

# MICROBIX BIOSYSTEMS INC.

## CODE OF BUSINESS CONDUCT AND ETHICS

Microbix Biosystems Inc. (“Microbix” or the “Company”) and all of the directors, officers and employees of Microbix are committed to preserving the reputation of the Company for integrity and excellence and conducting the businesses and activities of the Company honestly and ethically and in compliance with applicable laws, rules and regulations.

Accordingly, the Board of Directors of Microbix has adopted this Code of Business Conduct and Ethics, which applies to all directors, officers and employees of the Company, including but not limited to, the chief executive officer, chief financial officer, controller and persons performing similar functions.

This Code of Business Conduct and Ethics does not summarize all of the Company’s policies. You must also comply with the Company’s other policies which are set forth elsewhere. In addition, this Code of Business Conduct and Ethics reflects general principles of conduct and does not anticipate or cover in detail every topic or situation. If you have a question about anything covered in this Code of Business Conduct and Ethics or if you are unsure about whether action would be consistent with this Code of Business Conduct and Ethics, you agree to ask the Corporate Secretary of Microbix (the “Compliance Officer”). Similarly, if you should encounter a situation in which you are unsure what to do, you agree to tell the Compliance Officer and ask for help.

### **Policies and Practice**

#### **General Conduct – Conflicts of Interest**

You should act ethically, honestly and with integrity. Your duty to act ethically, honestly and with integrity includes avoiding actual or apparent conflicts of interest between your personal, private interests and the interests of the Company, including using your position to receive improper personal benefits. This obligation applies to both business relationships and personal activities. A “conflict of interest” exists whenever your interests (financial or otherwise) interfere or conflict in any way (or even appear to interfere or conflict) with the Company’s interests. A conflict of interest can arise when you take actions or have interests that may make it difficult to perform your work for the Company objectively and effectively. Conflicts of interest may also arise when you, or members or your family, receive improper personal benefits as a result of your position with the Company, regardless from where those benefits are received.

You also owe the Company a duty to advance its legitimate interests when the opportunity to do so arises. You are prohibited from (i) taking personally opportunities that properly belong to the Company or are discovered through the use of the Company’s resources, property, information or your position with the Company; (ii) using corporate property, information (confidential or otherwise) or position for personal gain; or (iii)

competing with the Company. You should conduct your personal affairs so that there can be no unfavorable reflection on the Company, either express or implied. You must report to the Compliance Officer any interest or relationship that you believe might compromise or appear to compromise your duty of loyalty to the Company or otherwise might present conflict of interest concerns. In addition, if you become aware of any conflict of interest on the part of anyone else at the Company, you must report it to the Compliance Officer.

### **Compliance with Laws, Rules and Regulations**

In performing your duties on behalf of the Company, you must comply with all applicable governmental laws, rules and regulations, as well as the rules and regulations of any stock exchanges and quotation systems on which Microbix' securities are listed.

### **Public Disclosure – Confidentiality of Non-Public Information**

As a public company, Microbix must provide full, fair, accurate, timely, factual, balanced and understandable disclosure in reports and documents that Microbix files with, or submits to, the Ontario Securities Commission or other regulators and in other public communications by Microbix.

Consequently, the Company's books, business records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal and regulatory requirements, including, if applicable, maintaining the financial and accounting records in accordance with generally accepted accounting principles, and to the Company's system of internal controls. Unrecorded or "off the book" funds or assets should not be maintained unless permitted by applicable law or regulation.

In addition, all employees, officers and directors of the Company are expected to comply with the Company's disclosure controls and procedures to ensure that material information relating to the Company is timely recorded, processed, summarized and reported in accordance with all applicable laws, rules and regulations. You must ensure that all information or data that you report to management is accurate and honest, and you must fully and accurately comply with all audits, requests for special record keeping or retention of documents, documents or other material from or on behalf of the Company's auditors or the Company's management.

