

INNOVATION PHARMACEUTICALS INC.

CORPORATE GOVERNANCE GUIDELINES

These guidelines have been approved by the Board of Directors (the “*Board*”) of Innovation Pharmaceuticals Inc. (the “*Company*”) to promote the effective functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should manage its affairs and perform its responsibilities.

These guidelines, along with the Company’s Articles of Incorporation, Bylaws and committee charters, form the framework of the governance of the Company. Nothing in these guidelines is intended to expand applicable standards of liability under statutory or regulatory requirements for directors of the Company.

I. ROLE OF THE BOARD AND MANAGEMENT

The role of the Board is to promote the long-term value and health of the Company in the best interests of its stockholders. In this regard, the Board is responsible, directly and through its committees, for directing and managing the business and affairs of the Company. The Company’s day-to-day business operations are conducted and supervised by its management and employees, under the supervision of the Chief Executive Officer. The Chief Executive Officer speaks for the Company and reports to the Board. The directors exercise their business judgment and act in what they reasonably believe is the best interests of the Company and its stockholders.

II. BOARD OF DIRECTORS

Board Size and Composition. The Board will periodically review the appropriate size of the Board. The Board size will be within the limits prescribed by Company’s Bylaws, which currently provide that the Board may have no fewer than two (2) and no more than fifteen (15) members. Directors should be committed to enhancing stockholder value and should be able to dedicate sufficient time to carry out their duties effectively. The Board and the Nominating and Governance Committee will, from time to time, review the experience and characteristics appropriate for Board members and nominees in light of the Board’s composition at the time, and the skills and expertise needed for effective operation of the Board and its committees.

Director Independence. The Board shall conduct an annual review of all relationships that directors have with the Company to affirmatively determine whether the directors are “independent” under the applicable provisions of the Securities Exchange Act of 1934, as amended, together with the rules promulgated thereunder (the “*Exchange Act*”), the applicable rules and listing standards of The NASDAQ Stock Market, LLC (“*NASDAQ*”), and any other applicable standards. In conducting its review, the Board will consider transactions and relationships between each director or any member of the director’s immediate family and the Company or its subsidiaries or affiliates, and any other facts and circumstances the Board considers relevant.

Each director will promptly inform the Chairman of the Nominating and Governance Committee or the Chairman of the Board of any change in his or her circumstances which might compromise such director’s independence or impact his or her ability to perform Board and committee duties effectively. The Board encourages each director to frequently assess when such changed circumstances might compromise independence.

In addition to otherwise being independent directors, Audit Committee members may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof. For the purpose of this paragraph, compensatory fees do not include fees for service on the Board or a committee thereof.

Selection of Directors. The Nominating and Governance Committee shall identify and recommend candidates to fill vacancies on the Board between annual stockholder meetings. In conducting its assessment, the Committee will consider each candidate's business and professional skills, experience serving in management or on the board of directors of companies similar to the Company, financial literacy, independence, personal integrity, diversity and judgment. Incumbent directors being considered for re-nomination will be re-evaluated both on their performance as directors and their continued ability to meet the required qualifications.

Chairman and Chief Executive Officer. The Chairman and Chief Executive Officer of the Company may be filled by the same or different individuals. This approach allows the Board flexibility to determine whether the two roles should be separate or combined based on the Company's needs and the Board's assessment of the Company's leadership from time to time.

III. OPERATION OF THE BOARD; MEETINGS

Attendance at Board and Committee Meetings. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively. Board members are expected to prepare for, attend, and participate in meetings of the Board and the committees of which they are members. Although the Board recognizes that, on occasion, circumstances may prevent Board members from attending meetings, the Board expects its members to ensure that other commitments do not materially interfere with the performance of their duties.

Selection of Agenda Items for Meetings. The Chairman and Chief Executive Officer will establish the agenda for each Board meeting. Directors may suggest additional matters to be included in the Board meeting agenda and raise subjects that are not on the agenda for a particular meeting.

Meeting Materials Distributed in Advance. In advance of each Board meeting, a proposed agenda will be distributed to each director. In addition, management will strive to provide information and data in advance of Board meetings important to the directors' understanding of the matters to be considered at such meeting. Directors will also routinely receive other information such as quarterly financial statements, earnings reports, press releases and analyst reports, designed to keep them informed of the material aspects of the Company's business, performance and prospects.

Non-Employee Director Executive Sessions. An executive session of the non-employee directors will normally be held immediately following each meeting of the full Board. If the Board includes non-employee directors who are not independent, at least one executive session per year will include only the independent directors. Any non-employee director may raise issues for discussion at an executive session.

IV. DIRECTOR SERVICE, RESIGNATIONS AND RETIREMENTS

A director who intends to resign or retire, or elects not to stand for re-election to the Board, must submit written notice to the Chairman of the Nominating and Governance Committee, the Chief Executive Officer and the Corporate Secretary. For resignations and retirements, the director must state the effective date of the resignation or retirement. For resignations, the director also must state that the director has no disagreement with the Company's operations, policies or practices or, if the director has such a disagreement, the director must describe the disagreement. For directors who elect not to stand for re-

election, the director must state when the election in question will occur. The preceding notice requirements shall not apply to directors tendering resignations pursuant to the following two paragraphs.

Employee directors shall offer to resign from the Board upon their resignation, removal or retirement as an officer of the Company. The Board will, in its sole discretion, determine whether to accept such resignation.

