

N-VIRO INTERNATIONAL CORPORATION

AUDIT COMMITTEE CHARTER

Purpose

This Charter has been adopted by the Board of Directors (the "Board") of N-Viro International Corporation, a Delaware corporation (the "Company"), on June 5, 2000 for the sole purpose of setting forth the roles and responsibilities of the Audit Committee (the "Committee") of the Board.

Organization and Qualification

The Committee shall be composed of not less than three directors, all of whom shall be designated by the Board from time to time in accordance with the requirements set forth in this paragraph. Except as otherwise permitted by applicable laws, rules and regulations and approved by the Board, no director who is not considered "independent" under the NASDAQ listing standards may be a member of the Committee and any questions relating to the status of a director as being "independent" shall be resolved by the Board. Members of the Committee shall be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background, including a current or past position as a chief executive or financial officer or other senior officer with financial oversight responsibilities.

Role of the Committee

The Committee shall assist the Board in fulfilling its oversight responsibilities by monitoring and reviewing the corporate accounting and reporting practices of the Company.

Responsibilities of the Committee

The Committee shall be responsible for obtaining the approval of the Board of this Charter and to review the Charter at least annually and recommend changes to it as it shall see fit. Specifically, the Committee shall:

- Recommend to the Directors the independent auditors to be selected or proposed to the stockholders to audit the financial statements of the Company and its subsidiaries; provided, however, that the Board is ultimately responsible for the engagement and evaluation of the independent auditors and the independent auditors shall be accountable to the Board and the Committee.
- Discuss with the independent auditors the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards, AU §380), as it may be modified or supplemented, receive, in connection with any audit by the independent auditors of the financial statements of the Company, the written disclosures and the letter from the independent auditors regarding the independent auditors' independence required by Independence Standards Board Standard No. 1, as it may be modified or

supplemented, and discuss with the independent auditors the independent auditors' independence.

- Review the quarterly financial statements of the Company and its subsidiaries with management and the independent auditors prior to the issuance of a press release of such results or filing of the Form 10-Q. The Chairman of the Committee may represent the Committee for this purpose.
- Review the annual financial statements of the Company and its subsidiaries to be filed on Annual Report Form 10-K with management and the independent auditors and report the results of the annual audit to the Board and confirm that the independent auditors are satisfied with the disclosure and content of the financial statements and the cooperation received from management during the course of the audit.
- Review with management and the independent auditors any significant financial reporting issues and practices including any changes in, or adoptions of, accounting principles and disclosure practices and the adequacy and effectiveness of the accounting and financial controls of the Company.
- Investigate any matter brought to the attention of the Committee within the scope of its duties.
- Provide such reports in the proxy statements of the Company as are required of the Committee by applicable law or exchange regulation (including, without limitation, pursuant to Item 7(e)(3) of Schedule 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Item 306 of Regulation S-K promulgated under the Exchange Act).
- Based on its reviews, discussions and other actions taken as described above, determine whether it shall recommend to the Board that the annual financial statements for any fiscal year of the Company be included in the Company's Annual Report on Form 10-K for such fiscal year and recommend such inclusion if the Committee shall determine to do so.

Procedures

The Committee shall meet in accordance with an established schedule and special meetings may be called by the Chairman of the Committee or by any two other members as deemed appropriate by them. The Committee shall meet (a) out of the presence of management, with the independent auditors on a regular basis, (b) with representatives of senior management quarterly and (c) with other employees of the Company as the Committee shall determine in connection with the Company's performance of its internal audit procedures. In addition, but not in lieu of any of the meetings described in the immediately preceding sentence, the Committee may take action through further meetings or through a written consent in lieu of any special meeting.

A number of members of the Committee equal to at least a majority of the whole Committee shall constitute a quorum for the transaction of any business by the Committee, whether at a meeting or by written consent.

The Committee shall report its activities to the full Board whenever the approval of the Board is required or when Committee members determine that a matter necessitates deliberation or inquiry by the full Board. In addition, the Board may call for a report of the Committee at any time, as determined by the Board.

The Committee shall utilize adequate Company resources to conduct, or have conducted, such regular and special reviews and examinations as are necessary to fulfill its responsibilities. Additionally, the Committee may retain special counsel or experts when the circumstances warrant such actions, after notice to the Chairman of the Board.

Limitations on Scope

The Committee members shall serve on the Committee from time to time, subject to the understanding on their part and the part of Company management and employees and the independent auditors that:

- The Committee members expect the Company's management and employees and the independent auditors to cooperate with the Committee and to provide the Committee with prompt and accurate information so that the committee can discharge its duties properly.
- To the extent permitted by law, the Committee and the members thereof shall be entitled to rely on the information and opinions of the persons and entities noted above in carrying out its responsibilities.
- The Committee members, in agreeing to serve on the Committee, do so in reliance on, among other things, the indemnification and advancement of expenses provisions of the Company's Certificate of Incorporation and other applicable indemnification provisions in any agreement between the Company and any member of the Committee.
- While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty or responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements are true and fair or in accordance with generally accepted accounting principles as applied in the United States. These are the responsibility of the independent auditors and the Board, respectively.
- While the Committee is encouraged to act as a link between the independent auditors, management and the Board, including as a conduit for the independent auditors and management to raise matters of importance, which may include items of dispute, and to initiate or request investigations of matters that it considers necessary or appropriate to carry out its responsibilities under this Charter, it is not the duty nor the obligation of the Committee to conduct investigations, to resolve disputes or disagreements, if any, between management and the independent auditors or to assure

compliance with applicable laws and/or regulations or the Company's Code of Conduct.

Public Filing of Charter

To the extent required by the rules and regulations of the Securities and Exchange Commission (including, without limitation, Item 7(e)(3) of Schedule 14A promulgated under the Exchange Act), this Charter shall be publicly filed as an appendix to the proxy statements of the Company with respect to Annual Meetings of the Stockholders of the Company.

Minutes

The proceedings and decisions of the Committee shall be recorded in minutes, which shall be circulated to all members of the Committee for approval prior to their signature by the Chairman of the Committee and then circulation to the members of the Board. The Company Secretary shall be the Secretary of the Committee.

Members.

As of the date of adoption of this Charter, the members of the Committee are:

Wallace (Jack) G. Irscher
Charles B. Kaiser, Jr.
Daniel J. Haslinger