SOLICITATION OF PROXIES

This Management Proxy Circular is furnished in connection with the solicitation of proxies by the management of Buhler Industries Inc. (the "Company") to be used at the Annual Meeting of Shareholders of the Company to be held March 15, 2013. The solicitation will be primarily by mail, but proxies may also be solicited by regular employees of the Company. The cost of solicitation by management will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are Directors and/or Officers of the Company.

As indicated on the form of proxy, shareholders desiring to appoint some other person (who need not be a shareholder) to represent them at the meeting may do so by inserting such person's name in the blank space provided in that form, returning the completed proxy, or delivering it to the Secretary of the Company.

A shareholder giving a proxy may revoke the proxy by instrument in writing, executed by the shareholder or his attorney, authorized in writing, or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited at the registered office of the Company, 1260 Clarence Avenue, Winnipeg, Manitoba, R3T 1T2, at any time up to and including 12:01 p.m. on the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used.

EXERCISE OF DISCRETION BY PROXIES

The person named in the enclosed form of proxy will vote the shares in respect of which he/she is appointed in accordance with the direction of the shareholders appointing him/her. In the absence of such direction, such shares will be voted in favor of each of the matters referred to in the notice of meeting. The enclosed form of proxy confers discretionary authority upon the person named therein with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular, the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The issued and outstanding capital of the Company as at February 8, 2013, the record date for the determination of eligible voting Shareholders, consists of 25,000,000 Class A common shares (hereinafter referred to as the "Voting Shares"). At all meetings of the shareholders, each shareholder is entitled to one vote for each Voting Share registered in his/her name on the books of the Company. The majority of the votes duly cast on the question shall unless otherwise required by law, determine every question coming before the meeting.

As at February 8, 2013, to the knowledge of Directors and Senior Officers of the Company, only the following persons beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company, which have the right to vote in all circumstances:
ELECTION OF DIRECTORS

The articles of the Company provide for a Board of Directors consisting of a minimum of 3 directors and a maximum of 10 directors. The number of directors presently in office is six. The information given herein with respect to each of the directors is based upon information furnished to the Company by each director.

The number of directors to be elected at the meeting is six, who will hold office until the next annual meeting, unless any such person ceases to be a director before then.

The following table states the names of all persons proposed to be nominated for election as directors, all other positions and offices within the Company now held by them, their principal occupation or employment, the year in which they became directors of the Company, and the approximate number of shares of the Company beneficially owned or subject to control or direction by each of them. The persons named in the enclosed form or proxy intends to vote for the election of the nominees as directors, unless shareholders specify in such proxy that their shares be withheld from voting in the election of directors.

<table>
<thead>
<tr>
<th>Name &amp; Principal Occupation</th>
<th>Director Since</th>
<th>Shares Beneficially Owned</th>
<th>Province/Country of Residence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dmitry Udras, Chairman **</td>
<td>2007</td>
<td>0</td>
<td>Russia</td>
</tr>
<tr>
<td>John Buhler</td>
<td>1994</td>
<td>3,872,581</td>
<td>Manitoba</td>
</tr>
<tr>
<td>Allan Stewart *</td>
<td>1994</td>
<td>3,605</td>
<td>Manitoba</td>
</tr>
<tr>
<td>Lawyer, Thompson Dorfman Sweatman LLP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oleg Gorbunov *</td>
<td>2007</td>
<td>0</td>
<td>Russia</td>
</tr>
<tr>
<td>Deputy Head of Government Bank, Russia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Konstantin Babkin * **</td>
<td>2007</td>
<td>0</td>
<td>Russia</td>
</tr>
<tr>
<td>Chairman of Board – Novoe Sodrugestvo, CJSC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yury Ryazanov, CEO **</td>
<td>2007</td>
<td>0</td>
<td>Russia</td>
</tr>
<tr>
<td>Vice President, Novoe Sodrugestvo, CJSC</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* denotes member of Audit Committee
** denotes member of Compensation Committee
All of the above named nominees have held their present positions or other executive positions with the same or associated firms or organizations during the past five (5) years. Allan Stewart and John Buhler are residents of Canada and satisfy the requirement that 25% of the members of the Board of Directors are Canadian residents. If any of the above nominees is for any reason unavailable to serve as director, proxies in favor of management will be voted for another nominee in the discretion of management, unless the shareholder has specified in the proxy that the shares be withheld from voting in the election of directors. None of the directors are the subject of any order, penalty or sanction as contemplated in item 7.2 of National Instrument 51-102F2 of the Canadian Securities Administrators.

