

MAGINDUSTRIES CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING AND MANAGEMENT INFORMATION CIRCULAR

May 13, 2010

MAGINDUSTRIES CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "Meeting") of the shareholders of **MagIndustries Corp.** (the "Corporation") will be held at the Nova Scotia Room, Main Mezzanine level, Fairmont Royal York Hotel, 100 Front Street West, Toronto, Ontario, on Wednesday, the 16th day of June, 2010 at the hour of 10:00 a.m. (Toronto time) for the following purposes:

1. **TO RECEIVE** the financial statements of the Corporation for the year ended December 31, 2009, together with the report of the auditors thereon;
2. **TO ELECT** directors for the ensuing year;
3. **TO RE-APPOINT** auditors of the Corporation for the ensuing year and authorize the directors to fix their remuneration;
4. **TO CONSIDER**, and if deemed advisable, to approve, with or without variation, an ordinary resolution approving certain amendment to and the ratification of the Corporation's Stock Option Plan, the details of which are contained under the heading "Particulars of Matters to be Acted Upon – Amendment and Ratification of Stock Option Plan" in the accompanying Management Information Circular;
5. **TO CONSIDER**, and if deemed advisable, to approve, with or without variation, an ordinary resolution approving the issuance of warrants to BMO Nesbitt Burns Inc., the details of which are contained under the heading "Particulars of Matters to be Acted Upon – Issuance of Warrants" in the accompanying Management Information Circular;
6. **TO TRANSACT** such other business as may properly come before the Meeting.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must have deposited his duly executed form of proxy not later than 10:00 a.m. (Toronto time) on Monday, June 14, 2010 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting, at the offices of Equity Transfer & Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1.

A form of proxy solicited by management in respect of the Meeting is enclosed herewith. Shareholders who are unable to be personally present at the Meeting are requested to date, sign and return in the envelope provided for that purpose, the enclosed form of proxy for use at the Meeting.

DATED at Toronto, Ontario, this 13th day of May, 2010.

BY ORDER OF THE BOARD

"William B. Burton"

WILLIAM B. BURTON
President and Chief Executive Officer

MAGINDUSTRIES CORP.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Management Information Circular is furnished in connection with the solicitation of proxies by or on behalf of management of MagIndustries Corp. (the "Corporation") for use at the annual and special meeting of the shareholders of the Corporation (the "Meeting") to be held at the Nova Scotia Room, Main Mezzanine level, Fairmont Royal York Hotel, 100 Front Street West, Toronto, Ontario, on Wednesday, the 16th day of June, 2010, at the hour of 10:00 a.m. (Toronto time) for the purposes set forth in the annexed notice of the Meeting. Unless otherwise noted, all information set forth herein is given as at May 13, 2010. The cost of solicitation by or on behalf of management will be borne by the Corporation. The Corporation may reimburse brokers, custodians, nominees and other fiduciaries for their reasonable charges and expenses incurred in forwarding the proxy material to beneficial owners of shares. It is expected that such solicitation will be primarily by mail. In addition to solicitation by mail, certain officers, directors and employees of the Corporation may solicit proxies by telephone or personally. These persons will receive no compensation for such solicitation other than their regular salaries.

MANNER IN WHICH PROXIES WILL BE VOTED

The shares represented by the accompanying form of proxy (if the same is properly executed in favour of William B. Burton, President, Chief Executive Officer and a director of the Corporation, or failing him, Richie Morrow, Chief Financial Officer of the Corporation, the management nominees, and is received at the offices of Equity Transfer & Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1 not later than 10:00 a.m. (Toronto time) on Monday, June 14, 2010, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting) will be voted at the Meeting, and where a choice is specified in respect of any matter to be acted upon, will be voted in accordance with the specifications made. **In the absence of such a specification, such shares will be voted in favour of such matter.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the annexed notice of Meeting, and with respect to other matters which may properly come before the Meeting. At the date hereof, management of the Corporation knows of no such amendments, variations or other matters.

ALTERNATE PROXY

Each shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a shareholder, to attend and act for him and on his behalf at the Meeting. Any shareholder wishing to exercise such right may do so by inserting in the blank space provided in the accompanying form of proxy the name of the person whom such shareholder wishes to appoint as proxy and by duly depositing such proxy, or by duly completing and depositing another proper form of proxy.

REVOCABILITY OF PROXY

A shareholder who has given a proxy may revoke it at any time insofar as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited with the Corporation c/o Equity Transfer & Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1 at any time up to and including the close of business on June 15, 2010 or thereafter with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law.

ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is of significant importance to many public shareholders of the Corporation, as a substantial number of the public shareholders of the Corporation do not hold shares in their own names. Shareholders who do not hold their shares in their own names (referred to in this Management Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of the shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge typically applies a decal to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy with a Broadridge decal on it cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.

Since the Corporation does not have access to the names of its non-registered shareholders, if a Beneficial Shareholder attends the Meeting the Corporation will have no record of the Beneficial Shareholder's shareholdings or of its entitlement to vote unless the Beneficial Shareholder's nominee has appointed the Beneficial Shareholder as proxyholder. Therefore, a Beneficial Shareholder who wishes to vote in person at the Meeting must insert its own name in the space provided on the voting instruction form sent to the Beneficial Shareholder by its nominee, and sign and return the voting instruction form by following the signing and returning instructions provided by its nominee. By doing so, the Beneficial Shareholder will be instructing its nominee to appoint the Beneficial Shareholder as proxyholder. The Beneficial Shareholder should not otherwise complete the voting instruction form as its vote will be taken at the Meeting.

INTEREST OF CERTAIN PERSONS AND CORPORATIONS IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Corporation since the beginning of the last financial year and no associate or affiliate of any such director or executive officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the ability of directors and executive officers to receive options under the Corporation's stock option plan (the "Option Plan").

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at May 13, 2010, the Corporation had 418,292,462 common shares outstanding, each carrying the right to one vote. The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed as the close of business on May 13, 2010. In accordance with the provisions of the *Canada Business Corporations Act*, the Corporation or its transfer agent will prepare a list of holders of common shares on such record date. Each holder of common shares named in the list will be entitled to vote the shares shown opposite his name on the list at the Meeting.

As of the date hereof, to the knowledge of the directors and senior officers of the Corporation, there are no persons beneficially owning, directly or indirectly, or exercising control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to all voting securities of the Corporation.

CURRENCY

All reference to dollars or \$ in this document are in United States dollars unless otherwise noted.

PARTICULARS OF MATTERS TO BE ACTED UPON

(1) Financial Statements

The shareholders will receive and consider the audited financial statements of the Corporation for the fiscal year ended December 31, 2009 together with the auditor's report thereon.

