UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2015

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from ___________ to __________

Commission File No. 001-32526

Perseon Corporation
(Exact Name of Registrant as Specified in Its Charter)

Delaware	75-1590407
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2188 West 2200 South
Salt Lake City, Utah 84119
(Address of principal executive offices, including zip code)

(801) 972-5555
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 13, 2015, there were 40,163,107 shares of the Registrant's common stock, $0.001 par value per share, outstanding.

PERSEON CORPORATION
FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2015

PART I - Financial Information

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PERSEON CORPORATION
(Formerly BSD Medical Corporation)
Condensed Balance Sheets
(Unaudited)

ASSETS	March 31, 2015	December 31, 2014
Current assets:		
Cash and cash equivalents	$ 3,560,193	$ 5,594,578
Accounts receivable, net of allowance for doubtful accounts of $66,480 and $140,000, respectively	794,575	275,072
Related party trade accounts receivable	2,269	13,471
Inventories, net	1,268,254	1,775,648
Other current assets	259,799	86,583
Total current assets	5,885,090	7,745,352
Property and equipment, net	1,204,734	1,140,871
	$ 7,089,824	$ 8,886,223
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,015,861	$ 598,466
Accrued liabilities	856,512	1,105,152
Notes payable, net of discount	846,790	-
Customer deposits	19,825	41,667
Deferred revenue	-	54,218
Total current liabilities	2,738,988	1,799,503
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.001 par value; 10,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, $.001 par value, 80,000,000 shares authorized, 39,713,540 shares issued	39,714	39,714
Additional paid-in capital	63,723,103	63,587,400
Treasury stock, 24,331 shares at cost	(234)	(234)
Accumulated deficit	(59,411,747)	(56,540,160)
Total stockholders' equity	4,350,836	7,086,720
	$ 7,089,824	$ 8,886,223

See accompanying notes to condensed financial statements

PERSEON CORPORATION
(Formerly BSD Medical Corporation)
Condensed Statements of Comprehensive Loss
(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Revenues:		
Sales	$ 1,064,094	$ 1,443,142
Sales to related parties	11,232	12,492
Equipment rental	81,300	79,900
Total revenues	1,156,626	1,535,534
Cost of revenues:		
Cost of sales	788,105	847,647
Cost of related party sales	6,668	7,964
Cost of equipment rental	1,965	2,947
Total cost of revenues	796,738	858,558
Gross margin	359,888	676,976
Operating costs and expenses:		
Research and development	496,635	521,264
Selling, general and administrative	2,721,864	1,715,281
Total operating costs and expenses	3,218,499	2,236,545
Loss from operations	(2,858,611)	(1,559,569)
Other income (expense):		
Interest income (expense), net	(3,856)	4,874
Other expense, net	(9,120)	(2,699)
Total other income (expense)	(12,976)	2,175
Loss before income taxes	(2,871,587)	(1,557,394)
Income tax benefit	-	-
Net loss and comprehensive loss	$ (2,871,587)	$ (1,557,394)
Net loss per common share:		
Basic	$ (0.07)	$ (0.05)
Diluted	$ (0.07)	$ (0.05)
Weighted average number of shares outstanding:		
Basic	39,689,000	33,982,000
Diluted	39,689,000	33,982,000

See accompanying notes to condensed financial statements

PERSEON CORPORATION
(Formerly BSD Medical Corporation)
Condensed Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Cash flows from operating activities:		
Net loss	$ (2,871,587)	$ (1,557,394)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	29,577	31,599
Stock-based compensation	135,703	206,513
(Gain) loss on disposition of property and equipment	2,590	(67)
Amortization of debt discount	2,209	-
Decrease (increase) in:		
Receivables	(508,301)	145,941
Inventories	507,394	231,142
Other current assets	(173,216)	(50,547)
Increase (decrease) in:		
Accounts payable	417,395	(135,539)
Accrued liabilities	(248,640)	126,143
Customer deposits	(21,842)	(91,897)
Deferred revenue	(54,218)	(38,571)
Net cash used in operating activities	(2,782,936)	(1,132,677)
Cash flows from investing activities:		
Proceeds from disposition of property and equipment	-	2,025
Purchase of property and equipment	(96,030)	(22,657)
Net cash used in investing activities	(96,030)	(20,632)
Cash flows from financing activities:		
Proceeds from notes payable, net	844,581	82,465
Net cash provided by financing activities	844,581	82,465
Net decrease in cash and cash equivalents	(2,034,385)	(1,070,844)
Cash and cash equivalents, beginning of period	5,594,578	7,423,091
Cash and cash equivalents, end of period	$ 3,560,193	$ 6,352,247

See accompanying notes to condensed financial statements

PERSEON CORPORATION
(Formerly BSD Medical Corporation)
Notes to Condensed Financial Statements
(Unaudited)

Note 1. Basis of Presentation

The interim financial information of Perseon Corporation, formerly BSD Medical Corporation, (the "Company") as of March 31, 2015 and for the three months ended March 31, 2015 and 2014 is unaudited, and the condensed balance sheet as of December 31, 2014 is derived from our audited financial statements. The accompanying unaudited condensed balance sheets as of March 31, 2015 and December 31, 2014 and the related unaudited condensed statements of operations and of cash flows for the three months ended March 31, 2015 and 2014 have been prepared in accordance with U.S. generally accepted accounting principles for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). The condensed financial statements do not include all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements. These condensed financial statements should be read in conjunction with the notes thereto, and the financial statements and notes thereto included in our annual report on Form 10-K for the period ended December 31, 2014.

All adjustments (consisting only of normal recurring adjustments) necessary for the fair presentation of our financial position as of March 31, 2015 and December 31, 2014 and our results of operations and our cash flows for the three months ended March 31, 2015 and 2014 have been included. The results of operations for the three months ended March 31, 2015 may not be indicative of the results for our fiscal year ending December 31, 2015.

Certain amounts in the prior periods have been reclassified to conform to the current period presentation.

Effective February 17, 2015, Perseon Corporation amended its certificate of incorporation to change its legal corporate name to "Perseon Corporation" from "BSD Medical Corporation."

Note 2. Liquidity

As of March 31, 2015, we had cash and cash equivalents of $3,560,193, and total current assets of $5,885,090. We do not believe these resources will be sufficient to fully execute our current strategy through at least December 31, 2015. Our current strategy involves significant efforts to expand sales of our MicroThermX products. To become profitable we will need to significantly increase the revenues we receive from sales of our MicroThermX products. We do not expect that sales of MicroThermX products will increase sufficiently to cover our total costs of operations in 2015. We believe additional funding will be required during 2015.

On April 23, 2015 we filed a registration statement on Form S-1 with the SEC to raise additional capital. No assurance can be given that such offering will be consummated, or if consummated, will raise the maximum amount contemplated thereunder.

If we are unable to raise sufficient additional funds in 2015, we will need to significantly reduce our expenses, and evaluate other business arrangements, including collaborative arrangements, partnerships, or sale of assets, to allow continued operations. Significantly reducing our expenses would negatively affect our efforts to expand our marketing and sales presence, our research and development programs, and our ability to hire and retain qualified personnel.

Note 3. Inventories

Inventories consisted of the following:

	March 31, 2015	December 31, 2014
Parts and supplies	$ 553,081	$ 1,004,164
Work-in-process	241,645	951,519
Finished goods	518,999	569,965
Reserve for obsolete inventory	(45,471)	(750,000)
Inventories, net	$ 1,268,254	$ 1,775,648

Note 4. Property and Equipment

Property and equipment consisted of the following:

	March 31, 2015	December 31, 2014
Equipment	$ 770,312	$ 1,503,845
Furniture and fixtures	20,379	303,226
Building (held for sale)	956,000	956,000
Land (held for sale)	244,000	244,000
Rental equipment	-	58,940
	1,990,691	3,066,011
Less equipment impairment	-	(85,000)
Less accumulated depreciation	(785,957)	(1,840,140)
Property and equipment, net	$ 1,204,734	$ 1,140,871

Note 5. Notes Payable

Included in notes payable at March 31, 2015 is a promissory note with an asset lender dated February 24, 2015 with a principal balance of $750,000. The note is secured by the Company's headquarters and manufacturing facility. During the one-year term of the note, monthly payments of interest only at Prime Rate plus 6% are required, with the principal due on February 24, 2016. The note is recorded net of discount of $24,303 at March 31, 2015, which consists of debt issuance costs deferred and amortized over the life of the loan.