REMUNERATION OF DIRECTORS

Directors are remunerated at a rate of $500 per meeting which in most cases is waived by the directors. Allan Stewart is remunerated for sitting on the boards of the subsidiaries at an annual rate of $30,000, paid quarterly. Allan Stewart is also paid as Chair of the Audit Committee and received $30,000 in 2012.

EXECUTIVE COMPENSATION

<table>
<thead>
<tr>
<th>Name &amp; Principal Position</th>
<th>Year</th>
<th>Salary $</th>
<th>Bonus &amp; Other Comp. $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yury Ryazanov</td>
<td>2012</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>2011</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dmitry Lyubimov</td>
<td>2012</td>
<td>309,314</td>
<td>0</td>
</tr>
<tr>
<td>President/Chief Financial Officer</td>
<td>2011</td>
<td>321,187 *</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>314,914</td>
<td>0</td>
</tr>
<tr>
<td>Willy Janzen</td>
<td>2012</td>
<td>159,123</td>
<td>28,000</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>2011</td>
<td>161,507 *</td>
<td>20,000</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>147,077</td>
<td>25,270</td>
</tr>
<tr>
<td>Grant Adolph</td>
<td>2012</td>
<td>213,581</td>
<td>54,000</td>
</tr>
<tr>
<td>Chief Operating Officer</td>
<td>2011</td>
<td>216,930 *</td>
<td>42,000</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>198,677</td>
<td>49,023</td>
</tr>
<tr>
<td>Maxim Loktionov</td>
<td>2012</td>
<td>164,306</td>
<td>0</td>
</tr>
<tr>
<td>Vice President</td>
<td>2011</td>
<td>170,006 *</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>163,479</td>
<td>0</td>
</tr>
</tbody>
</table>

* Note 1 – Reflects payments made over 53 weeks in 2011.

Executive salaries are reviewed annually. Currently the CEO does not draw compensation from the company, and it is not anticipated that this will change in the next year.

Dmitry Lyubimov, President, is party to an employment contract that continues indefinitely or until terminated with notice by either party. The salary is reviewed annually by the Board.

The Chief Financial Officer and the remaining two named executive officers are parties to employment contracts that continue indefinitely or until terminated by either party with notice. The contracts provide for terms of employment, salary, and incentives. Salaries are reviewed every year as part of the executive salary review outlined above.

As of February 8, 2013 there are no options outstanding.
PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the cumulative total shareholder return on the common shares of the Company over the last five years, with the cumulative total return of the TSX Composite Index. The graph assumes that $100 is invested initially and that all dividends have been reinvested. All amounts are expressed in Canadian dollars.

![Performance Graph]

DEFERRED PROFIT SHARING PLAN

In the year 1995, the Company established a Deferred Profit Sharing Plan for its employees and a Trust to administer the plan. The plan is authorized invest the Trust Fund in qualified investments including shares of the Company from time to time to fulfill its obligations to the Trust. At September 30, 2012, the plan held approximately 252,000 shares of the Company.

The Company may contribute funds to the plan from profits as determined by the Board of Directors, subject to certain maximum limits established by the plan.