(2) Election of Directors

The articles of the Corporation provide that the number of directors shall be a minimum of one and a maximum of ten. The number of directors to be elected at the Meeting has been fixed at **six (6) directors. Unless the authority to do so is withheld, the persons named in the accompanying form of proxy (if the same is duly executed in their favour and is duly deposited) will vote the shares represented thereby in favour of the election as directors of the persons named below.** If prior to the Meeting any vacancies occur in the slate of nominees listed below, unless the authority to do so is withheld, it is intended that discretionary authority shall be exercised to vote the shares represented by the proxies solicited in respect of the Meeting for the election of such other person or persons as directors in accordance with the best judgment of management. Management is not aware that any of such nominees would be unwilling or unable to serve as a director if elected. The information below as to the number of shares of the Corporation beneficially owned by the proposed nominees, not being within the knowledge of the Corporation, has been furnished by the respective persons individually.

The Board has adopted a policy that entitles each shareholder to vote for each nominee on an individual basis. Each director should be elected by the vote of a majority of the shares represented in person or in proxy at the Meeting that are voted in respect of that nominee. If any nominee for election as a director receives, from the shares voted at the Meeting in person or by proxy, a greater number of votes

"withheld" than votes "for" his election, the nominee will be expected to promptly offer his resignation to the Chairman of the Board following the Meeting, to take effect upon acceptance by the Board.

In such circumstances, the Corporate Governance and Nominating Committee will expeditiously consider such director's offer to resign and make a recommendation to the Board whether to accept such resignation. Within 90 days of the Meeting, the Board will make a final decision concerning the acceptance of such director's resignation and announce that decision by way of news release. Any director who offers his resignation will not participate in the deliberations of the Board or any of its committees pertaining to the resignation.

The process only applies in circumstances involving an "uncontested" election of director – where the number of nominees does not exceed the number of directors to be elected and where no proxy materials are circulated in support of one or more nominees who are not a part of the slate supported by the Board for election at the Meeting. Subject to the applicable corporate law, where the Board accepts the offer of resignation of a director and that director resigns, the Board may exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the shareholders, or call a special meeting of shareholders to elect a new nominee to fill the vacant position.

Name, Municipality of Residence and Position and/or Office with the Corporation	Principal Occupation	Period Served as a Director	Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised*
William B. Burton Toronto, Canada President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation	Since October 1997	6,022,197 ⁽⁶⁾
Stéphane A. Rigny ⁽⁵⁾ Toronto, Canada Senior Executive Vice-President, Director	Senior Executive Vice-President of the Corporation	Since November 2003	410,000
Gerard Munera ⁽¹⁾⁽²⁾⁽⁵⁾ Greenwich, Connecticut, U.S.A. Director	Director of various public and private companies	Since November 2003	350,000
Victor Wells ⁽¹⁾⁽²⁾⁽³⁾ Oakville, Ontario Director	Director of various public companies	Since September 2006	2,346
Gary E. German ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁸⁾ Toronto, Ontario Director	Officer and Director of various public and private companies	Since May 2003	279,330 ⁽⁷⁾
Richard John Linnell ⁽³⁾⁽⁴⁾⁽⁸⁾ Randburg, South Africa Director	Officer and Director of various public and private companies	Since January 2006	Nil

Notes:

* Does not include options or other convertible securities.

(1) Member of the Audit Committee.

(2) Member of the Human Resources and Compensation Committee.

(3) Member of the Corporate Governance and Nominating Committee.

(4) Member of the Environmental and Health and Safety Committee.

(5) Member of the Strategic Alliance Committee

(6) Of the 6,022,197 shares, 1,785,715 are held directly and 4,234,136 shares are held indirectly by Bedford Resource Management Inc., and 2,346 shares are held by 1979447 Nova Scotia Limited each companies controlled by Mr. Burton.

(7) Of the 279,330 shares, 250,000 shares are held directly and 29,330 shares are held indirectly.

(8) Member of the MagMinerals Potash Committee

Each of the foregoing individuals has held his present principal occupation or other office or position with the same company or firm set out opposite his name for the past five years, except as previously disclosed in an information circular of the Corporation.

Cease Trade Orders and Sanctions

To the best of the Corporation's knowledge, no proposed director of the Corporation is at the date hereof, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (b) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set forth below, to the best of the Corporation's knowledge, no proposed director of the Corporation is at the date hereof, or within the ten years prior to the date hereof has been, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Munera was a Director of SiVault Systems Inc. ("SiVault") until October 20, 2006, when he resigned from the Board. SiVault subsequently started bankruptcy proceedings under Chapter 11 of the United States Bankruptcy Code in July 2007.

Bankruptcies

To the best of the Corporation's knowledge, no proposed director has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Penalties and Sanctions

No proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

(3) Re-appointment of Auditors

Ernst & Young LLP, Chartered Accountants were appointed as auditors of the Corporation on October 23, 1997.

The persons named in the enclosed form of proxy intend to vote the common shares represented by such proxy in favour of a resolution re-appointing Ernst & Young LLP, Chartered Accountants as auditors of the Corporation, to hold office until the next annual meeting of shareholders and authorizing the directors to fix the remuneration of the auditors, unless the shareholder who has given such proxy has directed that the common shares be withheld from voting in respect of the appointment of auditors.

(4) Amendment and Ratification of Stock Option Plan

Purpose of the Option Plan

The purpose of the Option Plan is to provide an incentive to the Corporation's directors, senior officers, employees and consultants to continue their involvement with the Corporation and to increase their efforts on the Corporation's behalf.

Amendment of Option Plan

The Corporation's shares, which previously traded over the facilities of the TSX Venture Exchange, commenced trading on the Toronto Stock Exchange on September 25, 2009. As a result of this move the Company has determined that it is necessary and/or desirable to make certain changes to the Option Plan in order to ensure that the terms of the Option Plan are consistent with those required by the Toronto Stock Exchange or which are more generally found in option plans of issuers listed on the Toronto Stock Exchange.

Attached as Schedule "A" is a blackline copy of the Option Plan which shows the changes proposed to be made to the Option Plan. In addition, below is a summary of the material changes that are being proposed.

1. Changes to the definitions of "Affiliate", "Associate" and "Insider" to make such definitions consistent with the *Securities Act* (Ontario) and the Toronto Stock Exchange Company Manual.
2. Removal of the definitions of "Employee", "Executive" and "Investor Relations Activities" as they are no longer relevant in the context of the revised Option Plan.
3. Insertion of a limitation that the aggregate number of shares reserved for issuance pursuant to all options granted to any one participant shall not exceed 5% of the number of shares outstanding on a non-diluted basis at the time of such grant.
4. Insertion of a limitation that the aggregate number of securities of the Corporation (i) issued to insiders of the Corporation, within any one year period and (ii) issuable to insiders of the Corporation, at any time under the plan when combined with all of the Corporation's other incentive arrangements shall not exceed 10% of the Corporation's total issued and outstanding securities.
5. The separate limitations on consultants and investor relations service providers have been removed due to the insertion of the limitations described in items 3 and 4 above.
6. The wording setting forth the determination of the minimum option price has been revised to reflect wording more appropriate for a Toronto Stock Exchange listed issuer. However, the minimum option price remains tied to the market price at the time of granting an option.