Also included in notes payable at March 31, 2015 is an unsecured finance agreement note with a principal balance of $121,093, payable in monthly installments of $11,277, including interest at 4.85%, through February 2016.

Note 6. Stockholders' Equity

The Company has 10,000,000 authorized shares of $.001 par value preferred stock. As of March 31, 2015 and December 31, 2014, there were no shares of preferred stock outstanding. The Company also has 80,000,000 authorized shares of $.001 par value common stock. At March 31, 2015 the Company had 39,689,209 shares outstanding.

Shelf Registration Statement

On September 28, 2012, we filed a universal shelf registration statement with the SEC for the issuance of common stock, preferred stock, warrants, senior debt, subordinated debt and units up to an aggregate amount of $50.0 million. On October 11, 2012, the universal shelf registration statement was declared effective by the SEC. We may periodically offer one or more of these securities in amounts, prices and terms to be announced when and if the securities are offered. At the time any of the securities covered by the registration statement are offered for sale, a prospectus supplement will be prepared and filed with the SEC containing specific information about the terms of any such offering. Since the effective date of the shelf registration, we have successfully sold securities in two separate registered direct offerings utilizing this shelf registration statement.

Warrants

A summary of the outstanding warrants issued in prior stock offerings as of March 31, 2015, and changes during the three months then ended, is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contract Term (Years)
Outstanding at December 31, 2014	9,857,305	$ 2.11	
Issued	-	-	
Exercised	-	-	
Forfeited or expired	-	-	
Outstanding as of March 31, 2015	9,857,305	$ 2.11	3.44
Exercisable as of March 31, 2015	9,857,305	$ 2.11	3.44

Note 7. Net Loss Per Common Share

The computation of basic earnings per common share is based on the weighted average number of shares outstanding during each period. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the period plus the weighted average common stock equivalents which would arise from the exercise of stock options and warrants outstanding using the treasury stock method and the average market price per share during the period. Common stock equivalents are not included in the diluted loss per share calculation when their effect is anti-dilutive.

No stock options or warrants are included in the computation of diluted weighted average number of shares for the three months ended March 31, 2015 and 2014 because the effect would be anti-dilutive. As of March 31, 2015, we had outstanding options and warrants to purchase a total of 15,149,223 shares of our common stock that could have a future dilutive effect on the calculation of earnings per share.

Note 8. Related Party Transactions

During the three months ended March 31, 2015 and 2014, we had sales of $11,232 and $12,492, respectively, to entities controlled by a significant stockholder and former member of the Board of Directors. These related party transactions represent approximately 1% of total sales for each respective three-month period.

As of March 31, 2015 and December 31, 2014, receivables included $2,269 and $13,471, respectively, from these related parties.

Note 9. Stock-Based Compensation

Our Third Amended and Restated 1998 Stock Incentive Plan ("Plan") authorizes the granting of incentive stock options to certain key employees and non-employees who provide services to the Company. The Plan, as amended, provides for the granting of options for an aggregate 6,337,300 shares. The options vest subject to management's discretion.

Effective February 4, 2009, our Fourth Amended and Restated 1998 Directors Stock Plan (the "Director Plan") provides an annual retainer of $60,000 to each non-employee director with the exception of the Audit Committee Chairman who is to receive $65,000. The cash portion of the compensation of $30,000 ($35,000 for the Audit Committee Chairman) is paid 50% twice each year, with $30,000 of compensation paid in common stock of the Company once each year. Prior to February 4, 2009, the Director Plan granted each non-employee outside director 30,000 options each year at an exercise price equal to the fair market value of the common stock at the date the option was granted. The options vest according to a set schedule over a five-year period and expire upon the director's termination, or after ten years from the date of grant. The Director Plan, as amended, allows for an aggregate of 1,750,000 shares to be granted.

As of March 31, 2015, we had approximately 1,809,131 shares of common stock reserved for future issuance under these stock incentive plans. Also, in connection with our appointment of a Chief Executive Officer in November 2014, we issued an inducement equity award in the form of a non-statutory stock option to purchase 1,400,000 shares of the Company's stock. This grant was outside the Company's stock incentive plans, and was in accordance with the NASDAQ inducement grant exception found in NASDAQ Listing Rule 5635(c)(4).

Stock-based compensation cost is measured at the grant date based on the estimated value of the award granted, using the Black-Scholes option pricing model, and recognized over the period in which the award vests. For stock awards no longer expected to vest, any previously recognized stock compensation expense is reversed in the period of termination.

The stock-based compensation expense has been allocated to the various categories of operating costs and expenses in a manner similar to the allocation of payroll expense as follows:

	Three Months Ended March 31,	
	2015	**2014**
Cost of sales	$ 6,857	$ 15,312
Research and development	14,743	45,641
Selling, general and administrative	114,103	145,560
Total	$ 135,703	$ 206,513

During the three months ended March 31, 2015, we granted employees a total of 400,000 stock options at an exercise price of $0.36 per share, with one third vesting each year for the next three years. The estimated weighted average grant date fair value per share of these stock options was $0.18, and our weighted average assumptions used in the Black-Scholes valuation model to determine this estimated fair value were as follows:

Expected volatility	**65.45%**
Expected dividends	**0%**
Expected term	**7.24 years**
Risk-free interest rate	**1.95%**

Unrecognized stock-based compensation expense expected to be recognized over the estimated weighted-average amortization period of 2.02 years is approximately $974,000 as of March 31, 2015.

A summary of the time-based stock option awards as of March 31, 2015, and changes during the three months then ended, is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contract Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2014	5,131,919	$ 2.25	7.03	
Granted	400,000	0.36		
Exercised	-	-		
Forfeited or expired	(240,001)	2.27		
Outstanding at March 31, 2015	5,291,918	$ 2.10	6.47	$ 20,000
Exercisable at March 31, 2015	2,896,918	$ 3.28	4.09	$ -

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on our closing stock price of $0.41 as of March 31, 2015, which would have been received by the holders of in-the-money options had the option holders exercised their options as of that date.

Note 10. Supplemental Cash Flow Information

We paid no amounts for income taxes during the three months ended March 31, 2015 and 2014.

We paid $4,240 and $0 for interest during the three months ended March 31, 2015 and 2014, respectively.

During the three months ended March 31, 2015 and 2014, we had no non-cash financing and investing activities.

Note 11. Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. Under this new standard, debt issuance costs reported on our balance sheet are shown as a direct deduction from the related debt liability rather than as an asset. This ASU is effective January 1, 2016, with early adoption permitted. Retrospective application to prior periods is required. We adopted the ASU effective January 1, 2015, with the only impact being the classification of certain amounts within our balance sheet and no impact on our results of operations. Prior periods were not impacted by the adoption of the ASU.

Note 12. Subsequent Events

Sale of Hyperthermia Assets

On April 1, 2015, the Company sold the assets associated with its hyperthermia cancer treatment systems, including among other assets, certain contracts, inventory, intellectual property, and permits (the “Acquired Assets”) pursuant to an Asset Purchase Agreement (the “Purchase Agreement”) with Pyrexar Medical Inc., a Nevada corporation (the “Buyer”). As consideration for the Acquired Assets, the Company received (i) 19.9% of the Series A Preferred Stock of Buyer (the “Preferred Stock”) and (ii) a percentage of the gross revenues the Buyer receives from its future sales of hyperthermia cancer treatment systems. The Buyer also assumed certain liabilities associated with the Acquired Assets.

The Purchase Agreement contains customary representations, warranties and covenants of the Company and the Buyer. Subject to certain limitations, the Company has agreed to indemnify the Buyer for breaches of representations, warranties, covenants and retained liabilities. The Purchase Agreement also provides that the parties shall enter into a lease agreement, pursuant to which the Company will lease to the Buyer a portion of the Company’s facility at 2188 West 2200 South, Salt Lake City. Base Rent under the lease agreement is set at approximately $96,660 per year.

Each share of Preferred Stock the Company received is convertible into one share of common stock of Buyer subject to adjustment in the event of stock splits, stock dividends and other similar events, and the Company received voting rights equal to those of holders of Buyer’s common stock. The Company is also entitled to cumulative annual dividends of $0.015 per share commencing April 1, 2016. In the event of certain liquidation events, we are entitled to receive, prior to any distribution to holders of other shares of capital stock of Buyer, a liquidation preference of approximately $2 million. Buyer is prohibited without the Company’s consent from authorizing, creating or issuing any other equity security having priority over the Preferred Stock.