In 2012, the Company contributed $nil ($nil in 2011) to the Deferred Profit Sharing Plan on behalf of plan members. In 2012, income earned by the Trust account was not used to buy shares of the Company for the benefit of the members of the plan, but allocated directly to them in the form of cash. The majority of the DPSP assets are presently in the form of cash investment as a result of 80% of the shares of the Company held by the Trust being acquired by Combine Factory Rostselmash Ltd in October 2007.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No Director or Officer of the Company, or its subsidiaries, is indebted to the Company.
CORPORATE GOVERNANCE

The Board recognizes the importance of the guidelines in National Instrument 58-101 published by the TSE and strives to maintain compliance with all the guidelines within the context of an entrepreneurial Company with the autonomous executive.

Management has evaluated the effectiveness of Buhler disclosure controls and procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators) as of September 30, 2012. Management has concluded that Buhler’s disclosure controls and procedures were effective to provide reasonable assurance that material information relating to Buhler and its consolidated subsidiaries would be made known to them.

Details of Corporate Governance compliance are attached hereto as Appendix “A”
The mandate of the Board of Directors is attached hereto as Appendix “B”

APPOINTMENT OF AUDITORS

The persons named in the enclosed proxy intend to vote for the appointment of MNP LLP as auditors of the Company, to hold office until the next annual meeting of shareholders. MNP LLP is a prominent firm of Chartered Accountants in the City of Winnipeg and in the opinion of management of the Corporation, is well able to fulfill the role of Auditor of the Corporation. MNP was first appointed auditor on September 15, 2010.

AUDIT COMMITTEE

The members of the audit committee and their relevant experience are as follows:

Allan Stewart (Chairman) – Practicing lawyer for 38 years and member of the board of the Company since 1994. Has been a member of the audit committee for over nine years.

Oleg Gorbunov – Deputy Head of Government Bank, Russia, has international banking and business experience.

Konstantin Babkin – is the Chairman of the Board of Directors of Novoe Sodrugestvo, CJSC, is the President of Russian Agricultural Manufacturer Association, and has international business experience.

All the members of the audit committee are financially literate, and are independent. The mandate of the audit committee is disclosed in Appendix “C”.

AVAILABILITY OF DOCUMENTS

Financial information is provided in the Company’s comparative financial statements and management’s discussion and analysis for its most recently completed financial year. Copies of the Company’s latest annual information form (together with the documents incorporated therein by reference), the consolidated financial statements of the Company for the fiscal year ended September 30, 2012, together with the report of the auditor thereon, management’s discussion and analysis of the Company’s financial condition and results of operations for the fiscal year ended September 30, 2012, the interim financial statements of the Company for periods subsequent to September 30, 2012 and this Circular are available upon request from the Chief Financial Officer of the Company, Buhler Industries Inc., 1260 Clarence Avenue, Winnipeg, Manitoba, R3T 1T2, telephone (204) 661-8711, and without charge to securityholders of the Company. This information and other additional information related to the Company is available on SEDAR (www.sedar.com).
APPROVAL OF DIRECTORS

The Board of Directors has approved the content and sending of this Information Circular to the shareholders.

By Order of the Board of Directors

Dmitry Udras
Winnipeg, Manitoba
February 14, 2013
APPENDIX “A”

CORPORATE GOVERNANCE PRACTICES

1. Board of Directors
   a. Disclose the identity of the directors who are independent

   Konstantin Babkin, President of Novoe Sodrugestvo, CJSC *
   Oleg Gorbunov, Deputy Head of Government Bank *
   Allan L.V. Stewart, lawyer in the law firm Thompson Dorfman Sweatman LLP
   John Buhler, retired CEO of Buhler Industries Inc.

   Independent as the Board understands the term

   b. Disclose the identity of directors of who are not independent and describe the basis for that determination.

   Dmitry Udras, Chairman of the Board of Buhler Industries Inc.
   Yury Ryazanov, CEO of Buhler Industries Inc.

   c. Disclose whether or not a majority of the directors are independent. If a majority of directors are not independent, describe what the Board does to facilitate its exercise of independent judgment in carrying out its responsibilities.

