

**Buhler Industries Inc.  
Audit Committee Mandate**

<b>Mandate</b>	<p>The mandate of the Audit Committee is to assist the Board in carrying out its responsibilities:</p> <ul style="list-style-type: none"><li>• in regard to published financial information and financial control, overseeing the work of the external auditor and to provide a means of communication between Directors and auditors, and</li><li>• in regard to the conduct of the Corporation's operations in accordance with legislation and in a manner consistent with the legitimate best interests of its customers, its employees and its shareholders.</li></ul>
<b>Reporting</b>	<p>The Committee shall report to the Board.</p>
<b>Composition</b>	<p>Minimum of three, maximum of five, independent Board members.</p>
<b>Qualifications</b>	<p>Members should be financially literate. Each member must have or gain an understanding of the business, its products and its services and be able to offer new and different perspectives and constructive suggestions.</p>
<b>Appointment</b>	<p>Members of the Committee shall be appointed at the meeting of the Board immediately after the Annual Meeting of Shareholders and shall hold office until the Annual Meeting in the following year, provided that any member may be removed or replaced at any time by the Board and shall in any event cease to be a member of the Committee upon ceasing to be a member of the Board.</p>
<b>Vacancies</b>	<p>Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.</p>
<b>Chairman</b>	<p>The Board shall designate one of the members of the Committee to be Chairman.</p> <p>If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members</p>

of the Committee present at the meeting shall be chosen by the Committee to preside.

The Chairman presiding at any meeting shall have a casting vote.

**Secretary**

The Committee shall appoint a Secretary.

**Meetings**

The Committee shall meet on a regular basis which shall normally be shortly before each Quarter and each Year-End Board meetings.

In addition, a meeting may be called by the Secretary of the Committee on the direction of the Chairman, the Chief Executive Officer or any member of the Committee.

The Committees may hold telephone meetings.

**Notice of Meeting**

Notice of the time and place of every meeting shall be given in writing or facsimile to each member of the Committee at least seven days prior to the time fixed for such Meeting.

A member may in any manner waive notice of a meeting. Attendance of a member at any meeting shall constitute waiver of notice.

**Quorum**

The majority of the members of the Committee, present in person or by telephone, shall constitute a quorum.

**Attendance**

The Committee may, by specific invitation, have other resource persons in attendance.

The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee. It is expected that the committee will meet with the external auditors at least once each year without the presence of management.

**Minutes**

Minutes of Committee meetings shall be sent to all members and made available to Board Members on request.

## **Specific Responsibilities**

In carrying out its mandate the committee shall:

1. Act in an advisory capacity to the Board.

2. With regard to the external auditors:

a) Review the recommendation of management concerning the reappointment or appointment of external auditors and propose, for approval by the Board, the nomination of external auditors for election by the shareholders. If a change in external auditor is proposed, the Committee shall meet with the incumbent auditor to discuss the reasons for the proposed change.

b) Review the engagement letter of the external auditors.

c) Review the scope of the audit to be performed by the external auditors, the qualification of those who will be involved and the degree of co-ordination between the plans of the external and internal auditors. In particular the Committee shall ascertain the extent to which the audit scope can be relied upon to detect control weaknesses, fraud, illegal acts and error.

d) Review, and recommend to the Board for approval, the fees of the external auditors for statutory audit work and any other audit related fees.

e) Review the fees charged by the external auditors for all work performed by them or their associates over and above the fees for statutory and other audit related work. In particular the Committee shall assess the effect which the nature or magnitude of such work may have on the independence and objectivity of the auditors.

f) Review the external auditors' report to shareholders and letters to management concerning deficiencies, weaknesses and matters of concern and management's response thereto.

g) Meet separately with the external auditors and

report to the Board as appropriate.

3. With regard to the internal auditor:

- a) Review the annual report of the internal auditor.
- b) Review the appropriateness of management's response to deficiencies reported by the internal auditor.
- c) Meet separately with the internal auditor and report to the Board as appropriate.

4. With regard to financial reporting:

- a) Review management's Statement on Responsibility For Financial Statements prior to its publication in the Annual Report to Shareholders, and ensure that it is supported by adequate systems and controls.
- b) Review annual and quarterly financial statements, prior to their publication, and recommend their approval to the Board, if not reviewed by the full Board.
- c) Review outstanding litigation, claims and other contingencies, which may have a material impact upon financial statements and the appropriateness of management's disclosure thereof.
- d) Review press releases concerning financial results, prior to their publication, and recommend their approval to the Board, if not reviewed by the full Board.
- e) Review financial information contained in the Annual Report, including Management's Discussion and Analysis, prior to its publication, and recommend its approval to the Board.
- f) Review financial information contained in the Annual Information Form, prior to its publication, if not, reviewed by the full Board.
- g) Review financial information contained in the Proxy

Circular, prior to its publication, and recommend its approval to the Board, if not reviewed by the full Board.

5. With regard to accounting policies, systems and procedures:

a) Review accounting policies and ensure that they are in accordance with "Generally Accepted Accounting Principles" as set out in the Handbook of the Canadian Institute of Chartered Accountants and that they are appropriate in the circumstances. In particular, review any proposed change in accounting policy, procedure or presentation, the validity of the reasons therefore and its impact upon the financial statements. Assess the quality of earnings and the level of conservatism relative to the industry.

b) Review organizational structure, programs, systems, policies and procedures to ensure the adequacy of internal controls.

c) Review for appropriateness all significant judgments, assumptions and estimates made by management in preparing financial statements.

d) Review significant related party transactions and actual and potential conflicts of interest to ensure their propriety and that disclosure is appropriate.

e) Review complex and/or unusual transactions such as restructuring charges.

6. With regard to financial management:

a) Meet separately with the CFO to discuss the work of the external and internal auditors.

b) Review policies and practices concerning the authorization of expenses and perquisites paid to or on behalf of officers and directors.

7. With regard to social responsibility:

a) Review and recommend to the Board for approval

or amendment significant programs, initiatives, transactions, legislation, events and conflicts pertaining to:

Health and Safety; Environmental Protection; Legal and Ethical Compliance.