Two former directors of the Company, Dr. Gerhard W. Sennewald and Douglas P. Boyd have a financial interest in Buyer and both are also members of Buyer’s board of directors. In light of the Company’s relationship with Buyer, the Company received a fairness opinion from Houlihan Valuation Advisors that the consideration it received for the Acquired Assets is fair to the Company from a financial perspective. See “Shareholder Claim” below.

Executive Officer

Effective April 1, 2015, we entered into an employment agreement with Brian A, Meltzer, M.D., to serve as our Chief Medical Officer and Vice President of Business Development.

Reverse Split of Common Stock

We held a special meeting of stockholders on May 12, 2015 to approve an amendment to the Company’s Amended and Restated Certificate of Incorporation to effectuate a reverse split of its issued and outstanding shares of common stock at a ratio of between 1-for-6 and 1-for-12, inclusive, which ratio will be selected at the sole discretion of the Board of Directors of the Company at any whole number in the above range, with any fractional shares that would otherwise be issued as a result of the reverse split being rounded up to the nearest whole share (the “Reverse Stock Split”); provided, that the Board of Directors may abandon the Reverse Stock Split in its sole discretion.

Over 76% of the outstanding shares voted, and the stockholders voted to approve the amendment, with the results of the voting as follows:

FOR	AGAINST	ABSTAIN	BROKER NON-VOTES
24,026,870	6,006,589	151,847	—

Shareholder Claim

As previously disclosed, legal counsel for Perseon received a demand letter dated October 3, 2014 and a draft complaint from a single shareholder. The draft complaint alleged that the Company (and certain current and former officers and directors) had issued false or misleading press releases, and that the Company had improperly raised capital in ways that diluted existing shareholders.

The Company's Board of Directors engaged special legal counsel experienced in securities matters and litigation to assist the Board of Directors in conducting an independent investigation of these allegations. The independent investigation has been completed. Based on the investigation, the Board of Directors determined that there has been no misconduct by the Company or the named defendants.

On April 27, 2015 this shareholder filed a formal complaint in the U.S. District Court for the District of Delaware. The complaint alleges that from November 2010 through October 2014, Perseon issued various press releases and public statements which omitted certain material facts related to Perseon's revenue and sales, thereby misrepresenting the true financial condition of Perseon. In particular, the complaint alleges that Perseon's press releases "tout[ed] impressive revenue figures and purported sales" when "in reality Perseon was floundering and unable to cover its operating costs, including significant executive compensation." The complaint also alleges that Perseon "chose to issue additional securities at below-market prices in an effort to fund operating expenses," rather than "raise capital through debt transactions or other methods," and that three offerings cited in the complaint resulted in "the dilution of existing shareholder positions."

Perseon believes that the claims in this lawsuit are without merit and intends to vigorously defend this action.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations and other parts of this quarterly report on Form 10-Q contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can also be identified by words such as "anticipates," "expects," "believes," "plans," "predicts," and similar terms. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the subsection entitled "Forward-Looking Statements" below. The following discussion should be read in conjunction with our financial statements and notes thereto included in this report. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Overview

Perseon Corporation, formerly BSD Medical Corporation, (the "Company"), was incorporated in the State of Delaware on July 3, 1986. In February 2015, we changed the name of the Company to Perseon Corporation. We develop, manufacture, market and service systems to treat cancer and benign diseases using heat therapy delivered using focused microwave and radiofrequency ("RF") energy. Our business objectives are to continue to commercialize our products for the treatment of cancer and to further expand our products to treat other diseases and medical conditions. Our product line for cancer therapy has been created to offer hospitals and clinics a complete solution for thermal treatment of cancer. We have developed extensive intellectual property and distribute our products in the United States, Europe and Asia.

As part of our recently announced corporate realignment and re-branding which included our new corporate name, Perseon, we plan to focus our efforts on our flagship product, MicroThermX®, ("MicroThermX") ablation system that employs precision-guided energy to ablate diseased soft tissue.

Historically, our product offerings have included hyperthermia cancer treatment systems. On April 1, 2015, we sold the assets associated with our hyperthermia cancer treatment systems, including among other assets, certain contracts, inventory, intellectual property, and permits (the "Hyperthermia Assets") pursuant to an Asset Purchase Agreement (the "Hyperthermia Purchase Agreement") with Pyrexar Medical Inc. ("Pyrexar"). As consideration for the Hyperthermia Assets, we received (i) 19.9% of the Series A Preferred Stock of Pyrexar and (ii) a percentage of the gross revenues Pyrexar receives from its future sales of hyperthermia cancer treatment systems. Pyrexar also assumed certain liabilities associated with the Hyperthermia Assets. With the sale of the Hyperthermia Assets we will focus our resources on expanding and commercializing our ablation product line.

Our thermal ablation product line includes systems that have been strategically designed to offer minimally invasive thermal energy therapy for treating cancerous tumors. Studies have shown that ablation therapy effectively addresses and even kills certain cancerous tumors on a minimally invasive basis. Thermal ablation usually refers to heat treatments delivered at temperatures above 55°C for short periods of time. Thermal ablation is used to destroy local tumors using a short intense focus of heat on a specific area.

Current and future cancer treatment sites for our systems may include cancers of the prostate, breast, head, neck, bladder, cervix, colon/rectum, ovaries, esophagus, liver, kidney, brain, bone, stomach and lung. In addition to these market opportunities, we believe that our technology has application for a number of other medical purposes in addition to treating cancer.

We recognize revenues from the sale of our ablation cancer treatment systems and related parts and accessories (collectively, product sales). We also recognize revenues from equipment rental, including fee-per-use rental income from our MicroThermX systems. Information regarding our revenues, assets, and results of our operations is contained in our financial statements and notes thereto.

Our current corporate strategy includes the possibility of entering into additional collaborative arrangements with third parties to expand and improve the commercialization of all our products. There can be no assurance that the exploration of strategic alternatives will result in any agreements or transactions, or that, if completed, any agreements or transactions will be successful or on attractive terms.

We recently changed our fiscal year end for financial reporting from August 31, to December 31, effective for the four months ended December 31, 2014.

Results of Operations

Fluctuation in Operating Results

Our results of operations have fluctuated in the past and may fluctuate in the future from year to year as well as from quarter to quarter. Revenue may fluctuate as a result of factors relating to the demand and market acceptance for our ablation systems and related component parts and services, world-wide economic conditions, availability of financing for our customers, changes in the medical capital equipment market, changes in order mix and product order configurations, competition, regulatory developments, insurance reimbursement and other matters. In addition, our revenues in the future will not be comparable to prior periods as a result of our sale of the hyperthermia product line. Since May 2013, a significant part of our MicroThermX product's revenue has come from sales into Europe, to our distribution partner, Terumo. Terumo has recently expressed an interest in modifying the terms of this agreement. We cannot yet determine the impact this may have on our future sales. Operating expenses may fluctuate as a result of the timing of sales and marketing activities, research and development, and selling, general and administrative expenses associated with our potential growth. For these and other reasons described elsewhere, our results of operations for a particular period may not be indicative of operating results for any other period.

Revenues

We recognize revenue from the sale of our ablation cancer treatment systems and related parts and accessories (collectively, system sales), the sale of disposable devices used with our systems, training, service support contracts and other miscellaneous revenues. We also recognize revenues from equipment rental, including fee-per-use rental income from our MicroThermX systems.

Our revenues consisted of the following:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Systems - MicroThermX	$ 218,125	$ 257,625
Disposable devices - MicroThermX	417,521	423,632
Equipment rental - MicroThermX	71,400	70,000
Other	2,333	4,056
Hyperthermia sales	447,247	780,221
Total	$ 1,156,626	$ 1,535,534

Revenues reported in the above table in 'hyperthermia sales' include systems, disposable devices, equipment rental and service revenue that is hyperthermia related. Total revenues were $1,156,626 for the first quarter ended March 31, 2015, compared to total revenues of $1,535,534 for the three months ended March 31, 2014. The decrease in revenue is directly attributable to a decrease in hyperthermia sales. Revenues recognized from hyperthermia sales have historically fluctuated significantly.

