



Code of Ethics

BSD Medical Corporation ("BSD") is committed to the highest standards of legal and ethical business conduct. This Code of Business Conduct and Ethics summarizes the legal, ethical and regulatory standards that BSD Medical Corporation must follow and is a reminder to our directors, officers and employees, of the seriousness of that commitment. Compliance with this Code and high standards of business conduct is mandatory for every BSD employee.

Introduction

This Code is not intended to be a comprehensive guide to all of our policies or to all your responsibilities under law or regulation. It provides general parameters to help you resolve the ethical and legal issues you encounter in conducting our business. Think of this Code as a guideline, or a minimum requirement, that must always be followed. If you have any questions about anything in the Code or appropriate actions in light of the Code, you may contact the Ethics Officer, Richard White, or the Chair of the Audit Committee who is Steven G. Stewart.

We expect each of our directors, officers and employees to read and become familiar with the ethical standards described in this Code and to affirm your agreement to adhere to these standards by signing the Compliance Certificate that appears at the end of this Code. Violations of the law, our corporate policies, or this Code may lead to disciplinary action, including dismissal.

I. We Insist on Honest and Ethical Conduct By All of Our Directors, Officers, Employees and Other Representatives

We place the highest value on the integrity of our directors, our officers and our employees and demand this level of integrity in all our dealings. We insist on not only ethical dealings with others, but on the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Fair Dealing

Directors, officers and employees are required to deal honestly and fairly with our customers, suppliers, competitors and other third parties. In our dealings with customers and suppliers, we:

- prohibit our directors, officers and employees from accepting any bribe, kickback or improper payment from anyone;
- prohibit gifts or favors of more than nominal value to or from our customers or suppliers;
- limit marketing and client entertainment expenditures to those that are necessary, prudent, job-related and consistent with our policies;
- require clear and precise communication in our contracts, our advertising, our literature, and our other public statements and seek to eliminate misstatement of fact or misleading impressions;
- protect all proprietary data our customers or suppliers provide to us as reflected in our agreements with them;

Conflicts of Interest; Corporate Opportunities

Our directors, officers and employees should not be involved in any activity that creates or gives the appearance of a conflict of interest between their personal interests and the interests of BSD. In particular, without the specific permission of our Ethics Officer, no director, officer or employee shall:

- be a consultant to, or a director, officer or employee of, or otherwise operate an outside business that:
- markets products or services in competition with our current or potential products and

- services;
- supplies products or services to BSD; or
- purchases products or services from BSD;
- have any financial interest, including significant stock ownership, in any entity with which we do business that might create or give the appearance of a conflict of interest;
- seek or accept any personal loan or services from any entity with which we do business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses;
- accept any personal loan or guarantee of obligations from BSD, except to the extent such arrangements are legally permissible; or
- conduct business on behalf of BSD with immediate family members, which include spouses, children, parents, siblings and persons sharing the same home whether or not legal relatives.

Confidentiality and Corporate Assets

Our directors, officers and employees are entrusted with our confidential information and with the confidential information of our suppliers, customers or other business partners. This information may include (1) technical or scientific information about current and future products, services or research, (2) business or marketing plans or projections, (3) earnings and other internal financial data, (4) personnel information, (5) supply and customer lists and (6) other non-public information that, if disclosed, might be of use to our competitors, or harmful to our suppliers, customers or other business partners. This information is our property or the property of our suppliers, customers or business partners and in many cases was developed at great expense. Our directors, officers and employees shall:

- Not discuss confidential information with or in the presence of any unauthorized persons, including family members and friends;
- Use confidential information only for our legitimate business purposes and not for personal gain;
- Not disclose confidential information to third parties.

II. We Provide Full, Fair, Accurate, Timely and Understandable Disclosure

We are committed to providing our shareholders and investors with full, fair, accurate, timely and understandable disclosure in the reports that we file with the Securities and Exchange Commission. To this end, our directors, officers and employees shall:

- not make false or misleading entries in our books and records for any reason;
- not condone any undisclosed or unrecorded bank accounts or assets established for any purpose;
- comply with generally accepted accounting principles at all times;
- notify our Accountant if there is an unreported transaction;
- maintain a system of internal accounting controls that will provide reasonable assurances to management that all transactions are properly recorded;
- maintain books and records that accurately and fairly reflect our transactions;
- prohibit the establishment of any undisclosed or unrecorded funds or assets;
- maintain a system of internal controls that will provide reasonable assurances to our management that material information about BSD is made known to management, particularly during the periods in which our periodic reports are being prepared;
- present information in a clear and orderly manner and avoid the use of unnecessary legal and financial language in our periodic reports; and

III. We Comply With all Laws, Rules and Regulations

We will comply with all laws and governmental regulations that are applicable to our activities, and

expect all our directors, officers and employees to obey the law. Specifically, we are committed to:

- maintaining a safe and healthy work environment;
- promoting a workplace that is free from discrimination or harassment based on race, color, religion, sex, age, national origin, disability or other factors that are unrelated to the Company's business interests;
- supporting fair competition and laws prohibiting restraints of trade and other unfair trade practices;
- conducting our activities in full compliance with all applicable environmental laws;
- keeping the political activities of our directors, officers and employees separate from our business;
- prohibiting any illegal payments, gifts, or gratuities to any government officials or political party;
- prohibiting the unauthorized use, reproduction, or distribution of any third party's trade secrets, copyrighted information or confidential information;
- complying with all applicable state and federal securities laws.

REPORTING AND EFFECT OF VIOLATIONS

Compliance with this code of conduct is, first and foremost, the individual responsibility of every director, officer and employee. We attempt to foster a work environment in which ethical issues and concerns may be raised and discussed with supervisors or with others without the fear of retribution. It is our responsibility to provide a system of reporting and access when you wish to report a suspected violation, or to seek counseling, and the normal chain of command cannot, for whatever reason, be used.

Administration

Our Board of Directors and Audit Committee have established the standards of business conduct contained in this Code and oversee compliance with this Code. They have also created the position of Ethics Officer to ensure adherence to the Code. While serving in this capacity, the Ethics Officer reports directly to the Board of Directors.

Reporting Violations and Questions

Directors, officers, and employees must report, in person or in writing, any known or suspected violations of laws, governmental regulations or this Code to either the Ethics Officer or the Chair of the Audit Committee of our Board of Directors. Additionally, directors, officers, and employees may contact the Ethics Officer or the Chair of the Audit Committee with a question or concern about this Code or a business practice. Any questions or violation reports will be addressed immediately and seriously, and can be made anonymously.

We will not allow any retaliation against a director, officer or employee who acts in good faith in reporting any violation.

Our Ethics Officer will investigate any reported violations and will determine an appropriate response, including corrective action and preventative measures, involving the Chair of the Audit Committee or Chief Executive Officer when required. All reports will be treated confidentially to every extent possible.

Consequences of a Violation

Directors, officers and employees who violate any laws, governmental regulations or this Code will face appropriate, case specific disciplinary action, which may include demotion or immediate discharge.