7. Subsections 8(b) and (c) of the revised Option Plan set forth a detailed amendment provision as required by the Toronto Stock Exchange. These provisions now set forth those items which specifically require shareholder approval and those which do not.
8. Subsection 8(d) of the revised Option Plan provides (i) that in the event of an amalgamation, merger or consolidation with another corporation or in the event of the liquidation or wind-up or take-over bid made to all or substantially all of the holders of shares, the Corporation will have the right to permit the exercise of all outstanding options within the 20 day period following the date of the notice and to determine that upon the expiry of such period all rights under the options will cease and terminate and (ii) in the event of the sale of all or substantially all of the assets of the Corporation as an entirety so that the Corporation ceases to operate as an active business any outstanding option may be exercised as to all or any part of the shares in respect of which the participant would have been entitled to exercise the option in accordance with the provisions of the Option Plan until the earlier of (i) thirty days following completion of such sale and (ii) the expiry of the option.

Shareholders of the Corporation will be asked at the Meeting to approve an ordinary resolution in the form attached hereto as Schedule "B" to approve the amendments to the Option Plan as described above.

Such resolution must be approved by a majority of the Corporation's shareholders.

The persons named in the enclosed form of proxy intend to vote the common shares represented by such proxy in favour of the ordinary resolution to approve the amendment to and ratification of, the Option Plan, unless the shareholder who has given such proxy has directed that the common shares be voted against such resolution.

(5) Issuance of Warrants

Background

The Corporation has retained BMO Nesbitt Burns Inc. ("BMO") as its financial advisor with respect to the Company's proposed transaction (the "Transaction") with China National Complete Plant Import & Export Company Limited ("Complant") for the development of the Corporation's 1.2 million tonnes per year Mengo Potash Project (the "Project"). The potential terms of the Transaction are outlined in a Project Development Framework (the "PDF") entered into by Complant and the Company dated January 29, 2010. The PDF contemplates a direct investment in the Project by Complant or an affiliate thereof and an undertaking by Complant to source debt financing for the construction of the Project (the "Debt Financing").

Under a success driven compensation arrangement the Corporation has agreed, subject to all necessary regulatory approvals, to issue BMO non-transferable share purchase warrants ("Broker Warrants") to purchase up to 12,500,000 common shares of the Corporation (each a "Warrant Share") at a strike price of Cdn\$ 0.50 per Warrant Share. The Broker Warrants will be exercisable only from the date of the first advance under the Debt Financing, and will be exercisable for a term of 18 months from the date of execution of definitive documents in respect of the Debt Financing.

Pursuant to the rules of the Toronto Stock Exchange, the issuance of the Broker Warrants on these terms requires approval of the shareholders of the Corporation. Accordingly, shareholders of the Corporation will be asked at the Meeting to approve an ordinary resolution in the form set forth below.

"BE IT RESOLVED THAT, as an ordinary resolution:

1. the issuance of common share purchase warrants (the "Broker Warrants") of MagIndustries Corp. (the "Corporation"), as set forth in the information circular sent to shareholders in respect

of the annual and special meeting of shareholders to be held on June 16, 2010 be and is hereby approved, ratified and confirmed;

2. any director or officer of the Corporation be and he or she is hereby authorized and directed, on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

Such resolution must be approved by a majority of the Corporation's shareholders.

The persons named in the enclosed form of proxy intend to vote the common shares represented by such proxy in favour of the ordinary resolution to approve the amendment to and ratification of, the Option Plan, unless the shareholder who has given such proxy has directed that the common shares be voted against such resolution.

STATEMENT OF CORPORATE GOVERNANCE MATTERS

Corporate governance relates to the activities of the Board, the members of which are elected by and accountable to the shareholders, and accounts for the role of management who are appointed by the Board and charged with the day to day management of the Corporation. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Corporation and the Board has formed a Corporate Governance and Nominating Committee to oversee the Corporation's operations as they relate to corporate governance matters.

The Corporate Governance and Nominating Committee is currently composed of the following three members: Gary German, Richard Linnell and Victor Wells, all of whom are independent directors. Gary German is Chair of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is responsible for: (i) developing the Corporation's approach to Board governance issues and the Corporation's response to the corporate governance guidelines set forth in National Policy 58-201 as such policy may be amended, supplemented or replaced from time to time; (ii) reviewing the composition, compensation and contribution of the Board and its members and recommending Board nominees; (iii) producing a director's manual to use in the orientation program for new directors; (iv) helping to maintain an effective working relationship between the Board and management; and (v) exercising, within the limits imposed by the by-laws of the Corporation, by applicable laws, and by the Board, the powers of the Board for the management and direction of the affairs of the Corporation when (i) time or logistical constraints do not permit a meeting of the full Board during intervals between scheduled meetings or (ii) specific transactions or actions have previously been approved in principle by the full Board and subsequently require a specific resolution for formal approval.

National Policy 58-201 of the Canadian Securities Administrators has set out a series of guidelines for effective corporate governance (the "Guidelines"). The Guidelines address matters such as the constitution and independence of corporate boards and the effectiveness and education of board members. National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") requires the Corporation to disclose annually in its Management Information Circular certain information concerning its corporate governance practices.

Set out below is a description of the Corporation's approach to corporate governance in relation to the Guidelines.

Board of Directors

NI 58-101 defines an "independent director" as a director who has no direct or indirect material

relationship with the Corporation. A "material relationship" is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment. The Board is currently comprised of eight members but will be reduced to six members following the Meeting; the majority of whom the Board has determined are "independent" directors within the meaning of NI 58-101.

Messrs. Burton and Rigny are not considered "independent" as the result of their positions as the President and Chief Executive Officer and as Senior Executive Vice-President, respectively of the Corporation. The remaining directors are considered to be independent directors since they are all independent of management and free from any material relationship with the Corporation. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2009, none of the independent directors has worked for the Corporation, received remuneration from the Corporation or had material contracts with or material interests in the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation.

The Board believes that it functions independently of management. To enhance its ability to act independently of management, the members of the Board may meet in the absence of members of management and the non-independent directors or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate. The Board held four meetings of the independent directors during the fiscal year ended December 31, 2009.