   The majority of the Board of Directors are independent. Majority voting is required to pass any resolutions.

   d. If a director is presently a director of any other that is a reporting issuer (or the equivalent) in a Canadian jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

   None of the Directors serve as a director of any other reporting issuers in either Canadian or foreign jurisdictions.

   e. Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.

   There are no meetings held among the independent directors. Due to the requirement to have majority consent, the independent directors are always able to have their opinions heard.
f. Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.

Dmitry Udras, Chair of the Board, is not an independent director, as disclosed in part 1a. Given the size of the Board, there has not been a need for a lead independent director.

g. Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer’s most recently completed financial year.

Due to the travel and logistics of conducting meetings, the Board of Directors and Audit Committee conduct business by way of unanimous resolution. The Compensation Committee met once.

Konstantin Babkin Compensation (1)
Dmitry Udras Compensation (1)
Yury Ryazanov Compensation (1)

2. Board Mandate

Disclose the text of the Board’s written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.

The Board delineates its role and responsibilities by following the Board Mandate disclosed in Appendix “B”

3. Position Descriptions

a. Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.

Other than in the by-laws of the Company, there are no written position descriptions for the roles listed below. Each of these position descriptions continue to evolve and are being developed over time.

Chairman of the Board

The Chair has ultimate responsibility for the composition and running of the Board.
Audit Committee Chair

The Chair of the Audit Committee will meet with the auditors twice a year, is in frequent communication with the Chief Financial Officer, and will pass along any communications in writing to the other Committee Members when required.

Compensation Committee Chair

The Chair of the Compensation Committee facilitates discussion with the President and the Committee regarding compensation for the President, Officers, Directors and Executive of the Company.

b. Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.

There is no written position description for the CEO, other than as described in the Company by-laws, and continue to evolve over time. The CEO is in charge of the day to day operations of the company.

4. Orientation and Continuing Education

a. Briefly describe what measures the Board takes to orient new directors regarding:

   i. The role of the Board, its committees and its directors, and
   ii. The nature and operation

   All board members have served for five years and no new directors have been nominated. The orientation of new directors will be dealt with as appointment requires.

b. Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

   While there is no formal measures taken, Board members are encouraged to whatever education and development courses the members feel they need to meet their obligations.
5. Ethical Business Conduct

a. Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:

   i. Disclose how a person or company may obtain a copy of the code;

   ii. Describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether or how the Board satisfies itself regarding compliance with its code; and

   iii. Provide a cross-reference to any material change report filed since the beginning of the issuer’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

   No specific written code exists.

b. Describe the steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

   The Board members, directors, officers and executive do not have any material interests or agreements with the Company.

c. Describe any steps the Board takes to encourage and promote a culture of ethical business conduct.

   No specific steps taken.

6. Nomination of Directors

a. Describe the process by which the Board identifies new candidates for Board nomination.

   There is no need for new candidates at this point.

b. Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.

   The Board does not have a separate nomination committee.
c. If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

No such committee exists.

7. Compensation

a. Describe the process by which the Board determines the compensation for the issuer’s directors and officers.

The Compensation Committee meets annually to discuss the compensation of the President, and the President along with the Committee meet to discuss the compensation of the other executives.

b. Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.

The Compensation Committee is not comprised of solely independent directors. The Committee ensures an objective process for determining compensation by constantly monitoring market rates for various positions in the Company with other similar sized companies.

c. If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Compensation Committee sets the annual compensation for the President, Directors, Officers and committee chairs (if any).

d. If a compensation consultant or advisor has, at any time since the beginning of the issuer’s most recently completed financial year, been retained to assist in determining compensation for any of the issuer’s directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

No such consultants or advisors have been retained.

8. Other Board Committees

If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

There are no other standing committees
9. Assessments

Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.

