, but in any event within 24 hours or before the start of the next day's trading, whichever is later, and/or we will attempt to obtain an agreement by the recipient of such non-intentional disclosure to maintain the confidentiality of such information, and to take no action based upon it, until publicly disclosed.

We have chosen to operate in compliance with NASDAQ rules to disclose promptly to the public through any Regulation FD compliant method (or combination of methods) any material information which would reasonably be expected to affect the value of our securities or influence investors' decisions. Occasionally, circumstances may arise in which, provided that complete confidentiality is maintained, we may temporarily refrain from publicly disclosing material information.

Please see the Sun BioPharma, Inc. Policy Statement on Confidential Information and Securities Trading for guidance regarding what constitutes material nonpublic information.

## **AVAILABLE INFORMATION**

Our normal means of providing information to the public will be through press releases, quarterly financial press releases and periodic filings with the SEC. Coordination of the preparation and issuance of all press releases and SEC filings dealing with financial and business matters is the responsibility of the EC, CEO and CFO, working in conjunction with our legal counsel, and in the case of financial information, our independent auditors. After its release, we will post press releases and SEC filings on our website.

We will also make certain supplemental non-material information available, upon request. In all cases, non-material supplemental information that is made available to one person, on request, must be available to all others making a similar request, in order to avoid any possibility of selective disclosure.

## **PRESS RELEASES**

While Regulation FD provides that public disclosure may be accomplished using a variety of methods, including furnishing a Form 8-K or an open conference call, our general policy will be to disclose highly significant material information in a press release unless a Form 8-K is required. All press releases will be transmitted to widely disseminated news or wire services and monitored to determine when the news has crossed at least one of these wire services; only after this will the news be considered disseminated. If required, copies of the release will be forwarded in advance to the OTC Markets Group or any other exchange or market on which our common stock may then be traded or quoted in accordance with its rules.

## **ONE-ON-ONE COMMUNICATIONS WITH THE INVESTMENT COMMUNITY AND MEMBERS OF THE MEDIA**

We believe that conversations, including one-on-ones, with analysts, market professionals, investors and members of the media are valuable components of our investor relations program and are an important means by which the investment community can learn about Sun BioPharma and our products, history, market and historical trends. We recognize, however, that meetings that are not open to the public pose risks of inadvertent selective disclosure. Accordingly, we will seek to structure these types of meetings in a manner that both minimizes the risk of selective disclosure and facilitates the legitimate flow of information.

During private conversations, we, through our designated spokespersons, may educate analysts, market professionals, investors and members of the media about Sun BioPharma with only that information that has been previously disclosed to the public, is non-material or is generally known company or industry-related information, such as identifiable, historical industry and company trends. We will not update, affirm, confirm, revise or otherwise clarify or comment on previously issued guidance, such as financial forecasts, in response to questions asked during such conversations. If nonpublic material information is unintentionally disclosed in such communications, a press release disclosing such information will be issued as soon as reasonably practicable, but in any event within 24 hours or before the start of the next day's trading, whichever is later, and/or we will attempt to obtain an agreement by the recipient of such disclosure to maintain the confidentiality of such information, and to take no action based upon it, until publicly disclosed.

## **SCHEDULED EARNINGS RELEASE CONFERENCE CALLS; FINANCIAL ESTIMATES, PROJECTIONS AND GUIDANCE**

We may hold scheduled quarterly investor conference calls and/or webcasts to discuss the results of a financial period that has ended. All such calls will be open to the public and members of the media (which may be in listen-only mode), and advance notice of such calls will be widely and publicly disseminated through one or more of the methods of public disclosure described above under the heading “Disclosure of Material Nonpublic Information.”

Each such quarterly call or webcast will be recorded and recordings will be maintained on our website for a reasonable period of time. A telephonic and/or webcast replay of each such event, and all related financial and statistical information, will be accessible on our website, or otherwise made available, for a reasonable period of time immediately following each such call or webcast. Following the initial playback period, the information should be moved to an “archive” section of our website where it should be clearly identified as an historical document that is not subject to update.

In addition, we may provide, during such scheduled calls or otherwise, estimates, projections, updates or guidance relative to our current or future financial results, performance or operations. All such information, including any update or affirmation of previously provided information, will be done only in the manner, and through one or more of the methods of public disclosure, described above under the heading “Disclosure of Material Nonpublic Information.”