The Chair of the Board is Bryan Benitz, an independent director. In his role as Chair Mr. Benitz provides leadership to directors in discharging their duties and obligations as set out in the mandate of the Board. The specific responsibilities of the Chair include providing advice, counsel and mentorship to the Chief Executive Officer, appointing the Chair of each of the Board's committees and promoting the delivery of the information to the members of the Board on a timely basis to keep them fully apprised of all matters which are material to them. The Chair's responsibilities also include scheduling, overseeing and presiding over the meetings of the Board and presiding over meetings of the Company's shareholders.

Directorships

Certain of the directors of the Corporation are also directors of other reporting issuers (or the equivalent) as set forth below:

Director	Issuer
Bryan Benitz ⁽¹⁾	African Oil Corp. Kirrin Resources Inc. Monroe Minerals Inc. Island Oil & Gas Limited
William B. Burton	Erdene Resource Development Corporation Adex Mining Inc.
Gary E. German	Nevsun Resources Ltd. Jaguar Mining Inc. Neo Material Technologies Inc.
Moustapha Niasse ⁽¹⁾	None
Stéphane Rigny	None
Victor Wells	Northstar Healthcare Inc. Student Transportation Inc. Trinorth Capital Inc. GT Canada Capital Corporation Inc.
Richard Linnell	Coal of Africa Ltd and its subsidiaries/associates, Sacoil Holdings Limited, Maghreb Minerals Plc, Maghreb Minerals Plc, Rockwell Diamonds Inc.
Gerard Munera	Nevsun Resources Ltd. Dynamic Materials Corporation

Notes:

- (1) Will not be standing for re-election at the Meeting.

Attendance

There were eight formal Board meetings during the year ended December 31, 2009. The attendance record of each director at such meetings is as follows:

Director	Number of Meetings Held/Attended
Bryan Benitz ⁽¹⁾	8/7
William B. Burton	8/8
Gary E. German	8/7
Moustapha Niasse ⁽¹⁾	8/1
Stéphane Rigny	8/8
Victor Wells	8/8
Richard Linnell	8/7
Gerard Munera	8/8

Notes:

- (1) Will not be standing for re-election at the Meeting.

Board Mandate

The mandate of the Board is to assume responsibility for the stewardship of the Corporation. A copy of the Board mandate setting out its purpose, responsibilities and the duties of its members is attached as Schedule "C" to this Circular.

Position Descriptions

The Board has adopted written position descriptions for the Chairman of each of the Audit Committee, the Corporate Governance and Nominating Committee, the Human Resources and Compensation Committee, the Environmental and Health and Safety Committee, the Strategic Alliance Committee, the MagMinerals Potash Committee and the Special Committee. The Board has also developed a role statement for the Chief Executive Officer of the Corporation.

Orientation and Continuing Education

The Corporate Governance and Nominating Committee is responsible for producing and updating a director's manual to use in the orientation program for new Board members. In addition, information such as recent annual reports, prospectuses, proxy solicitation materials, various other operating and budget reports and board and committee mandates are provided to new Board members to ensure that they are familiar with the Corporation's business and the procedures of the Board. In addition, directors are encouraged to visit and meet with management on a regular basis. The Corporation also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

Ethical Business Conduct

Ethical business behaviour is of great importance to the Board and the management of the Corporation. The Corporation has instituted policies on disclosure, insider trading as well as a whistleblower policy for all staff and personnel to report any fraudulent or illegal acts on an anonymous basis directly to the Audit Committee chair. A copy of the Corporation's Code of Ethics can be found on the Corporation's website and on SEDAR at www.sedar.com.

In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar activities, the Board must comply with the conflict of interest provisions of

the *Canada Business Corporations Act*, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Each director is required to declare the nature and extent of his interest and is not entitled to vote at meetings which involve such conflict.

Nomination of Directors

The Corporate Governance and Nominating Committee is responsible for reviewing the composition, compensation and contribution of the Board and its members and recommending Board nominees.

While there are no specific criteria for Board membership, the Corporate Governance and Nominating Committee attempts to attract and maintain directors with business knowledge, such as legal, accounting and finance, which provide knowledge which assists in guiding management of the Corporation. As such, nominations tend to be the result of recruitment efforts by management of the Corporation and discussions among the members of the Corporate Governance and Nominating Committee prior to the consideration of the Board as a whole.

Compensation

The Corporation has established the HR Committee which is composed of three directors, Gerard Munera, Victor Wells and Bryan Benitz, being directors who are independent of management. Victor Wells is Chair of this committee. The HR Committee meets at least four (4) times each year and is responsible for making recommendations to the Board regarding: (a) human resources policies and practices; (b) compensation policies and guidelines; (c) management incentive and perquisite plans; (d) senior management and officer appointments and compensation; (e) management succession and development plans and termination policies and arrangements; and (f) the human resources structure.

The HR Committee makes recommendations to the Board regarding director and CEO compensation, and various other matters, and the Board then determines whether to adopt such recommendations as submitted or otherwise. For further information on the Corporation's compensation practices see the section entitled "*Statement of Executive Compensation – Compensation Discussion and Analysis*".

Committees

In addition to the Corporate Governance and Nominating Committee and HR Committee, the Board also has an Audit Committee, an Environmental, Health and Safety Committee, a Strategic Alliance Committee, a MagMinerals Potash Committee and a Special Committee.

The Audit Committee is currently composed of the following three members: Gary German, Gerard Munera and Victor Wells, all of whom are independent directors and each of whom is financially literate. Victor Wells is Chair of the Audit Committee. In addition to other duties, the Audit Committee reviews all financial statements, annual and interim, intended for circulation among shareholders and reports upon these to the Board. In addition, the Board may refer to the Audit Committee other matters and questions relating to the financial position of the Corporation and its affiliates. There were 4 meetings of the Audit Committee during fiscal 2009. The full text of the Audit Committee's charter is attached as Schedule "D".

The Environmental, Health and Safety Committee is currently composed of the following four members: Richard Linnell, Gary German, both of whom are members of the Board and Michael Edwards, Vice-President, Projects and Kate Harcourt, Director of Environmental, Health and Safety as management representatives. Richard Linnell is Chair of the committee. The Environmental and Health & Safety Committee has the responsibility of regularly reviewing the environmental behaviour of the Corporation and its subsidiaries as it relates to operations within the various communities in which the Corporation operates and to report on its findings to the Board. The Environmental, Health and Safety Committee is also responsible for reviewing on a timely basis all occupational health and safety matters as it considers suitable or as the Board may specifically direct.

The Strategic Alliance Committee is currently composed of the following three members: Gerard Munera, Moustapha Niasse, and Stéphane Rigny all of whom have extensive business experience in Africa. Gerard Munera is Chair of the Strategic Alliance Committee. The Strategic Alliance Committee was established by the Board on April 10, 2008 to study and report to the Board on the prevailing political atmosphere and existing political sensitivities which could affect the development of the Corporation's projects in the Republic of Congo and the Democratic Republic of Congo.