At times, we have derived a significant portion of our revenues from hyperthermia sales to related parties. All of our related party revenue results from the sale of hyperthermia systems and related component parts and services to Dr. Sennewald Medizintechnik GmbH or its affiliate BSD BioSystems Design, S.A. ("Medizintechnik"). Dr. Sennewald, one of our significant stockholders and a former director, is a stockholder, executive officer and a director of Medizintechnik. We derived $11,232, or approximately 1%, of our total revenue in the three months ended March 31, 2015 from hyperthermia sales to related parties, compared to $12,492, or approximately 1%, in the three months ended March 31, 2014.

The following tables summarize the sources of our revenues for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Non-Related Parties		
Systems - MicroThermX	$ 218,125	$ 257,625
Disposable devices – MicroThermX	417,521	423,632
Equipment rental – MicroThermX	71,400	70,000
Other	2,333	4,056
Hyperthermia sales	436,015	767,729
Total	$ 1,145,394	$ 1,523,042

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Related Parties		
Hyperthermia sales	$ 11,232	$ 12,492

Cost of Revenues

Cost of sales includes raw materials, labor and allocated overhead costs. We calculate and report cost of sales separately for both non-related and related party sales, which are sales to Medizintechnik. Cost of sales as a percentage of sales in the past has fluctuated widely from period to period depending on the mix of sales for the period and the type and configuration of hyperthermia systems sold, if any, during the period. Total cost of revenues for the three months ended March 31, 2015 was $796,738 compared to $858,558 for the three months ended March 31, 2014, a decrease of $61,820, or approximately 7%. This decrease resulted primarily from the decrease in system sales, but included higher than expected costs of production on hyperthermia systems completed and sold in the three month period ended March 31, 2015.

Gross Margin

Our gross margin and gross margin percentage has fluctuated from period to period depending on the mix of revenues reported for the period and the type and configuration of the hyperthermia systems sold, if any, during the period. Our total gross margin was $359,888, or approximately 31% of total revenues, for the three months ended March 31, 2015, and $676,976, or approximately 44%, for the three months ended March 31, 2014. The decrease in gross margin and gross margin percentage in the three months ended March 31, 2015 compared to the three months ended March 31, 2014 resulted primarily from higher than expected costs to produce the hyperthermia systems completed and sold in the three months ended March 31, 2015, as discussed above. With costs on these hyperthermia systems being higher than the selling prices, a negative gross margin resulted. As sales volume decreases, we are less able to fully absorb certain fixed operating costs that are included in cost of sales, thus decreasing our gross profit percentage. These low and/or negative gross margins are not expected to reoccur, following our April 1, 2015 sale of all assets related to the hyperthermia product line.

Operating Costs and Expenses

Research and Development Expenses – Research and development expenses include expenditures for new product development and development of enhancements to existing products. Research and development expenses for the three months ended March 31, 2015 were $496,635 compared to $521,264 for the three months ended March 31, 2014, a decrease of $24,629 or approximately 5%.

Selling, General and Administrative Expenses – Selling, general and administrative expenses were $2,721,864 for the three months ended March 31, 2015 compared to $1,715,281 for the three months ended March 31, 2014, an increase of $1,006,583, or approximately 59%. This increase resulted primarily from corporate restructuring costs and expenses related to the sale of the Hyperthermia Assets, rebranding efforts, changing our fiscal year-end and resultant reporting requirements, and increased legal costs. As we continue to roll out the MicroThermX product line and the support of its global distribution network, we believe that the level of our selling, general and administrative expenses may continue to increase over the levels reported for the first quarter of our current fiscal year.

Other Income (Expense)

During the three months ended March 31, 2015 and 2014, other income (expense) was not material to our operations.

Liquidity and Capital Resources

From inception through March 31, 2015, we have generated an accumulated deficit of $59,411,747 where our operating revenues have been insufficient to cover our operating expenses. We have financed our operations primarily through the sale of our common stock. As of March 31, 2015, we had cash and cash equivalents of $3,560,193, comprised primarily of money market funds and savings accounts. We will require additional capital to fund our operations.

As of March 31, 2015, we had current liabilities totaling $2,738,988, comprised of accounts payable, accrued liabilities, short-term notes payable, and customer deposits. As of March 31, 2015, we had no long-term liabilities.

Short-Term Notes Payable

Included in notes payable at March 31, 2015 is a promissory note with an asset lender dated February 24, 2015 with a principal balance of $750,000. The note is secured by the Company's headquarters and manufacturing facility. During the one-year term of the note, monthly payments of interest only at Prime Rate plus 6% are required, with the principal due on February 24, 2016. The note is recorded net of discount of $24,303 at March 31, 2015, which consists of debt issuance costs deferred and amortized over the life of the loan.

Also included in notes payable at March 31, 2015 is an unsecured finance agreement note with a principal balance of $121,093, payable in monthly installments of $11,277, including interest at 4.85%, through February 2016.

Shelf Registration Statement

On September 28, 2012, we filed a universal shelf registration statement with the SEC for the issuance of common stock, preferred stock, warrants, senior debt, subordinated debt and units up to an aggregate amount of $50.0 million (the "2012 Shelf Registration Statement"). On October 11, 2012, the universal shelf registration statement was declared effective by the SEC. We have completed two stock offerings utilizing the 2012 Shelf Registration Statement, from April 2013 through March 31, 2015, and we received total net proceeds of approximately $9 million from these offerings. In the future, we may periodically offer one or more of these securities in amounts, prices and terms to be announced when and if the securities are offered. At the time any of the securities covered by the registration statement are offered for sale, a prospectus supplement will be prepared and filed with the SEC containing specific information about the terms of any such offering.

S-1 Registration Statement

On April 23, 2015 we filed a registration statement on Form S-1 with the SEC to raise additional capital. No assurance can be given that such offering will be consummated, or if consummated, will raise the maximum amount contemplated thereunder.

Cash Flows from Operating, Investing and Financing Activities

During the three months ended March 31, 2015, we used net cash of $2,782,936 in operating activities, as a result of our net loss of $2,871,587, increases in receivables of $508,301 and other current assets of $173,216, and decreases in accrued liabilities of $248,640, customer deposits of $21,842 and deferred revenue of $54,218, partially offset by non-cash expenses totaling $170,079, decrease in inventories of $507,394 and increase in accounts payable of $417,395.

During the three months ended March 31, 2014, we used net cash of $1,132,677 in operating activities, as a result of our net loss of $1,557,394, non-cash gain of $67, increase in other assets of $50,547, and decreases in accounts payable of $135,539, customer deposits of $91,897 and deferred revenue of $38,571, partially offset by non-cash expenses totaling $238,112, decreases in receivables of $145,941 and inventories of $231,142 and increase in accrued liabilities of $126,143.

Net cash used in investing activities for the three months ended March 31, 2015 was $96,030, resulting from the purchase of property and equipment. Net cash used in investing activities for the three months ended March 31, 2014 was $20,632, comprised of the purchase of property and equipment of $22,657, partially offset by proceeds from the disposition of property and equipment of $2,025.

Net cash provided by financing activities for the three months ended March 31, 2015 was $844,581, comprised of proceeds from notes payable of $871,093, partially offset by payment of debt issuance costs of $26,512. Net cash provided by financing activities for the three months ended March 31, 2014 was $82,465, comprised of proceeds from notes payable.

We do not believe that our current cash and cash equivalents will be sufficient to fund our operations for the next twelve months and that we will be required to raise additional capital. In April 2015, we filed a registration statement on Form S-1 for review by the SEC, in anticipation of offering company securities for sale.

We cannot be certain that any financing will be available when needed or will be available on terms acceptable to us. If we raise equity capital, our stockholders will be diluted. Insufficient funds may require us to delay, scale back or eliminate some or all of our programs designed to facilitate the commercial introduction of our systems or entry into new markets.

As of March 31, 2015, we had no significant commitments for the purchase of property and equipment.

We had no material off balance sheet arrangements as of March 31, 2015.

Critical Accounting Policies

The following is a discussion of our critical accounting policies and estimates that management believes are material to an understanding of our results of operations and which involve the exercise of judgment or estimates by management.

Revenue Recognition: Revenue from the sale of cancer treatment systems is recognized when a purchase order has been received, the system has been shipped, the selling price is fixed or determinable, and collection is reasonably assured. Most system sales are F.O.B. shipping point; therefore, shipment is deemed to have occurred when the product is delivered to the transportation carrier. Most system sales do not include installation. If installation is included as part of the contract, revenue is not recognized until installation has occurred, or until any remaining installation obligation is deemed to be perfunctory. Some sales of systems may include training as part of the sale. In such cases, the portion of the revenue related to the training, calculated based on the amount charged for training on a stand-alone basis, is deferred and recognized when the training has been provided. The sales of our cancer treatment systems do not require specific customer acceptance provisions and do not include the right of return except in cases where the product does not function as warranted by us. To date, returns have not been significant.