We will not comment under any circumstance on prospective events, such as acquisitions, divestitures, financing discussions etc., unless or until these events are judged by the EC, CEO and CFO to have become material information that must be disclosed publicly.

## **COMMENTING ON GUIDANCE OR OTHER MATERIAL DISCLOSURES**

We will not update, reaffirm or otherwise comment on previously publicly disclosed projections or guidance regarding future financial results or other material information, except as stated in this paragraph or in the manner, and through one or more of the methods of public disclosure, described above under the heading “Disclosure of Material Nonpublic Information.” The only comment that can be made regarding future financial results is a restatement of what had been said at the most recent public statement and to note the date and venue of that statement. There can be no reconfirmation which would lead an investor to believe the guidance remains current given management’s understanding of operations to date. We may update or reconfirm other previously publicly disclosed material information, provided that the update is not itself material information.

## **INVESTOR PRESENTATIONS**

We may, from time to time, present an overview of our operations, performance and strategy to investors and potential investors. This may be done in a company-sponsored event, at a meeting sponsored by a brokerage or equity research firm, or in a presentation sponsored by another third party. We will not disclose material nonpublic information during such presentations unless: (i) the presentation’s methods of communication are sufficient to assure that our disclosure during the presentation would constitute public disclosure as described above under the heading “Disclosure of Material Nonpublic Information,” or (ii) we simultaneously use other methods of public disclosure to ensure simultaneous public disclosure. Break-out sessions at investor conferences will be treated in the same fashion as one-on-one conversations. If material nonpublic information is inadvertently released in such a presentation or in an

associated question-and-answer or breakout session, a press release disclosing such information will be issued as soon as reasonably practicable, but in any event within 24 hours or before the start of the next day's trading.

### **COMMENTING ON ANALYST PROJECTIONS, MODELS AND REPORTS**

We will not assist analysts in the preparation of their projections regarding Sun BioPharma, except that previously disclosed historical information may be provided as discussed above. Analysts should independently formulate their own estimates of Sun BioPharma's future performance or stock price. We will not comment on the accuracy of a proposed analyst projection, model or report regarding Sun BioPharma; provided, however, that in order to prevent widespread dissemination of a significantly inaccurate projection, we may, from time to time, deem it necessary to review an analyst's projection, model or report. Any such review, however, will be performed by our CFO and will be limited to: (i) correcting errors of historical fact that are a matter of public record; (ii) pointing out information that is in the public domain; and (iii) providing information that is not material; provided, however, that material information cannot be rendered immaterial simply by breaking it into ostensibly non-material pieces. In addition, we will not take this action if doing so would otherwise constitute a selective disclosure of material nonpublic information to the analyst.

### **DISTRIBUTING OR REFERRING TO ANALYST PROJECTIONS, MODELS OR REPORTS**

As a general rule, we will not externally distribute or refer to analyst projections, models or reports, or place them on our internet website, either directly or indirectly through a link. Such reports are the property of the sponsoring investment firm, not Sun BioPharma, and contain opinions, conclusions and/or forecasts that are not necessarily those of Sun BioPharma. We will limit its involvement with analysts to providing interested persons with a list of analysts covering Sun BioPharma and referring requests for such projections, models or reports to the analysts' respective firms.

From time to time, investors will inquire as to published analyst financial estimates for Sun BioPharma. In response to these inquiries, our authorized spokespersons may acknowledge and state quarterly and full year financial estimates while properly attributing them to investor analysts and not Sun BioPharma. Any comment as to the reasonableness of analyst estimates, however, will be avoided in favor of a discussion of guidance we publicly disclose as authorized above under the headings "One-on-One Communications with the Investment Community and Members of the Media" and "Scheduled Earnings Release Conference Calls; Financial Estimates, Projections and Guidance."

### **RESPONDING TO RUMORS**

Under no circumstances will we comment on rumors concerning Sun BioPharma or on the existence or non-existence of any corporate development or on any statements circulating in the marketplace. Our answer must always be simply: "we do not comment on rumors." The answers "not to my knowledge," or "I don't know," or "I haven't heard that rumor," etc. are all unacceptable. Should the OTC Markets Group or any other stock exchange or market on which our common stock is then traded or quoted request that we make a definitive statement in response to a market rumor that is causing significant volatility in our stock, the EC, CEO and CFO will consider whether to make a policy exception.