The MagMinerals Potash Committee was established by the Board of Directors on March 26, 2009 and is composed of the President & CEO, William B. Burton and two independent members of the Board being: Gary E. German (Chair), Richard J. Linnell, and two members of the Advisory Board, George Jones, and John Bell who are also independent. Members of the committee have extensive international major capital project experience. The MagMinerals Potash Committee, on behalf of the Board, regularly reviews all aspects of the Kouilou Potash Project developments and business from financing structure and marketing through successive stages of design, construction and implementation-commissioning of the solution mining, potash plant and commercial operations. The Board of Directors dissolved the committee effective January 15, 2010.

The Special Committee was established by the Board of Directors on June 16, 2009 to consider transactions with Sinohydro Corporation Limited. The committee was composed of Bryan Benitz, Gerard Munera, Richard Linnell, Victor Wells, Gary German and Moustapha Niasse. Gerard Munera and Richard Linnell were co-chairs of the committee. The committee was suspended in January 2010.

Audit Committee Member Information

Mr. German has over 35 years experience in the operation and management of natural resource companies. His senior positions with Noranda, TVX, Saudi Arabian Mining Co. and Kingsdale Capital all required a thorough understanding of operating financial accounts and financial reporting. Mr. German currently serves on the audit committees of several listed companies.

Mr. Munera has over 40 years experience in the non-ferrous metals industry having held senior executive positions with Minorco, Rio Tinto Zinc and Union Minere. These positions, amongst others, have provided Mr. Munera with an extensive understanding of financial accounting and financial management.

Mr. Wells has over 30 years of finance and accounting experience. Mr. Wells is currently Chairman of the Committee on Corporate Reporting of Financial Executives International and was a member of the Accounting Standards Board from 1991 to 1995. His experience includes a period as Chief Financial Officer of three companies listed on the Toronto Stock Exchange. In each of these positions, he was responsible for all finance, treasury and accounting functions. Mr. Wells obtained his Chartered Accountant designation with Ernst and Young in Toronto and was elected a Fellow of the Institute of Chartered Accounts of British Columbia in 1990 and of the Ontario Institute in 2006. Mr. Wells' received his ICD.D designation in 2007.

Audit Fees

The aggregate fees billed by the Corporation's external auditor for professional services rendered for the audit of the consolidated financial statements of the Corporation and its subsidiaries were CDN\$462,000 for the fiscal year ended December 31, 2009 and CDN\$434,500 for the fiscal year ended December 31, 2008.

Audit-Related Fees

The aggregate fees billed by the Corporation's external auditors for professional services rendered for the audit related services including; in connection with a prospectus filed by the Corporation and related

services, IFRS Diagnostics, IFRS transition assistance to the Corporation was CDN\$50,000 for the fiscal year ended December 31, 2009 and CDN\$145,000 in 2008. No fees have been billed in either of the last two fiscal years for assurance or related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported under the heading "Audit Fees" above.

Tax Fees

The aggregate fees billed by the Corporation's external auditors for the professional services rendered for tax compliance, tax advice or tax planning were CDN\$77,000 for the fiscal year ended December 31, 2009 and CDN\$72,000 for the fiscal year ended December 31, 2008.

All Other Fees

The aggregate fees billed by the Corporation's external auditors for the professional services rendered for the prospectus of MagMinerals Potash Corp., a subsidiary of the Corporation was \$70,000 for the fiscal year ended December 31, 2008. No other fees have been billed in either of the last two fiscal years for products and services provided by the Corporation's external auditor, other than services reported under the heading "Audit Fees" above.

Pre-Approval Policy for Services of Independent Auditors

As part of its duties, the Audit Committee is required to pre-approve audit and non-audit services performed by the independent auditors in order to assure that the provision of such services does not impair the auditors' independence. In considering the appointment of the auditor for non-audit services, the Audit Committee will consider the compatibility of the service with the auditor's independence. The Audit Committee may delegate to the Chair of the Audit Committee the responsibility for pre-approval of non-audit services that do not exceed CDN\$10,000 in fees, provided that any such pre-approval is reported to the full Audit Committee at its next scheduled meeting. The Audit Committee does not delegate to management its responsibilities to pre-approve services performed by the independent auditors.

Assessments

As noted above the Corporate Governance and Nominating Committee is responsible for reviewing the contribution and effectiveness of the Board, its committees and its members. The Committee:

- (1) reviews and reports to the Board annually on the size, composition and profile of the Board (age, geographical representation, disciplines, related vs. unrelated, etc.). In its review of the size of the Board, the Committee evaluates the impact of the number of Board members upon its effectiveness and, if required, will implement a program to modify the number of directors to facilitate more effective decision-making;
- (2) reviews annually the continued compliance by nominees to the Board to be named in the management proxy circular for re-election with the criteria underlying the appointment of each director;
- (3) reviews annually: (i) compliance by Board members with the Corporation's policy on conflicts of interest; (ii) the status and contribution of members of the Board and committees of the Board; and (iii) the performance of the Board and its committees, and reports to the Board thereon. This report, where appropriate, will include an assessment of the areas in which the Committee believes a better contribution could be made and recommendations to improve the performance of the Board, its members and its committees; and

- (4) reviews annually the Board/management relationship and recommends to the Board structures and procedures to ensure that the Board can function independently of management.

STATEMENT OF EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

This section of the Management Information Circular explains how the Corporation's executive compensation program is designed and operated with respect to its President and Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and the three other most highly compensated executives in the year ended December 31, 2009 (collectively referred to as the "Named Executive Officers"). This section also identifies the objectives and material elements of compensation awarded to the Named Executive Officers and the reasons supporting such awards. For a complete understanding of the Corporation's executive compensation program, this Compensation Discussion and Analysis should be read in conjunction with the Summary Compensation Table and other executive compensation-related disclosure included in this Management Information Circular.

SUMMARY FOR 2009

The HR Committee utilizes a pay for performance philosophy to determine market competitive Total Direct Compensation for the Named Executive Officers that is commensurate with results generated by the Corporation for its shareholders. Total Direct Compensation represents the combined value of fixed compensation and performance-based variable incentive compensation.

To attract and retain top talent, fixed compensation is generally targeted at slightly above the median of our Comparator Group (as defined herein) to recognize the entrepreneurial skill sets required of the Named Executive Officers to develop the Corporation's assets. Performance recognition occurs through the delivery of variable short and long-term incentive compensation. In evaluating 2009 corporate performance, the HR Committee considered a number of qualitative and quantitative factors including equity financing achievements, execution of on-going projects and transactions and progress on key growth initiatives.