You must also take all reasonable measures to protect the confidentiality of non-public information about the Company and its customers obtained or created in connection with your activities and prevent the unauthorized disclosure of such information unless required by applicable law or regulation or legal or regulatory process.

## **Compliance with this Code of Business Conduct and Ethics**

All employees, officers and directors of the Company, regardless of level of seniority in the Company, have a duty to review, understand and adhere strictly to the guidelines set forth in this Code of Business Conduct and Ethics. The Company is committed to holding all employees, officers and directors accountable for adherence to this Code of Business Conduct and Ethics.

### **Duty to Report Violations of this Code of Business Conduct and Ethics – No Retaliation**

If you reasonably believe that anyone connected with the Company may have, or is about to, materially violate this Code of Business Conduct and Ethics, you must promptly bring the matter to the attention of the Compliance Officer. If you do not believe that talking to the Compliance Officer is appropriate or if it does not result in a response with which you are comfortable, then you should contact Mr. James A. Long, who is the member of the Board of Directors of Microbix designated to hear such complaints. You may contact Maria Alcamo in the accounting department for Mr. Long's address, e-mail and telephone number. If requested, the Company will keep your name confidential except as required by applicable law.

If you have questions or concerns regarding accounting or auditing matters, then, in addition to the reporting procedures described above, you may also confidentially and anonymously submit such questions or concerns to the Audit Committee of the Board of Directors of Microbix.

The Company will not tolerate retaliation of any kind against any person whom in good faith reports to the Company potential issues relating to violations of this Code of Business Conduct and Ethics. Any director, officer or employee of the Company who commits such retaliation will be subject to disciplinary measures. If you believe that you have been penalized, discharged, disciplined or otherwise penalized for reporting a violation in good faith, you should immediately report that belief in accordance with the reporting procedures described above.

### **Disciplinary Actions**

The Company is committed to the appropriate, prompt investigation and follow-up of any violation or suspected violation of this Code of Business Conduct and Ethics. Reports of violations will be investigated under the Compliance Officer's supervision, in such manner as the Compliance Officer finds appropriate. You are expected to cooperate in the investigation of reported violations. The Compliance Officer has the power to monitor, make determinations, and recommend action to the Board of Directors of Microbix with respect to violations of this Code of Business Conduct and Ethics.

As far as legally possible, violations of this Code of Business Conduct and Ethics may result in disciplinary measures, including, depending on the individual circumstances, the

level of involvement and knowledge and the severity of the violation, (i) warning and/or reprimand; (ii) demotion; or (iii) termination of the employment.

In addition, violations of this Code of Business Conduct and Ethics may also constitute violations of law may result in civil and criminal penalties for you, your supervisors and/or the Company.

### **Waivers of any Provision of this Code of Business Conduct and Ethics**

Any request for a waiver of any provision of this Code of Business Conduct and Ethics for a director, officer or employee of the Company must be in writing and addressed to the Compliance Officer. The Board of Directors of Microbix must approve any waiver with respect to this Code of Business Conduct and Ethics that involves a director or an executive officer of Microbix. Waivers of any provision of this Code of Business Conduct and Ethics for an officer or employee of the Company (other than a person who is a director or executive officer of Microbix) may be made by the Compliance Officer.

In keeping with the guidance contained in National Policy 58-201 of the Canadian Securities Administrators, Microbix is required to publicly disclose any waivers granted to a director or executive officer of Microbix, along with the reasons for such waivers, in accordance with the provisions of the *Securities Act* (Ontario), and the relevant rules, if any, of any stock exchange or quotation systems on which its securities are listed.

### **Amendments to this Code of Business Conduct and Ethics**

The Board of Directors of Microbix may update or otherwise amend this Code of Business Conduct of Ethics. When there are material changes, the Company will provide each director, officer and employee of the Company with an updated copy of the Code of Business Conduct and Ethics.

Adopted and approved by the Board of Directors on December 6, 2005.