## **STOCK PRICE AND TRADING ACTIVITY**

We will not speculate as to reasons for volume or price activity of our securities in response to questions from the investment community or the media. When a press release is in the dissemination process, and has already been disclosed, it is permissible to point out that fact to the questioner, but not directly link the release to the trading activity. The comment should consistently be “we do not speculate on the reasons for the trading activity in Sun BioPharma’s stock.”

## **FORWARD-LOOKING STATEMENTS AND APPROPRIATE CAUTIONARY LANGUAGE**

From time to time, we may provide forward-looking information to enable the investment community to better evaluate our company and our prospects. Forward-looking statements made in our written documents will be identified as such and accompanied with meaningful cautionary language that warns investors that there is a risk that actual results could differ materially from those projected in the statement and lists factors that could cause actual results to differ. In the case of oral forward-looking statements, the statement will be identified as such, and the spokesperson will refer to a readily-available written document (*i.e.*, press release, annual report or quarterly report) for cautionary language and related risks to achievement of the goals expressed in the forward-looking statement. No forward-looking statement will be made unless in the opinion of the spokesperson making such statement, there is a reasonable basis for such statement.

## **RELATIONS WITH THE MEDIA**

We recognize that the media can help ensure that information about Sun BioPharma is publicly disseminated. Accordingly, we will ensure that our conference calls and company-sponsored investor meetings will be open to the media and encourage media access to conferences sponsored by investors. However, dissemination of material information to the media will not, for purposes of this policy, be treated as solely sufficient to constitute public disclosure and will not be a substitute for a press release or a Form 8-K filing. Moreover, although comments to the media are not covered by the selective disclosure rules of Regulation FD, we will not use the media to indirectly break material nonpublic information or to make public financial performance expectations. In general, we will treat the media as though they were an investor.

## **USE OF THE SUN BIOPHARMA WEBSITE AND INTERNET COMMUNICATIONS**

We will make every reasonable effort to post and update all material public information about Sun BioPharma in a timely fashion on our internet website and ensure that our internet website is accurate and complete at all times. Press releases will be posted on our website as soon as possible after they are released to the news or wire services. After a limited period of time, press releases should be moved to a different section of the website that is clearly marked “archives.” We recognize that although our website is an important component of our disclosure process, the posting of material nonpublic information on our website will generally not by itself be considered a sufficient means of public disclosure.

Investor requests for information via e-mail may be fulfilled via e-mail responses that do not go beyond publicly available information. In no case will material nonpublic information be communicated via e-mail to outside parties. Telephone conversations are the preferred mode of interactive communication, since short e-mail responses may not adequately respond to specific questions.

No Sun BioPharma personnel may post any information about Sun BioPharma on a website bulletin board, chat room or similar electronic medium, either anonymously or as an identified information source for Sun BioPharma.

### **ENSURING ACCURACY**

Our EC, CEO and CFO are responsible for the execution of this policy. Formal disclosure documents will be subject to our internal disclosure controls and procedures.

Unfavorable information will be disseminated as quickly as favorable information and care will be taken to ensure that press releases are factual and balanced and do not contain unsupported statements. If we subsequently discover that a press release or other disclosure document was factually incorrect at the time disclosed and such inaccuracy is material, we will publicly announce and correct the error once it is discovered. Sun BioPharma expressly disclaims any duty to update previously disclosed information.

### **VIOLATIONS**

If any employee, director or independent consultant of Sun BioPharma becomes aware of a nonpublic disclosure by Sun BioPharma that may be material in nature, or learns of information that causes him or her to believe that a public disclosure may have been misleading or inaccurate when made, such person should report that information to the CFO. Violations of Regulation FD are subject to SEC enforcement action, which may include an administrative action seeking a cease-and-desist order, or a civil action against Sun BioPharma by an individual seeking an injunction and/or civil money penalties. Any violation of this policy by an employee, director or independent consultant of Sun BioPharma should be brought to the attention of the CFO and could result in significant consequences, including termination of employment or service.

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Approved by the Board of Directors of  
Sun BioPharma, Inc.  
September 12, 2016

The undersigned hereby affirms, as an employee, director or independent consultant of Sun BioPharma or any of its subsidiaries, that they have received and read the Company's Disclosure Policy and understand its contents in its entirety. The undersigned hereby also affirms and acknowledges that s/he is wholly responsible and accountable for my compliance with the Company's Disclosure Policy .

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_