For 2009, the HR Committee determined the overall corporate performance to be on-target. This evaluation did not trigger any specific awards but rather served to provide general context for the HR Committee's subsequent review of the Named Executive Officers' individual performance. The Total Direct Compensation decisions made by the HR Committee in 2010 following the assessment of performance in 2009 are noted in the section entitled "Compensation Decisions Made for 2009 – Total Direct Compensation Awards", below.

COMPENSATION PHILOSOPHY

The Corporation seeks to recruit and retain qualified, high performing, and motivated employees to fulfill the organization's mission and support the organization's strategies and values. Market competitive and fair compensation of employees is integral to this goal. The compensation philosophy of the Corporation is designed to maximize shareholder value and serve the best interests of shareholders and employees, by working towards the following objectives for executive compensation:

- attract and retain highly qualified employees and stimulate their useful and profitable efforts and proportionally reward individual contributions in light of overall business results;
- be internally equitable and externally competitive with the relevant talent market;
- be guided by, aligned with, and seek to promote, the best interests of the Corporation and its shareholders; and
- promote a commitment to the professional development of the Corporation's executives.

Market Benchmarking

Market competitive compensation is a key objective of the executive compensation program. During compensation deliberations, the HR Committee considers comparable market data from Canadian and internationally-based mining and resource companies that are generally of similar size and scope to the Corporation, and represent the market in which the Corporation may compete for human capital (the "Comparator Group"). The composition of the Comparator Group is reviewed annually by the HR Committee for its on-going business relevance to the Corporation. An overview of the 2009 characteristics of the Comparator Group, as compared to the Corporation's 2009 characteristics, is provided in the following table:

As at December 31, 2008	MagIndustries	Comparator Group			
Industry	Mining, Natural Resources, Power	Mining, Natural Resources, Power Utilities			
Location	Toronto, Republic of Congo, Democratic Republic of Congo	North America, International			
		Median	75 th Percentile	25 th Percentile	Average
Revenue (CDN\$Millions)	\$ 30.2	Nil ⁽²⁾	14 ⁽²⁾	Nil ⁽²⁾	29.4 ⁽²⁾
Market Capitalization (CDN\$Millions)	\$75 ⁽¹⁾	106.5 ⁽²⁾	143.7 ⁽²⁾	47.1 ⁽²⁾	106 ⁽²⁾

Notes:

- (1) Closing price December 31, 2008 was CDN\$0.26 for a market capitalization of CDN\$ 74,900,783
(2) Comparator Group data refers to 2008 fiscal year end

The members of the Compensation Comparator Group for 2009 compensation decisions were as follows:

Athabasca Potash Inc.	Excellon Resources Inc.
Breakwater Resources Ltd.	Western Potash Corp
Cardero Resource Corp.	Orsu Metal Corp
Fronteer Development Group Inc.	York Timber Organisation Ltd.
Nevsun Resources Ltd.	
Legend International Holdings	
Potash One Inc.	

The compensation data from the Comparator Group (the "Comparator Market Data") provides the initial reference point for the HR Committee. The annual Total Direct Compensation value a Named Executive Officer is awarded will vary based on an assessment of their individual performance (as described below) and in accordance with the following guidelines:

If performance	Total Direct Compensation
>meets all objectives	<input type="checkbox"/> will be comparable to slightly above-median Comparator Market Data
>exceeds all objectives	<input type="checkbox"/> will be comparable to above-median Comparator Market Data

COMPENSATION DECISION-MAKING PROCESS

The Role of the HR Committee

The HR Committee approves, or recommends for approval, all remuneration to be awarded through the executive compensation program to the Named Executive Officers. For the CEO, the HR Committee directly requests market based performance compensation data for review and based on this information the HR Committee then provides its initial analysis and commentary for review. The HR Committee reviews this material along with other information received from its external advisor in its deliberations before considering or rendering decisions. The HR Committee's independent advisor reviews the Comparator Group with the Board, reviews comparative compensation by compensation component, reviews performance of the Corporation compared to its Comparator Group, then comments on performance-based compensation and compensation component payout versus internal and external targets. The HR Committee has full discretion to adopt or alter management recommendations or to consult its own external advisors.

Compensation of all other Named Executive Officer is set annually by the CEO in consultation with the HR Committee, human resource management and external advisors. The HR Committee is consulted and informed of all significant executive compensation decisions and has the ability to make changes to any proposed compensation. See "The Role of Management" below.

The HR Committee recognizes the importance of maintaining sound governance practices for the development and administration of executive compensation and benefit programs, and has instituted processes that enhance its ability to effectively carry out its responsibilities. Examples of processes that the HR Committee uses include:

- holding in-camera sessions without management present following every regularly scheduled HR Committee meeting;
- hiring external consultants and advisors;
- annually approving a work plan that sets out the timetable of all regularly occurring accountabilities for the HR Committee which provides context for the discussion of related items; and
- using a two-step review process where items are provided for the HR Committee's initial review at a meeting prior to the approval meeting.

The Role of Management

The CEO plays an important role in the Corporation's executive compensation decision-making process for his direct involvement in and knowledge of the business goals, strategies, experiences and performance of the Corporation and its various key business areas. The HR Committee engages in active discussions with the CEO concerning the determination of performance objectives, including individual goals and initiatives for Named Executive Officers who directly report to the CEO. Further discussions consider whether, and to what extent, criteria for the previous year have been achieved for those individuals. The CEO may also provide a self-assessment of his own individual performance objectives and/or results achieved, if requested by the HR Committee. The CEO makes recommendations to the HR Committee regarding the level and form of compensation awards for his direct reports. The CEO does not engage in discussions with the HR Committee regarding his own Total Direct Compensation. Human resources management provides the HR Committee and the Chair of the Board with relevant market data and other information as requested, in order to support the HR Committee's deliberations regarding the CEO's Total Direct Compensation and subsequent recommendation to the Board.

The Role of the External Compensation Consultant

The HR Committee engages the services of 3XCD to provide executive compensation consulting services. In 2009, 3XCD provided executive and non-executive compensation analysis to the HR Committee and

management. Fees paid for these services were approximately CDN\$17,888 in 2009 (CDN\$44,450 in 2008). All service fees and related expenses paid to 3XCD are reviewed by the HR Committee. Under the service arrangement with 3XCD, 3XCD could also provide advice to management on significant changes to compensation philosophy or programs, or other compensation matters of the Corporation if the work was directed or approved by the Chair of the HR Committee. Some of these additional services were provided to the Corporation in 2010.

Performance Assessment

For Named Executive Officers, the annual performance evaluations are completed by the CEO based on current objectives and position mandates. The HR Committee has not used formulas and weightings applied to forward-looking annual and longer-term performance objectives. For this reason, there are no pre-established weightings applied to objectives or formulaic calculations used to determine compensation awards for Named Executive Officers. The HR Committee's comprehensive assessment of the overall business performance of the Corporation, including corporate performance against objectives (both qualitative and where possible, quantitative), business circumstances and, where appropriate, relative performance against peers, provides the context for individual Named Executive Officer evaluations for all direct compensation awards.