Revenue from the sale of disposable devices is recognized when a purchase order has been received, the devices have been shipped, the selling price is fixed or determinable, and collection is reasonably assured. Currently, our customers are not required to purchase a minimum number of disposable devices in connection with the purchase of our systems.

Revenue from training services is recorded when an agreement with the customer exists for such training, the training services have been provided, and collection is reasonably assured.

Revenue from equipment rental under an operating lease is recognized when billed in accordance with the lease agreement.

Our revenue recognition policy is the same for sales to both related parties and non-related parties. We provide the same products and services under the same terms for non-related parties as with related parties.

Sales to distributors are recognized in the same manner as sales to end-user customers.

Deferred revenue and customer deposits include amounts from service contracts as well as cash received for the sales of products, which have not been shipped.

Inventory Reserves: We maintain a reserve for obsolete inventories to reduce excess and obsolete inventories to their estimated net realizable value. This reserve is a significant estimate and we periodically review our inventory levels and usage, paying particular attention to slower-moving items. If projected sales do not materialize or if our systems do not receive increased market acceptance, we may be required to increase the reserve for obsolete inventories in future periods.

Product Warranty: We provide limited product warranties on our systems. These warranties vary from contract to contract, but generally consist of parts and labor warranties for one year from the date of installation. To date, expenses resulting from such warranties have not been material. We record a warranty expense at the time of each sale. This reserve is estimated based on prior history of service expense associated with similar units sold in the past.

Allowance for Doubtful Accounts: We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. This allowance is a significant estimate and is regularly evaluated by us for adequacy by taking into consideration factors such as past experience, credit quality of the customer base, age of the receivable balances, both individually and in the aggregate, and current economic conditions that may affect a customer’s ability to pay. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Debt Issuance Costs: We defer debt issuance costs and amortize them to expense over the term of the related notes payable. Notes payable are recorded net of unamortized debt issuance costs in our condensed balance sheets.

Stock-based Compensation: Stock-based compensation cost of stock options and other stock-based awards to employees and directors is measured at the grant date based on the estimated value of the award granted, using the Black-Scholes option pricing model, and recognized over the period in which the award vests. For stock awards no longer expected to vest, any previously recognized stock compensation expense is reversed in the period of termination. The stock-based compensation expense has been allocated to the various categories of operating costs and expenses in a manner similar to the allocation of payroll expense. The Black-Scholes valuation model utilizes inputs that are subject to change over time, including the volatility of the market price of our common stock, risk free interest rates, requisite service periods and assumptions made by us regarding the assumed life and vesting of stock options and stock-based awards. As new options or stock-based awards are granted, additional non-cash compensation expense will be recorded by us.

Income Taxes: We account for income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We maintain valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances are included in our income tax provision in the period of change. In determining whether a valuation allowance is warranted, we evaluate factors such as prior earnings history, expected future earnings and our ability to carry back reversing items within two years to offset income taxes previously paid.

To the extent that we have the ability to carry back current period taxable losses to offset income taxes previously paid, we record an income tax receivable and a current income tax benefit.

Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. Under this new standard, debt issuance costs reported on our balance sheet are shown as a direct deduction from the related debt liability rather than as an asset. This ASU is effective January 1, 2016, with early adoption permitted. Retrospective application to prior periods is required. We adopted the ASU effective January 1, 2015, with the only impact being the classification of certain amounts within our balance sheet and no impact on our results of operations. Prior periods were not impacted by the adoption of the ASU.

FORWARD-LOOKING STATEMENTS

With the exception of historical facts, the statements contained in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other parts of this quarterly report on Form 10-Q are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which reflect our current expectations and beliefs regarding our future results of operations, performance and achievements. These statements are subject to risks and uncertainties and are based upon assumptions and beliefs that may or may not materialize. These forward-looking statements include, but are not limited to, statements concerning:

- our belief about the market opportunities for our products;
- our anticipated financial performance and business plan;
- our expectations that we will reach agreements with additional international distribution firms;
- our belief that the level of our operating expenses, including selling, general and administrative expenses, will increase;
- our belief that our operating results, revenue and operating expenses may fluctuate in the future from year to year as well as from quarter to quarter; and
- our belief that we will be able to raise additional capital to fund our operations.

We wish to caution readers that the forward-looking statements and our operating results are subject to various risks and uncertainties that could cause our actual results and outcomes to differ materially from those discussed or anticipated, including the factors set forth in Item 1A – “Risk Factors” in our Transition Report on Form 10-K for the period ended December 31, 2014 and our other filings with the SEC. We also wish to advise readers not to place any undue reliance on the forward-looking statements contained in this report, which reflect our beliefs and expectations only as of the date of this report. We assume no obligation to update or revise these forward-looking statements to reflect new events or circumstances or any changes in our beliefs or expectations, other than as required by law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There are no material changes to our market risk as described in our Transition Report on Form 10-K for the period ended December 31, 2014

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures.

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our management including our principal executive officer and principal accounting officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934 (“Exchange Act”). Based on this evaluation, the principal executive officer and principal accounting officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal accounting officer, in a manner that allows timely decisions regarding required disclosure.

Changes in internal controls over financial reporting.

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See Note 12 to the Company's Notes to Condensed Financial Statements for a description of material pending legal proceedings to which the Company is subject.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors reported in our Transition Report on Form 10-K for the period ended December 31, 2014.

Item 6. Exhibits

The following exhibits are filed as part of this report:

Exhibit No.	Description of Exhibit
3.1	Second Certificate of Amendment to Amended and Restated Certificate of Incorporation of BSD Medical Corporation. Incorporated by reference to Exhibit 3.1 of the Perseon Corporation Form 8-K, filed February 24, 2015.
10.23*	Employment Agreement with effective date of April 1, 2015 between the Company and Brian Meltzer.
31.1	Certification of the Principal Executive Officer Required Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Principal Accounting Officer Required Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Required Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Accounting Officer Required Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase

* Management contract or compensatory plan or arrangement.

** The XBRL related information in Exhibit 101 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PERSEON CORPORATION

Date:	May 14, 2015	/s/ Clinton E. Carnell Jr. Clinton E. Carnell Jr. Chief Executive Officer (Principal Executive Officer)
Date:	May 14, 2015	/s/ William S. Barth William S. Barth Chief Financial Officer (Principal Accounting Officer)

Employment Agreement between the Company and Brian Meltzer.

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into effective as of April 1, 2015 (the "Effective Date"), by and between **Perseon Corporation**, a Delaware corporation (the "Company") and **Brian Meltzer**, an individual (the "Executive"). The Company and the Executive are referred to herein collectively as the "Parties" and may be referred to herein individually as a "Party".

BACKGROUND

The Company made an offer of employment to the Executive pursuant to a written offer of employment. The Executive accepted the offer of employment. The written offer of employment contemplated that the Parties would enter into an employment agreement, which employment agreement shall be subject to the approval of the Company's Board of Directors.

AGREEMENT

NOW THEREFORE, in consideration of the premises, the agreements, and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Term**. The Executive's employment hereunder shall continue from and after the Effective Date until terminated in accordance with the applicable provisions of this Agreement (the "Term").

2. **Position and Responsibilities.** The Company shall employ the Executive as the Chief Medical Officer and Vice President of Business Development or such other position as the Parties may agree from time to time. The Executive shall report to the President and Chief Executive Office of the Company (hereinafter, the "President") or his designee. The Executive will devote substantially all of his skill, knowledge, and working time to the conscientious performance of such duties except for reasonable vacation time, absence for sickness or similar disability, and authorized leaves of absence. To the extent that it does not significantly interfere with the performance of the Executive's duties hereunder, it shall not be a violation of this Agreement for the Executive to (i) serve on corporate, civic, or charitable boards or committees; provided, however, that the Executive shall obtain the written permission of the President prior to rendering such service, (ii) deliver lectures or fulfill speaking engagements, or (iii) manage personal investments. The Executive represents that he is entering into this Agreement voluntarily and that, to the best of his knowledge, his employment hereunder and compliance by him with the terms and conditions of this Agreement will not conflict with or result in the breach of any agreement to which he is a party or by which he may be bound. Any fees or other compensation received by the Executive for services as a director, as a trustee, or in a similar position with another entity shall be retained by the Executive.

