

**DORCHESTER MINERALS, L.P.**

**CODE OF BUSINESS CONDUCT AND ETHICS**

**Adopted July 17, 2003  
As Amended  
August 6, 2004, November 30, 2004,  
February 26, 2007 and February 20, 2008**

**INTRODUCTION**

Dorchester Minerals, L.P. (the “Company”) has a commitment to conduct our business in compliance with all applicable laws and regulations and in accordance with the highest ethical principles. Among our guiding principles are honesty, integrity and quality in all that we do. This Code of Business Conduct and Ethics (the “Code”) has been provided to the employees of our affiliated companies who provide services to us, in order to assist them in meeting our legal and ethical obligations.

This Code sets forth standards of conduct for all officers, managers, advisors and employees of the Company and its affiliated companies, including all full and part-time employees and certain persons that provide services on our behalf, such as agents. Throughout this Code, the term “Company” is used to refer to the enterprise as a whole, to each person within it, and to any person who represents the Company. In addition, the term “employee” or “you” is used to refer to all officers, managers, advisors, agents and employees.

This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise and certain issues are covered by other agreements as discussed further herein. The Code sets out basic principles to guide all employees of the Company. All of our employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. If a law conflicts with a policy in this Code, you must comply with the law; however, if a local custom or policy conflicts with this Code, you must comply with this Code. If any aspect of this Code is unclear to you, or if you have any questions or face dilemmas that are not addressed, you should ask your supervisor how to handle the situation. Because this Code discusses both our legal and ethical responsibilities, non-compliance with certain aspects of this Code could result not only in disciplinary action, but may also subject the individual offender and the Company to civil and/or criminal liability.

If you are in, or aware of, a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 14 of this Code.

As required by law, rule or regulation, this Code shall be made available to the public.

**1. COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

Obeying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. All employees must respect and obey the laws of each city, state and

country in which we operate. Although not all employees are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

## **2. CONFLICTS OF INTEREST**

A “conflict of interest” exists when a person's private interest interferes in any way with the interests of the Company as a whole. A conflict situation can arise when an employee, officer or manager takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee, officer or manager, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, employees and their family members may create conflicts of interest. It is almost always a conflict of interest for a Company employee to work simultaneously for a competitor, customer or supplier of the Company. The best policy is to avoid any direct or indirect business connection with the Company's customers, suppliers, or competitors, except on the Company's behalf. Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Managers, or as discussed below or in Section 4 of this Code.

Article VII of the Company’s Amended and Restated Partnership Agreement (the “Partnership Agreement”) governs the resolution of conflicts of interest that may arise as a result of the relationships between (i) the Company and its limited partners and (ii) the Company’s general partner, Dorchester Minerals Management LP, and its affiliates. It authorizes Dorchester Minerals Management LP to seek approval of the majority of the members of the Advisory Committee of Dorchester Minerals Management GP LLC, its general partner, as to a proposed resolution of any conflict. Alternatively, in some situations conflicts of interest may be deemed fair and reasonably resolved due to specific facts and circumstances surrounding them. The Company’s Partnership Agreement also permits certain conduct or activities that otherwise would be considered a conflict of interest. Such conduct or activities are not restricted by this Code.

The Company’s Partnership Agreement also contains provisions restricting the fiduciary duties owed by our general partner to our limited partners. This Code is neither violated nor are the provisions hereof waived explicitly or implicitly to the extent the Company’s Partnership Agreement contains provisions that waive or consent to the conduct of the Company’s general partner and its affiliates that might otherwise raise issues with compliance with fiduciary duties, conflicts of interest or applicable law.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with executive level management or the individual designated in Section 14 of this Code. Any employee, officer, or manager who becomes aware of a conflict or potential conflict should follow the guidelines described in Section 14 of this Code.

### **3. INSIDER TRADING**

Employees, officers and managers who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to “tip” others who might make an investment decision on the basis of this information is not only unethical but also illegal. If you have any questions, please consult the Company on insider trading.

### **4. CORPORATE OPPORTUNITIES**

Except for opportunities as to which management or the Board of Managers have been fully informed and have expressly found consistent with the Company’s business objectives, or as discussed above or below:

(i) employees, officers, and managers are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position;

(ii) employees, officers, and managers owe a duty to the Company to advance its legitimate interests when opportunities arise; and

(iii) no employee, officer or manager may use corporate property, information, or position for improper personal gain, and no employee may compete with the Company directly or indirectly.

The Company, its general partner, its general partner’s general partner and certain other parties are parties to a business opportunities agreement (the “Business Opportunities Agreement”). It provides that the Company will not engage in any business not permitted by the Partnership Agreement and will have no interest or expectancy in any business opportunity that does not consist exclusively of the Oil and Gas Business (as defined in the Business Opportunities Agreement) within a designated area. The Business Opportunities Agreement also provides that certain affiliates of the Company shall not be restricted from engaging in business or activities that compete with the Company as long as their actions do not conflict with specified standards of conduct or is a Renounced Opportunity (as defined in the Business Opportunities Agreement).

This Code is neither violated nor the provisions hereof waived implicitly or explicitly as a result of such affiliates engaging in such business or activities or pursuing a Renounced Opportunity that might otherwise raise issues with compliance with fiduciary duties, conflicts of interest or applicable law.

## **5. COMPETITION AND FAIR DEALING**

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each employee, officer and manager should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. No employee, officer or manager should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice. The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be directly or indirectly offered, given, provided or accepted by any Company officer, manager, employee, any family member of an employee, or any agent (acting in its capacity as such) to or from any customer, supplier or competitor of the Company unless it:

- (1) is not a cash gift,
- (2) is consistent with customary business practices,
- (3) is not excessive in value,
- (4) cannot reasonably be construed as a bribe or payoff, and
- (5) does not violate any laws or regulations.