Corporate Performance

The Board approves annual corporate objectives aligned with achieving the annual results required to deliver on the Corporation's key longer-term strategies for growth and value creation. These qualitative, and where possible, quantitative objectives are captured, at a high level, in a corporate objectives summary document which is utilized by the HR Committee as a reference for compensation decision-making. The corporate objectives summary includes specific corporate financial and operational objectives and captures the general qualitative objectives for key business areas. At the end of each year, the HR Committee reviews the results achieved and discusses them with management. For the purposes of Total Direct Compensation deliberations, the HR Committee then determines an overall assessment for actual corporate performance relative to an expected level of performance. This overall corporate performance assessment provides general context for the HR Committee's review of the CEO's performance and the CEO's review of individual performance by the Named Executive Officers.

A summary of the 2009 corporate performance results are noted in the section "Compensation Decisions Made for 2009 – Overall Corporate Performance", below.

Individual Performance

The HR Committee approves annual individual performance objectives proposed by the CEO for the Named Executive Officers, other than the CEO, that are intended to align with the corporate objectives and reflect "key performance areas" for each executive relative to their specific role. As with the corporate objectives, each individual Named Executive Officer's performance objectives may include a combination of qualitative and where possible, include quantitative measures with no pre-determined weightings. The CEO reviews the achievements and overall contribution of each individual executive officer who reports to the CEO and the CEO reports his assessments to the HR Committee and recommends any changes to Total Direct Compensation. The Board Chair and HR Committee have in-camera discussions to complete an independent assessment of the performance of the CEO. The CEO determines an overall individual performance rating for each individual Named Executive Officer other than himself. The HR Committee then approves or amends the CEO's recommendations for changes to their Total Direct Compensation.

Internal Equity and Retention Value

Executive officer pay relative to other executives ("internal equity") is generally considered in establishing compensation levels. The difference between the CEO's compensation and that of the other

Named Executive Officers reflects, in part, the difference in their relative responsibilities. The HR Committee also considers the retentive potential of its compensation decisions as retention of the Named Executive Officers is critical to business continuity and succession planning.

Previously Awarded Compensation

The HR Committee approves or recommends compensation awards which are not contingent on the number, term or current value of other outstanding compensation previously awarded to the individual. The HR Committee believes that reducing or limiting current stock option grants, or other forms of compensation because of prior gains realized by an executive officer would unfairly penalize the officer and reduce the motivation for continued high achievement. Similarly, the HR Committee does not purposefully increase long-term incentive award values in a given year to offset less-than-expected returns from previous grants. During the annual Total Direct Compensation deliberations, the HR Committee is provided with summaries of the history of each executive officer's previously awarded Total Direct Compensation. These summaries help the HR Committee to track changes in an executive officer's Total Direct Compensation from year to year and to remain aware of the historical compensation for each individual.

To ensure that the Corporation's longer-term compensation programs are effective in delivering on the objectives of the compensation philosophy, the HR Committee annually reviews the impact of various corporate performance outcomes on previously awarded and outstanding compensation. Following their review of this material in 2009, the HR Committee found that the relationship between pay and corporate performance was appropriate for all of the executives and that, in aggregate, the resulting compensation modeled under various corporate performance scenarios was reasonable and delivered the intended differentiation of compensation value based on performance.

ELEMENTS OF COMPENSATION

Total Direct Compensation represents the combined value of fixed compensation and performance-based variable incentive compensation. Once determined, the value of Total Direct Compensation is allocated to three direct compensation components: base salary, short-term incentive in the form of an annual cash bonus, and long-term incentives in the form of stock options. The allocation of Total Direct Compensation value to these different compensation components is not based on a formula, but rather is intended to reflect market practices as well as the HR Committee's discretionary assessment of a Named Executive Officer's past contribution and ability to contribute to future short, medium and long-term business results.

Overview of Compensation Elements

Component of Total Direct Compensation	Type of Compensation Element Form Performance Period	Element	Form	Performance Period
Fixed	Annual	Base Salary	Cash	1 Year
Variable	Annual	Short Term Incentive	Annual Cash Bonus	1 Year
Variable	Longer Term	Long Term Incentive	Stock Options	Vesting Quarterly (25% per quarter over 12 months)

Base Salary

Base salary is the fixed portion of Total Direct Compensation and is designed to provide income certainty and to attract and retain executives. Base salaries for Named Executive Officers are reviewed annually and typically are positioned to align at slightly higher than the median of the Comparator Market Data to recognize the entrepreneurial skill sets required of the Named Executive Officers to develop the Corporation's assets, as outlined above. Variances from the median are determined by the HR Committee and may be based on individual performance, the scope of the executive's role within the Corporation, retention considerations and/or material differences in a Named Executive Officer's

responsibilities compared with similar roles in the Comparator Group.

Short-term Incentives

The annual cash bonus is a short-term incentive that is intended to reward each Named Executive Officer for their yearly individual contribution and performance of personal objectives in the context of overall annual corporate performance. Target payout values are not pre-established but consideration is given to Comparator Market Data when determining the payout amount. The annual cash bonus is designed to motivate executives to annually achieve personal business objectives, to be accountable for their relative contribution to the Corporation's performance, as well as to attract and retain executives.

Long-term Incentives

Long-term incentive compensation is provided through the granting of stock options. This incentive arrangement is designed to motivate executives to achieve longer-term sustainable business results, align their interests with those of the Corporation's shareholders and to attract and retain executives. Participants benefit only if the market value of the Corporation's common shares at the time of stock option exercise is greater than the exercise price of the stock options at the time of grant. Unless otherwise specified by the HR Committee at the time of grant, stock options vest quarterly over 12 months with a term of 5 years, although terms may, under the terms of the Stock Option Plan be as much as 10 years, see "Particulars of Matters to be Acted Upon – General Description of Option Plan" above.

Stock Option Plan Information

Stock Option Granting Process

Generally, stock option grants are determined as part of the annual deliberation regarding Total Direct Compensation. The CEO makes recommendations to the HR Committee regarding individual stock option awards for all recipients. The CEO does not engage in discussions with the HR Committee regarding his own stock option grants. Human resources management provides the HR Committee and the Chair of the Board with relevant market data and other information in order to support the HR Committee's deliberation regarding the CEO's stock option grant recommendation to the Board. The HR Committee reviews the appropriateness of the stock option grant recommendations from the CEO for all eligible employees and accepts or adjusts these recommendations. The HR Committee is responsible for approving all individual stock option grants, including, on rare occasions, grants that are awarded outside the annual compensation deliberation process for such things as promotions or new hires. The HR Committee approves or recommends compensation awards, including stock option grants, which are not contingent on the number, term or current value of other outstanding compensation previously awarded to the individual.