3. **Place of Performance**. The principal place of the Executive's employment shall be the Company's principal executive offices, currently located at 2188 West 2200 South, Salt Lake City, Utah. Notwithstanding the foregoing, the Parties agree that, during the first year of employment, the Executive will not be required to report daily to the Company's principal executive offices but will be allowed to work remotely; provided, however, that the Executive understands that he reports to the Company's principal executive offices and will be required to travel to the executive offices at the direction of the President or as otherwise necessary to the performance of his job duties and that he may be required to spend extended periods of time at the principal executive offices as necessary to perform his job duties. After the first year of employment, the Parties will engage in good faith discussions regarding relocating the Executive to the Salt Lake City area.

4. **Compensation.**

4.1 **Base Salary**. The Company shall pay the Executive an annual base salary at the rate of two hundred twenty five thousand and no/100 dollars ($250,000.00) (the “Base Salary”), which Base Salary shall be paid to the Executive in periodic installments in accordance with the Company’s customary payroll practices, as modified from time to time, but no less frequently than monthly. During the Term, beginning April 1, 2016, the Company will review the Executive's Base Salary annually and, in the discretion of the President, in consultation with the Company’s Board of Directors (hereinafter, the “Board” or “Board of Directors”), may modify such Base Salary from time to time based on the performance of the Executive, the financial condition of the Company, prevailing industry salary scales, and such other factors as the Company's President shall consider relevant; provided, that the Company may not decrease Executive’s Base Salary by more than 10%, calculated based on the Base Salary in effect just prior to any such decrease, and then only by the unanimous vote of the Board after a finding by the Board that such reduction is reasonably necessary to address either a projected or actual significant financial shortfall in the Company’s financial performance or as otherwise agreed between the Company and the Executive. Any increase or decrease in the Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement.

4.2 **Award of Common Stock Options or Restricted Stock Units**. The Executive will be awarded an option to purchase 300,000 shares of the Company’s common stock. The exercise price per share will be equal to the fair market value per share on the date the option is granted, which date will be on or near the Effective Date. The option will be subject to the terms and conditions applicable to options granted under the Company’s long term equity-based incentive compensation plan and the applicable notice of grant of stock option or agreement thereunder. Subject to the Executive’s continued employment, the options will vest in accordance with the notice of grant of stock option or agreement.

If the Company awards restricted stock or restricted stock units to its executive-level employees or to employees generally, then the Executive will be eligible to participate in any such plan, subject to the terms, conditions, limitations, and eligibility requirements set forth in the applicable plan documents. Nothing in this paragraph requires the Company to adopt a plan with respect to the grant of restricted stock or restricted stock units for restricted stock units.

4.3 **Individual Performance Bonus**. At the conclusion of his first full year of employment, the Company will pay the Executive a bonus of $75,000. For each calendar year thereafter (or partial calendar year from April 1, 2016, through December 31, 2016), the Executive shall be eligible for an annual individual performance bonus, as determined by the President, in his sole discretion, of up to $75,000. In determining the amount of the individual performance bonus, if any, the President shall take into consideration the Executive's performance, the financial condition of the Company, and such other factors as the President, in his sole discretion, shall deem appropriate. Said individual performance bonus shall be paid to the Executive on or before March 31 of the calendar year immediately following the calendar year to which the individual bonus, if any, relates.

4.4 **Employee Benefits**. During the Term, the Executive shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company for its employees, as in effect from time to time (collectively the "Employee Benefit Plans"), subject to the terms, conditions, and limitations and eligibility requirements of any applicable plan documents. The Company reserves the right to amend or terminate any Employee Benefit Plan(s) so as to eliminate, reduce, or otherwise change any benefit payable thereunder, so long as such change complies with the terms of such Employee Benefit Plan(s), and applicable law, and so long as such change similarly affects all of the Company's executive level employees.

4.5 **Vacation or Other Leave of Absence**. During the Term, the Executive shall be entitled to such vacation, sick leave, personal time off, or other leave policy as is available under the prevailing policies of the Company, as modified from time to time.

4.6 Communication Equipment. During the Term, the Company shall provide the Executive with such communication equipment as the Company deems appropriate, from time to time, for the Executive's use in performing his duties under this Agreement and shall pay the monthly service costs associated with such communication equipment or, at the Company's option, the Company shall reimburse the Executive for monthly service costs arising from the Executive's use of his own personal communication equipment for the performance of his duties under this Agreement, as determined by the President.

4.7 **Business Expenses**. The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment, and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures in effect from time to time.

4.8 **Indemnification.** To the maximum extent permitted by law, and in the manner required by the laws of the State of Utah, the Company shall indemnify the Executive against any and all applicable claims, judgments, fines, amounts paid in settlement, and other costs actually and reasonably incurred in any Action, as defined in Section 4.8(a) below, giving rise to the Executive's claim for indemnification; provided, however, that nothing contained herein shall require the Company to indemnify the Executive from and against Actions initiated by the Executive or the Company related to any contest or dispute between the Executive and the Company with respect to this Agreement or the Executive's employment hereunder or arising from the Executive's willful misconduct or gross negligence or the Executive's violation of the Company's policies against unlawful harassment and discrimination, as modified from time to time.

(a) For purposes of this Section 4, “Action” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative.

(b) The Company may not indemnify the Executive under this Section 4 unless a determination has been made in the specific case that indemnification of the Executive is permissible under the circumstances and under the law of the State of Utah. Such determination shall be made (a) by the President, (b) by the majority vote of the Board, or (c) by special legal counsel selected by the President.

(c) Expenses, including attorney’s fees, or some part of such expenses, incurred by the Executive in defending any Action shall be paid by the Company in advance of the final disposition of such Action upon the receipt of written undertaking by or on behalf of the Executive to repay the amount advanced if it ultimately is determined that the Executive is not entitled to be indemnified by the Company as authorized under applicable law or the provisions of this Section 4.

(d) By action of the President or by majority vote of the Board, notwithstanding any interest of the Company or any individual member of the Board in such Action, the Company may purchase and maintain insurance in such amounts as the President or the majority vote of the Board may deem appropriate on behalf of the Executive against any liability asserted against the Executive and incurred by the Executive, whether or not the Company would have the power to indemnify the Executive against such liability under applicable provisions of law.

(e) The Company shall have the right to impose, as conditions to any indemnification provided by the Company, such reasonable requirements and conditions as may appear appropriate to the President of the Company in each specific case and circumstance, including but not limited to any one or more of the following: (a) that any counsel representing the Executive in connection with the defense or settlement of any Action shall be counsel mutually agreeable to the Executive and the Company, (b) that the Company shall have the right, at the Company’s option, to assume and control the defense or settlement of any Action made, initiated, or threatened against the Executive, and (c) that the Company shall be subrogated, to the extent of any payments made by way of indemnification, to all of the Executive’s right of recovery and that the Executive shall execute all writings and do everything necessary to assure such rights of subrogation to the Company.

4.9 **Claw Back Provisions**. Notwithstanding any other provision in this Agreement to the contrary, any incentive-based compensation, or any other compensation other than the Base Salary, paid to the Executive pursuant to this Agreement or any other Agreement or arrangement with the Company which is subject to recovery under any law, government regulation, or stock exchange listing requirement will be subject to such deductions and claw back as may be required to be made pursuant to such law, government regulation, or stock exchange listing requirement (or any policy adopted by the Company as required pursuant to such law, government regulation, or stock exchange listing requirement).

5. **Termination and Termination Payments and Rights**.

5.1 Termination Upon Death. If the Executive dies during the Term of his employment with the Company, this Agreement shall terminate as of the date of his death. On termination upon the Executive's death, the Executive's estate shall be entitled to be paid that portion of the Executive's Base Salary that would otherwise have been payable to the Executive through and including the final day of the month in which the Executive's death occurs, together with all benefits due to the Executive under the Employee Benefit Plans through and including such date to the extent allowed by law and the terms, conditions, and limitations of the applicable plan documents.

5.2 Termination By the Company for Cause. The Company may, at any time, by written notice to the Executive terminate the Executive's employment under this Agreement immediately for Cause, as defined below, and the Executive shall have no right to receive any compensation or benefit hereunder on or after the date of such notice.