Please discuss with your supervisor any gifts or proposed gifts which you are not certain are appropriate.

## **6. DISCRIMINATION AND HARASSMENT**

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. Please refer to your employee handbook for more information on discrimination and harassment.

## **7. HEALTH AND SAFETY**

The Company strives to provide each employee with a safe and healthy work environment. Each employee has a responsibility to maintain a safe and healthy workplace for all other employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of alcohol or illegal drugs. The use of alcohol and/or illegal drugs in the workplace

creates serious health and safety risks and will not be tolerated. The use, sale, transfer, or possession of alcohol, illegal drugs, or other illegal substances is strictly prohibited while on Company property or while on Company business. This prohibition also includes illegal or improper use of controlled substances. Reporting to work while impaired by any such substance is also strictly prohibited.

## **8. RECORD-KEEPING**

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, many employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense may be legitimately charged to the Company, ask your supervisor. All of the Company's books, 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 requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation. Periodic and other reports (financial and otherwise) to foreign, federal, state and local government agencies must present a full, fair, accurate, timely and understandable disclosure of the Company. Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to the Company's document retention/destruction policy.

## **9. CONFIDENTIALITY AND PROTECTION OF COMPANY ASSETS**

Employees, officers and managers must maintain the confidentiality of confidential information entrusted to them by the Company, its customers, partners or business associates, except when disclosure is authorized by a supervisor or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or which might be harmful to the Company or its customers, partners, or business associates if disclosed. It includes information that suppliers and customers have entrusted to us or that the Company has obligated itself to maintain in confidence. The obligation to preserve confidential information continues even after employment ends.

Employees are obligated to protect the Company's assets, including its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil and/or criminal liability.

## **10. PROPER USE OF COMPANY ASSETS**

All employees, officers and managers should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. All Company assets should be used only for legitimate business purposes. Any suspected incident of fraud or theft should be immediately reported for investigation. Company charge accounts, credit cards, bank accounts and other resources are strictly limited to Company use; personal charges on Company accounts are prohibited, though nominal personal charges that occur in connection with, and are incidental to, a legitimate business purpose may be permitted if they are promptly reported and reimbursed in accordance with Company policy. Company equipment should not be used for non-Company business, though incidental personal and pre-approved reimbursed use may be permitted.

## **11. PAYMENTS TO GOVERNMENT PERSONNEL**

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country. In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. Consult your supervisor if you have any questions.

## **12. WAIVERS OF THIS CODE OF BUSINESS CONDUCT AND ETHICS**

Changes in or waivers of this Code may be made only by the Board of Managers of the Company or, in the case of any change in or waiver of this Code for principal executive officer, principal financial officer, principal accounting officer, controller or persons performing switch functions ("Principal Officers"), only by the independent managers on the Board of Managers of the Company. All changes in or waivers of this Code for Principal Officers will be promptly disclosed as required by law or stock exchange regulations.

## **13. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR**

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. Employees, officers and managers are required to report any violations of laws, rules, regulations or this Code in accordance with Section 14. It is the policy of the Company not to allow retaliation or retribution for reports of misconduct by others made in good faith by employees. "Good faith" does not mean that you have to be right – but it does mean that you believe that you are providing truthful information. Employees are expected to cooperate in internal investigations of misconduct.

## **14. COMPLIANCE PROCEDURES**

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it with Mr. C.W. "Bill" Russell, Chairman of our Audit Committee, or any member of our Audit Committee by calling him/her or contacting him/her in writing. Mr. Russell's address is 4695 N. FM 2869, Winnsboro, TX 75494 and his telephone number is (903) 629-7880.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation or retribution of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.
- If you are aware of a potential breach of this Code by any employee, agent or representative of the Company, you may anonymously contact any executive officer of the Company, manager of our General Partner or member of our Audit Committee by mail.

## **15. HIRING OF PERSONNEL FROM THE COMPANY'S AUDIT FIRM**

Effective January 1, 2003, the Company is prohibited from hiring any individual directly from its external audit firm unless the following applies:

- The position being filled is below the level of Assistant Controller (deemed not to have a significant influence on financial disclosure or internal controls)

AND,

- The hire has been pre-approved by the Company's CEO and CFO and the Audit Committee Chairman.

An individual who has had prior experience with our independent auditors but currently is not employed by the audit firm can be hired under the following conditions:

- The individual was employed by a third party for a minimum of one year (or period required by regulations if longer) prior to hiring,

AND

- Senior management (CFO and CEO) and the Audit Committee Chairman have approved the hire.

## **16. HOW TO SUGGEST CHANGES TO THIS CODE OF BUSINESS CONDUCT AND ETHICS**

When you have suggestions for changes in this Code, please submit them properly, as indicated below, while they are fresh in mind. The form below is included for your convenience in submitting recommendations for changes via mail. If you prefer, you may use your own words, stationary, and format.

To: Code of Business Conduct and Ethics Review  
Dorchester Minerals Operating LP  
3838 Oak Lawn Avenue, Suite 300  
Dallas, TX 75219  
ir@dmlp.net

I recommend the following change(s) to be made in this Code of Business Conduct and Ethics:

Section on page \_\_\_\_\_

Comments:



**This Code sets forth guidelines which all officers, managers and employees will be required to follow and any failure to comply with this Code may result in termination. However, nothing in this Code shall be construed to create a contractual right to employment where none previously existed or shall in any way alter the at-will nature of employee's employment.**

**The Company reserves the right to amend, alter, or terminate this Code or its policies at any time for any reason.**