Non-employee directors must inform the Chairman of the Nominating and Governance Committee, the Chief Executive Officer and the Corporate Secretary of (i) any principal occupation or business association change, including retirement, or (ii) any change in circumstances which may cause him or her not to qualify as independent under the Exchange Act or NASDAQ rules or other applicable regulatory requirements, and offer his or her resignation to the Chairman of the Nominating and Governance Committee, the Chief Executive Officer and the Corporate Secretary. The Chairman of the Nominating and Governance Committee, the Chief Executive Officer and/or the Corporate Secretary, in turn, will advise the Nominating and Governance Committee of the change of status or circumstance, as applicable, so that the Committee, with the aid of such person(s), may make a recommendation to the Board of whether to accept or reject the offer of resignation. The Board shall review the recommendation of the Nominating and Governance Committee and shall determine whether to accept or reject the offer of resignation.

While there is no mandatory retirement age for directors, directors must maintain the energy as well as the physical and mental health necessary to perform their duties effectively. The Board does not believe that it should establish term limits due to a potential loss of contributions by directors who have developed increasing insight into the Company and its operations.

V. SERVICE ON BOARDS AND OTHER COMMITMENTS

The Nominating and Governance Committee will carefully review the prior commitments of each director nominee before recommending his or her appointment or nomination to join the Board. Directors should advise the Chairman, the Chief Executive Officer (if a different person from the Chairman) and Chairman of the Nominating and Governance Committee prior to accepting an invitation to serve on any corporate board of directors or with any government group and should keep them fully apprised of the committees of other public company boards on which they serve.

VI. CODE OF ETHICS

The Board has adopted a Code of Ethics, which is applicable to all of the Company's directors, officers and employees. Each director is expected to be familiar with and to follow these standards. The Audit Committee will review any issues arising under the applicable standards of business conduct with respect to an executive officer or director and will report its findings to the full Board. The Board does not envision that any waivers will be authorized.

VII. SUCCESSION PLANNING

The Chief Executive Officer shall review with the Nominating and Governance Committee on an annual basis the management succession and development plans for the Company's executive officers. The Board may, from time to time, request the Nominating and Governance Committee to undertake specific review concerning management succession planning. The Chairman of the Board shall work with the Nominating and Governance Committee on an annual basis to review succession planning for Board members.

VIII. ACCESS TO EMPLOYEES AND INDEPENDENT ADVISORS

Non-employee directors will have full access to management of the Company and other employees on request to discuss the business and affairs of the Company. The Board expects that there will be regular opportunities for directors to meet with the Chief Executive Officer and other members of management in Board and committee meetings and in other formal or informal settings.

It is normally expected that information regarding the Company's business and affairs will be provided to the Board by management and staff and by the Company's independent auditors. However, the Board has the authority to retain such outside advisors, including accountants, legal counsel, or other experts, as it deems appropriate. The fees and expenses of any such advisors will be paid by the Company.

IX. COMMITTEE MEMBERSHIP

The Board shall appoint members of the committees of the Board, and may appoint the chairmen of such committees. The Nominating and Governance Committee shall be responsible for reviewing the composition of each committee and presenting recommendations for committee memberships to the Board as necessary.

X. NON-EMPLOYEE DIRECTOR COMPENSATION

Compensation for non-employee directors will be determined by the Board on the recommendation of the Nominating and Governance Committee and will be reviewed annually. Non-employee director compensation will be set at a level that is consistent with market practice, taking into account the size and scope of the Company's business and the responsibilities of its directors. A portion of the compensation paid to non-employee directors for service on the Board may be paid in the stock of the Company.

XI. CONFIDENTIALITY; INTERACTIONS WITH THE PRESS OR INVESTORS

The proceedings and deliberations of the Board and its committees shall be confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

As management has been designated by the Board to speak publicly for the Company, directors should refrain from commenting on the Company or its business except in very general terms. Inquiries from investors or the press should be referred to the Chairman of the Board and the Chief Executive Officer or his or her nominee unless the Board specifically directs otherwise in a particular case.

XII. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Nominating and Governance Committee will provide new directors with appropriate orientation to familiarize them with the Company and its operations. The Nominating and Governance Committee will also provide that directors receive appropriate information to assist them in the performance of their duties as directors and committee members, as applicable. Board members should also be familiar with the duties and responsibilities of directors of public companies and emerging practices in corporate governance. The Nominating and Governance Committee shall develop and oversee continuing director education for directors. The Board acknowledges that director continuing education may be provided in a variety of different forms including: external or internal education programs, presentations or briefings on particular topics, educational materials, meetings with key management and visits to the Company's facilities. Board members are also encouraged to attend seminars, conferences, and other continuing education programs designed especially for directors of public companies, including, specifically,

accredited director education programs. The Nominating and Governance Committee will adopt policies for the reimbursement of expenses for attendance at such programs.

XIII. COMMUNICATIONS BY STOCKHOLDERS WITH DIRECTORS

Stockholders may communicate with any and all directors of the Company by mail to the following address:

Corporate Secretary
Innovation Pharmaceuticals Inc.
100 Cummings Center, Suite 151-B
Beverly, Massachusetts 01915

Each communication should specify the applicable addressee or addressees to be contacted as well as the general topic of the communication. The Corporate Secretary will maintain a log of such communications and will initially receive and process communications before forwarding them to the addressee. The Corporate Secretary generally will not forward to the directors a communication that he or she determines to be primarily commercial in nature or related to an improper or irrelevant topic, or that requests general information about the Company.

The Company will make every effort to schedule its annual meeting of stockholders at a time and date to maximize attendance by directors taking into account the directors' schedules. All directors shall make every effort to attend the Company's annual meeting of stockholders, either in person or remotely, absent an unavoidable and irreconcilable conflict.

XIV. PERIODIC REVIEW OF CORPORATE GOVERNANCE GUIDELINES

The Nominating and Governance Committee will review these guidelines annually. If the Nominating and Governance Committee determines that modifications are in order, it will make recommendations of changes for the Board to consider.

Approved by the Board, October 2015.