For purposes of this Agreement, "Cause" means (i) a violation of the Employer's illegal drug policy and/or a material violation of the Employer's alcohol abuse policy; (ii) a material violation of the Employer's policy against unlawful harassment or discrimination; (iii) the Executive's material breach of this Agreement, including without limitation a material failure to perform or an habitual neglect of his job duties, as set forth in this Agreement, to the satisfaction of the Company or a material failure to follow the Company's material policies and procedures; (iv) insubordination or other willful refusal to comply with any lawful request of the Company, including without limitation failure to cooperate in any investigation conducted and/or undertaken by the Company that has reasonable and legitimate objectives; (v) violation of any confidentiality, non-competition, non-solicitation, employee invention, or similar agreement that the Company may require the Executive to sign as a condition of his employment or continued employment with the Company except as required in performing the Executive's job duties and responsibilities; (vi) material breach of fiduciary duty; (vii) conduct that reasonably could discredit the goodwill, good name, or reputation of the Employer; (viii) fraud, misappropriation of any money, assets, or other property of the Employer, or other act of material dishonesty; (ix) material misfeasance, malfeasance, or nonfeasance in the performance of the Executive's duties for the Employer; or (x) the Executive is convicted of a felony or other serious crime or is convicted of a misdemeanor involving moral turpitude or a crime of dishonesty by any governmental authority or the Executive is charged with a felony and pleads guilty or nolo contendre to a reduced charge.

Prior to the Company's termination of the Executive's employment pursuant to any of the provisions of Section 5.2(i) (as it relates to alcohol only), (iii), (iv), (vii), or (ix) (hereinafter, the "Prior Notice Cause/s"), the Company shall give the Executive written notice of the "Cause" event and shall give the Executive thirty (30) days, or such greater period of time as determined reasonable by the Company, in its sole business judgment, in which to cure the breach or event giving the Company the right to terminate this Agreement or to provide information and documentation, in writing, which, in the reasonable business judgment of the Company, demonstrates that the Executive has not engaged in conduct that constitutes Cause under the Prior Notice Cause/s (the "Cure Period"). If the Executive shall correct or cure the event giving rise to the Company's right to terminate for Cause under the provisions of the Prior Notice Cause/s within such Cure Period, then this Agreement shall not be terminated as a result of such event. The Company shall only be obligated to give the Executive one right to cure period for any similar type or kind of conduct that gives rise to a right to cure under any of the Prior Notice Cause/s during the Term of this Agreement. If a second event of a similar type or kind of conduct shall occur during the Term that gives the Company a right to terminate for cause under any Prior Notice Cause/s, the Company may immediately terminate the Executive without any additional notice or right to cure. The Company is not obligated to give any advance notice or right to cure period for any termination under the provisions of Section 5.2(i) (as it relates to violation of the Employer's illegal drug policy), (ii), (v), (vi), (viii), or (x).

5.3 <u>Termination Without Cause</u>.

(a) The Company may terminate the Executive's employment under this Agreement without Cause by giving thirty (30) days written notice to the Executive. In such event, and subject to the Executive's signing, without revocation, of a separation agreement and release of all claims in a form acceptable to the Company (the "Release"), the Executive shall have the right to receive an amount equal to his Base Salary for a period of six (6) months (such amount, the "Separation Payment"), payable in accordance with the terms of the Release, in addition to all portions of the Executive's Base Salary due as of the effective date of such termination of employment.

(b) If the Executive properly elects continuation coverage under the Company's group medical insurance plan pursuant to Sections 601 through 607 of the Employee Retirement Income Security Act of 1974, as amended ("COBRA"), the Company will pay that portion of the premium which the Company paid on behalf of the Executive and his enrolled family members immediately prior to the termination of Executive's employment through the earlier of (a) six (6) months from the Executive's termination date; (b) the date Executive first becomes eligible for coverage under any group health plan maintained by another employer of Executive or his spouse, if any; or (c) the date such COBRA continuation coverage otherwise terminates as to Executive under the provisions of the Company's group medical insurance plan (the "COBRA Period"); provided that such Company-subsidized COBRA continuation coverage does not violate federal non-discrimination laws or rules applicable to the Company's group health plans in a manner that adversely affects the Company. Nothing herein shall be deemed to extend the otherwise applicable maximum period in which COBRA continuation coverage is provided or supersede the plan provisions relating to early termination of such COBRA continuation coverage. The Executive agrees that he is responsible to pay that portion of the premium for such coverage as the Executive would be required to pay had he remained an active employee of the Company during such COBRA Period.

5.4 Termination by the Executive With Good Reason.

(a) The Executive may at any time and upon thirty (30) days written notice to the Company with Good Reason terminate his employment under this Agreement, in which case the Executive will have the right to receive the Separation Payment, subject to his execution and delivery to the Company of the Release and payable in accordance with the terms of the Release; provided, however, that such notice must be given within ninety (90) days of the date of the occurrence of an event or circumstance giving rise to Good Reason.

(b) For purposes of this Agreement "Good Reason" shall mean one of the reasons set forth below which remains uncured for a period of fifteen (15) days following receipt of notice thereof from the Executive to the Company:

(i) A demotion by the Company or its successor from the Executive's position as VP of North America Sales or a material diminution in the Executive's job duties and responsibilities;

(ii) A reduction by the Company or its successor of the Executive's Base Salary except as allowed under Section 4.1 of this Agreement;

(iii) The Company's requirement, during the Executive's first year of employment and without his consent, that the Employee primarily perform the duties of his employment at the Company's principal executive offices, which currently are located at 2188 West 2200 South, Salt Lake City, Utah.

5.5 **Termination by the Employee Without Good Reason.** The Executive may terminate his employment under this Agreement without Good Reason upon thirty (30) days prior written notice to the Company, and upon the effective date of such termination the Executive will be entitled to receive only that portion of his Base Salary which is due and owing upon such effective date of termination.

5.6 Termination by the Executive Following a Change of Control.

(a) If a "Change Control" (as herein defined) occurs during the Term, and if during the six (6) month period immediately following the effective date of such Change in Control (i) the Company terminates the employment of the Executive hereunder without Cause or (ii) the Executive terminates his employment hereunder with Good Reason, then, in addition to the Separation Payment, all options or other equity-based incentive awards granted to the Executive by the Company shall immediately vest and become fully exercisable on the effective date of such termination, notwithstanding any provision of this Agreement or of any Employee Benefit Plans pursuant to which such options or awards were granted.

(b) For purposes of this Agreement, the term "Change in Control" shall mean the occurrence of any of the following:

(i) One person (or more than one person acting as a group) acquires ownership of stock of the Company that, together with the stock held by such person or group prior to such acquisition, constitutes more than fifty-percent (50%) of the total voting power of all of the issued and outstanding stock of the Company; or

(ii) A majority of the members of the Board are replaced during any twelve-month period by directors whose appointment or election is not endorsed by 2/3 of the members of the Board as constituted before the date of such appointment or election; or

(iii) The sale of all or substantially of the Company's assets.

5.7 **Mitigation.** In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and any amounts payable to the Executive pursuant to this Section 5 shall not be reduced by any compensation earned by the Executive on account of employment with another employer following the termination of his employment hereunder.

6. Section 280G.

(a) If any of the payments or benefits received or to be received by the Executive (including, without limitation, any payment or benefits received in connection with a Change in Control or the termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement, or agreement or otherwise) (all such payments collectively referred to herein as the "280G Payments") constitute "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and will be non-deductible under Section 280G of the Code, the amounts otherwise payable to the Executive in connection with the termination of his employment shall be reduced to the maximum amount of such payments that can be made without resulting in any "excess parachute payments" under Code Section 280G.

(b) All calculations and determinations under this Section 6 shall be made by an independent accounting firm or independent tax counsel appointed by the Company (the "Tax Counsel") whose determination shall be conclusive and binding on the Company and the Executive for all purposes. For purposes of making the calculations and determinations required by this Section 6(b), the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the applicability of Section 280G of the Code. The Company and the Executive shall furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section 6(b). The Company shall bear all costs of the Tax Counsel reasonably incurred in connection with the performance of its duties under this Section 6(b).

7. **<u>No Deferrals; Code Section 409A</u>.**

(a) It is intended that the provisions of the Agreement comply with Section 409A of the Code and the regulations promulgated thereunder ("<u>Section 409A</u>"), and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

(b) Neither Executive nor any of his creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Agreement or under any other plan, policy, arrangement, or agreement of or with the Company or any of its affiliates (the Agreement and such other plans, policies, arrangements, and agreements, the "<u>Company Plans</u>") to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to Executive or for Executive's benefit under any Company Plan may not be reduced by, or offset against, any amount owing by Executive to the Company or any of its affiliates.