No formal assessments are conducted. Board effectiveness is assessed by the Board as a whole, considering the operation of the committees, the adequacy of information given to directors, the quality of communications between the Board and management, and the strategic direction and processes used. The performance of the Board is linked to the Company’s success in implementing the strategic plan.
APPENDIX “B”

MANDATE OF THE BOARD
BUHLER INDUSTRIES INC. (the “Company”)
BOARD CHARTER

1. General

The primary responsibility of the Board of Directors of the Company (the “Board”) is to provide governance and stewardship to the Company. The Board will appoint a competent executive management team to run the day-to-day operations of the Company and will oversee and supervise the management of the business of the Company and its subsidiaries by that team. The Board will oversee the Company's systems of corporate governance and financial reporting and controls to ensure that the Company reports adequate and fair financial information to shareholders and engages in ethical and legal corporate conduct. The Board will carry out its mandate directly and through the Audit Committee (and such other committees as it appoints from time to time).

2. Appointment and Supervision of Management

The Board will:

- Appoint the Chief Executive Officer (“CEO”) and other senior officers comprising the senior management team (“SMT”), provide them with advice and counsel and monitor the performance of the CEO against a set of mutually agreed corporate objectives directed at maximizing shareholder value and approve CEO compensation.
- Establish a process to adequately provide for management succession.
- Establish boundaries between the Board and management responsibilities and establish limits of authority delegated to management.
- Review and consider for approval all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy.

3. Strategic Planning, Risk Management

The Board will:

- Adopt a strategic planning process and review and approve bi-annually a corporate strategic plan and vision which takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis.
- Review and approve management's strategic and operational plans to ensure they are consistent with the corporate vision.
- Monitor the Company's performance against both short-term and long-term strategic plans and annual performance objectives.
- Confirm that a management system is in place to identify the principal risks to the Company and its business and that appropriate procedures are in place to monitor and mitigate those risks.
- Confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters.
• Confirm that processes are in place to comply with the Company's Trust Declaration, by-laws, Codes of Conduct, all recognition orders and exemption orders issued in respect of the Company by applicable securities regulatory authorities, and all other significant policies and procedures.

4. Financial Reporting and Management

The Board will:

• Approve the Company's financial statements and review and oversee the Company's compliance with applicable audit, accounting and financial reporting requirements.
• Approve annual operating and capital budgets.
• Confirm the integrity of the Company's internal control and management information systems.
• Review operating and financial performance results relative to established strategy, budgets and objectives.
• Review and assess the adequacy of the Audit Committee mandate on an annual basis.

5. Shareholder Communication

The Board will:

• Confirm that management has established a system for effective corporate communications including processes for consistent, transparent, regular and timely public disclosure.
• Approve the adoption of a disclosure policy relating to, among other matters, the confidentiality of the Company's business information.
• Report annually to shareholders on the Board's stewardship for the previous year.
• Determine appropriate criteria against which to evaluate corporate performance against shareholder expectations and confirm that the Company has a system in place to receive feedback from shareholders.

6. Corporate Governance

The Board will:

• Establish an appropriate system of corporate governance including practices to permit the Board to function independently of management.
• Establish committees and approve their respective charters and the limits of authority delegated to each committee.
• Determine Board member qualifications.
• Establish appropriate processes for the regular evaluation of effectiveness of the Board, its committees and its members.
• Review on an annual basis whether any two or more Board members sit on the board of another corporation (other than any of the Company's subsidiaries) and whether the composition of the Board needs to be changed to eliminate these interlocks.
• Approve the nomination of Directors.
• Review the adequacy and form of Directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a Director.
• Arrange for non-management Directors to meet regularly, and in no case less frequently than quarterly, without management present.
• Establish a minimum attendance expectation for Board members in respect of Board and committee meetings, keeping in mind the principle that the Board believes that all Directors should attend all meetings of the Board and each committee on which he or she sits.

7. Codes of Conduct

The Board will:

• Adopt a Board Code of Conduct and an Employee Code of Conduct (collectively, the “Codes of Conduct”) and monitor compliance with those codes.
• Approve any waivers and ensure disclosure of any waivers of the Codes of Conduct in the Company's annual report or management information circular.

8. The Chair of the Board

The Chair of the Board reports to the Board and shareholders and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities and works with the CEO and SMT to ensure that the organization fulfills its responsibilities to stakeholders including shareholders, employees, customers, governments and the public. The Chair of the Board will be a person other than the CEO.

The Chair of the Board will:

• Provide effective leadership so that the Board can function independently of management by ensuring that the Board meets as required without management and that the Board may engage outside advisors as required subject to any approvals determined by the Board.
• Establish procedures to govern the Board’s work including:
  o scheduling meetings of the Board and its committees;
  o chairing all meetings of the Board;
  o encouraging full participation, stimulating debate, facilitating consensus and ensuring clarity regarding decision-making;
  o developing the agenda for Board meetings with input from other Board members and management;
  o ensuring proper and timely information is delivered to the Board;
  o ensuring that the Board has appropriate administrative support; and
  o addressing complaints, questions and concerns regarding Board matters.
• Ensure the Board fully exercises its responsibilities and duties and complies with applicable governance and other policies.
• Meet or communicate regularly with the CEO regarding corporate governance matters, corporate performance and feedback from Board members.
• Act as a liaison between the Board and management.
• Serve as advisor to the CEO and other officers.
• Establish appropriate committee structures, including the assignment of Board members and the appointment of committee chairs.
• Ensure that adequate orientation and ongoing training programs are in place for Board members.
• Establish performance criteria for the Board and for individual Board members and co-ordinate the evaluation of performance and reporting against these criteria.
• Work with the Board or appropriate Board committee to establish performance criteria for the CEO and to facilitate the evaluation of the CEO's performance.
• Establish and manage a succession program for the CEO's position.
• Oversee matters relating to shareholder relations and chair meetings of the shareholders.
• Represent the Company to external stakeholders including shareholders, the investment community, governments and communities.

The Chair of the Board's performance will be measured against the following key metrics:

• The effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board.
• The extent to which the Company carries out its responsibilities to shareholders, employees, customers, governments, and the public.
• The quality of communications between the Board and management, including satisfaction of members of management and Board members regarding this communication.

9. The Chief Executive Officer

The CEO is accountable to the Board for achieving corporate objectives within specified limitations and in accordance with the CEO's performance objectives determined annually by the Board.

The CEO will:

• Provide worldwide vision and leadership for the Company.
• Develop and recommend corporate strategies, and business and financial plans for the approval of the Board.
• Execute the corporate strategy to achieve profitable growth and maximize shareholder value for the Company's shareholders.
• Manage the business operations in accordance with the strategic direction approved by the Board and within operational policies as determined by the Board, including, as applicable:
  • Protecting the core business of the Company, and
  • Examining selective opportunities to expand within and outside Canada and the United States
• Challenge management to set and achieve viable annual and long-term strategic and financial goals.
• Monitor the performance of management against a set of initially agreed corporate objectives directed at maximizing shareholder value.
• Recommend appropriate rewards and incentives for management.
• Report information from management to the Board in a manner and time so that the Board may effectively monitor and evaluate corporate (operational and financial) performance against stated objectives.
• Report to the Board on relevant trends, anticipated media and analyst coverage, material external or internal changes, and any changes in the assumptions upon which any Board decision or approval has previously been made.
• Advise the Board if, in the CEO's opinion, the Board is not in compliance with its own policies, or legal and/or regulatory requirements.
• Provide the Board with all information and access that the Board may require in order to make fully-informed decisions.
• Report in a timely manner any actual or anticipated non-compliance with any Board approved policy or decision.
Mandate

The mandate of the Audit Committee is to assist the Board in carrying out its responsibilities:

- 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

- 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.

Reporting

The Committee shall report to the Board.

Composition

Minimum of three, maximum of five, independent Board members.

Qualifications

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.

Appointment

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.

Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

Chairman

The Board shall designate one of the members of the Committee to be Chairman.

If the Chairman of the Committee is not present at any
meeting of the Committee, one of the other members 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 International Financial Reporting Standards 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.