(c) If, at the time of Executive's separation from service (within the meaning of Section 409A), (i) Executive is a "specified employee" (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable under the Company Plans constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date, but shall instead accumulate such amount and pay it, without interest, on the first business day after such six-month period. To the extent required by Section 409A, any payment or benefit that would be considered deferred compensation subject to, and not exempt from, Section 409A, payable or provided upon a termination of Executive's employment, shall only be paid or provided to Executive upon his separation from service (within the meaning of Section 409A).

(d) For purposes of Section 409A, each payment under the Agreement will be deemed to be a separate payment as permitted under Treasury Regulation Section 1.409A-2(b)(2)(iii).

(e) Except as specifically permitted by Section 409A or as otherwise specifically set forth in the Agreement, the benefits and reimbursements provided to Executive under the Agreement and any Company Plan during any calendar year shall not affect the benefits and reimbursements to be provided to Executive under the relevant section of the Agreement or any Company Plan in any other calendar year, and the right to such benefits and reimbursements cannot be liquidated or exchanged for any other benefit and shall be provided in accordance with Treas. Reg. Section 1.409A-3(i)(1)(iv) or any successor thereto. Further, in the case of reimbursement payments, reimbursement payments shall be made to Executive as soon as practicable following the date that the applicable expense is incurred, but in no event later than the last day of the calendar year following the calendar year in which the underlying expense is incurred.

(f) The Company makes no representations concerning the tax consequences of Executive's participation in this Agreement under Section 409A of the Code or any other federal, state or local tax law. Executive's tax consequences shall depend, in part, upon the application of relevant tax law, including Section 409A, to the relevant facts and circumstances.

(g) Notwithstanding any provision in this Agreement to the contrary, if the 28-day or 52-day period for making and not revoking the Release described in Sections 5.3 and 5.4 of this Agreement ends in a calendar year commencing after the Executive's effective date of termination, no separation benefit payable under Section 5.3 or 5.4 shall be payable earlier than the first day of the calendar year following such effective date of termination.

8. **Taxation of Payments.** All payments to be made to the Executive hereunder will be subject to all applicable required withholding of federal, state, local, and foreign taxes, including income and employment taxes. Notwithstanding any provision of this Agreement to the contrary, in no event shall the Company nor its directors, officers, agents, or employees be liable to the Executive or to any taxing authority or agency on account of the Company's failure to withhold any tax of any kind that may be owed to any federal, state, or local government agency arising from or relating to any compensation paid by the Company to the Executive under this Agreement; provided, however, that the Company shall be liable for the employer's portion of any payroll withholding taxes related to any compensation paid by the Company to the Executive under this Agreement.

9. **Conflict of Interest.** The Executive will not become involved in a situation which reasonably might create or appear to create a conflict of interest, including but not limited to being connected directly or indirectly with any business (as owner, officer, director, manager, participant, licensee, consultant, shareholder, or the recipient of wages) which is involved with any aspect of Executive's duties hereunder or which is in direct or indirect competition with the Company. The Executive will report immediately any circumstances or situations arising in the future that might involve the Executive or appear to involve the Executive in a conflict of interest, including without limitation the reporting of gifts, entertainment, or any other personal favors given to or received from anyone with whom the the Company has or is likely to have any business dealings which go beyond common courtesies usually associated with accepted business practices. The Executive shall fully comply with any code of conduct and/or code of ethics that the Company may adopt from time to time.

10. **Additional Agreements.** As a condition of his employment or continued employment with the Company, the Executive will sign such confidentiality, non-competition, non-solicitation, employee invention, or similar agreement that the Company may, from time to time, require be signed by its executive-level employees generally.

11. Miscellaneous.

(a) **Company Policies**. Executive shall comply with the Company's lawful policies and rules as they may be in effect from time to time.

(b) **Notices**. Any notice or other communication required or which may be given hereunder shall be in writing and shall be delivered personally, or sent by certified, registered, or express mail, postage prepaid, to the Parties at the following addresses, or at such other addresses as shall be specified by the Parties by like notice, and shall be deemed given when so delivered personally or, if mailed, two days after the date of mailing, as follows:

If to Company to:	Perseon Corporation 2188 West 2200 South Salt Lake City, Utah 84119 Attn: President and CEO
If to the Executive:	

(c) **Entire Agreement**. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior contracts and other agreements, written or oral, with respect thereto.

(d) **Waivers and Amendments**. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the Parties or, in the case of a waiver, by the Party waiving compliance.

(e) **Governing Law**. This Agreement shall be governed by, and construed in accordance with and subject to, the laws of the State of Utah without regard to its conflicts of laws principles.

(f) **Consent to Jurisdiction.** The Parties irrevocably submit to the exclusive jurisdiction of any state or federal court in Salt Lake City, Utah, in any action, suit, or proceeding brought by or against such Party in connection with, arising from, or relating to this Agreement, and each Party hereby waives and further agrees not to assert as a defense in any such suit, action, or proceeding any claim that such Party is not personally subject to the jurisdiction of any such courts, that the venue of the suit, action or proceeding is brought in an inconvenient forum, or that this Agreement or the subject matter hereof may not be enforced in or by such courts.

(g) **Assignment**. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The Company may assign this Agreement and its rights, together with its obligations, hereunder only in connection with any sale, transfer, or other disposition of all or substantially all of its assets or business, whether by merger, consolidation or otherwise. This Agreement will be binding upon the Company's successors and assigns which shall be required to perform this Agreement in the same manner and to the same extent that Company would be required to perform if no sale, transfer, or other disposition of all or substantially all of its assets or business, whether by merger, consolidation or otherwise, had occurred. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and any successors and permitted assigns.

(h) **Counterparts; Execution**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Execution and delivery of this Agreement by facsimile or e-mail is legal, valid, and binding execution and delivery for all purposes.

(i) **Headings**. The headings in this Agreement are for reference purposes only and shall in no way affect the meaning or interpretation of this Agreement.

(j) **Survival**. Sections 4.8, 4.9, 5, 6, 7, 8, 11, and any other provision of this Agreement which by its terms is intended to survive the termination of this Agreement, and Executive's rights to the Separation Payment hereunder, shall survive termination of this Agreement.

(k) **Severability**. To the extent any provision of this Agreement shall be invalid or unenforceable, it shall be considered deleted herefrom and the remainder of such provision and of this Agreement shall be unaffected and shall continue in full force and effect.

(l) **Delays or Omissions**. No delay or omission to exercise any right, power, or remedy accruing to either Party upon any breach or default of the other party hereto shall impair any such right, power, or remedy of such non-defaulting party, nor shall it be construed to be a waiver of any such breach or default or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of a breach or default be deemed to be a waiver of any other breach or default.

(m) **Expenses Incurred in Enforcing Rights**. If any action at law or in equity or any arbitration proceeding is brought to enforce or interpret the terms of this Agreement, each Party shall bear its own attorney's fees and costs, including expert fees, incurred therein, whether incurred before or after judgment or arbitration award.

IN WITNESS WHEREOF, the Parties have executed this Employment Agreement as of the Effective Date, as herein first written.

The Company:

PERSEON CORPORATION

By: /s/William S. Barth
Its: Chief Financial Officer

The Executive:

/s/ Brian Meltzer
Brian Meltzer

Exhibit 31.1

Certification of the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes – Oxley Act of 2002

I, Clinton E. Carnell Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Perseon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2015

By: /s/ Clinton E. Carnell Jr.
Clinton E. Carnell Jr.
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of the Principal Accounting Officer
Pursuant to Section 302 of the Sarbanes – Oxley Act of 2002

I, William S. Barth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Perseon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2015

By: /s/ William S. Barth
William S. Barth
Chief Financial Officer
(Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Perseon Corporation (the "Company") on Form 10-Q for the quarterly period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Clinton E. Carnell Jr., Chief Executive Officer (Principal Executive Officer) of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Clinton E. Carnell Jr.
Clinton E. Carnell Jr.
Chief Executive Officer (Principal Executive Officer)
May 14, 2015

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Perseon Corporation (the "Company") on Form 10-Q for the quarterly period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William S. Barth, Chief Financial Officer (Principal Accounting Officer) of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ William S. Barth
William S. Barth
Chief Financial Officer
(Principal Accounting Officer)
May 14, 2015