Other Compensation

Named Executive Officers receive other limited benefits that the Corporation believes are reasonable and consistent with its overall executive compensation program. These benefits, which are based on competitive market practices, support the attraction and retention of Named Executive Officers. Universal benefits to all employees include traditional health and welfare programs, but no other benefits are provided to the Named Executive Officers.

The Corporation has no perquisite policy and provides only a limited number of perquisites to the Named Executive Officers. The aggregate value of perquisites for each Executive Officer is less than \$50,000 or 10% of salary and as such, has been excluded from the separation payment calculations.

COMPENSATION DECISIONS MADE FOR 2009

Overall Corporate Performance

For the purposes of Total Direct Compensation deliberations, the HR Committee reviewed the 2009 corporate performance results, including the information noted below. The HR Committee used this information to determine an overall corporate performance assessment to provide general context for the review of individual performance by the Named Executive Officers.

Further information regarding the Corporation's corporate financial and business performance can be found in the "2009 Management Discussion and Analysis" disclosure document and financial statements from the year ended December 31, 2009.

The HR Committee noted that the Corporation had demonstrated a strong performance with regard to the equity financing completed in 2009 which was required to continue the Corporation's strategic plan. The HR Committee further noted that there was a consistent performance in the development of the resource assets including operational, strategic and pre-construction achievements. After considering these performance results, the HR Committee determined that overall corporate performance in 2009 met the strategic plan objectives for the year and that this assessment would serve to provide context for the review of compensation for the Named Executive Officers. Individual performance of the Named Executive Officers is assessed based on the individual Named Executive Officer's contribution to the overall corporate performance level, relative to their specific role. There are no specific weightings or formulas used in the assessment of individual performance of the Named Executive Officers.

In consideration of the Corporation's performance relative to its strategic plan, the performance of the Corporation's shares on the Toronto Stock Exchange over 2009, consultations with the CEO, and having regard to the financial resources of the Corporation, the HR Committee decided to use the following guiding principles:

- no increases in base salaries for the Named Executive Officers (noting that Mr. William B. Burton voluntarily reduced his base salary by 25% effective January 1, 2010);
- no annual cash bonus;
- no increase in overall long-term incentive awards, except in cases where an increase is deemed warranted by the HR Committee.

MagIndustries Achievements

Notable accomplishments reviewed by the HR Committee included:

MagIndustries Corporate:

- Completed the repurchase of US\$5.5 million principal amount of its 11% senior unsecured notes due December 20, 2012 for aggregate consideration (including accrued interest) of US\$2,141,700, by way of private agreement
- Completed initial Annual Information Form
- Raised gross proceeds of CDN\$30 million in equity financing by way of short form prospectus
- Commenced trading on the Toronto Stock Exchange
- Acquisition of ocean front property for corporate operations in Pointe Noire
- Presented at important international conferences

MagMinerals:

- Execution of gas supply agreement with ENI
- Negotiated the Memorandum of Understanding with Sinohydro Corporation Limited and advanced through diligence discussion.
- Negotiated the acquisition of Potasse du Congo
- Completed 25 brine production wells

- o Installation of 11.2 kilometers of gas supply pipeline
- o Completed a full Environmental and Social Impact Assessment
- o Completed construction of 200 man base camp at Mengo

MagForestry:

- Significant Milestones to Date:
 - o Achieved targeted harvesting volumes
 - o Chip mill reached operating rates above design specifications.
 - o Completed the sale and delivery of 10 shipments of eucalyptus chips totaling about 350,000 tonnes to customers in Europe

EXECUTIVE COMPENSATION TABLES

All compensation values disclosed in this section, unless otherwise noted, are expressed in US dollars and are generally derived from compensation plans and programs that are described in detail under the section "Compensation Discussion and Analysis" or from compensation tables reported elsewhere in this Management Information Circular.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
William B. Burton President & Chief Executive Officer ⁽³⁾	2009	317,124	Nil	1,142,421	Nil	Nil	Nil	Nil	1,459,545
	2008	312,733	Nil	2,872,501	188,820	Nil	Nil	Nil	3,374,054
	2007	250,000	Nil	493,222	200,000	Nil	Nil	Nil	943,222
William C. Burton Interim CFO ⁽¹⁾⁽³⁾	2009	176,180	Nil	154,939	Nil	Nil	Nil	Nil	331,119
	2008	173,966	Nil	254,914	15,578	Nil	Nil	Nil	444,458
	2007	152,277	Nil	118,552	10,000	Nil	Nil	NIL	271,052
Jeff Swinoga Senior Vice President & CFO ⁽²⁾⁽³⁾	2009	137,220	Nil	98,420	Nil	Nil	Nil	NIL	235,640
	2008	64,442	Nil	77,135	Nil	Nil	Nil	Nil	141,577
	2007	Nil	Nil	Nil	Nil	Nil		Nil	Nil
Stéphane A. Rigny Senior Executive Vice President ⁽³⁾	2009	242,248	Nil	714,048	Nil	Nil	Nil	NIL	956,296
	2008	253,206	Nil	2,364,273	Nil	Nil	Nil	Nil	2,617,479
	2007	250,000	Nil	468,223	75,000	Nil	Nil	Nil	793,223
Mike Edwards Vice President Projects	2009	221,667	Nil	128,129	50,000				399,796
	2008	200,000	Nil	492,631	100,000	Nil	Nil	Nil	792,631
	2007	174,282	Nil	145,901	100,000	Nil	Nil	Nil	420,183
Achim Strauss Vice President, Engineering & Development	2009	200,000	Nil	57,270	Nil	Nil	Nil	Nil	257,270
	2008	200,000	Nil	413,377	50,000	Nil	Nil	Nil	663,377
	2007	175,000	Nil	109,751	Nil	Nil	Nil	Nil	284,751

Notes

(1) William C. Burton was appointed as the interim Chief Financial Officer on July 17, 2009.

(2) Jeff Swinoga joined the Corporation on Sept. 28, 2008 and resigned from the Corporation effective July 17, 2009

(3) The Named Executive Officers except for Mike Edwards and Achim Strauss are paid in Canadian dollars. The salaries were converted to US dollars using the average exchange rate of 0.899029 for 2009, 0.94410 for 2008 and 0.93565 for 2007

INCENTIVE PLAN AWARDS – OUTSTANDING OPTION-BASED AWARDS OUTSTANDING AT THE END OF THE MOST RECENTLY COMPLETED FINANCIAL YEAR

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise prices (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
William B. Burton President & Chief Executive Officer	200,000	0.85	March 14, 2010	Nil
	150,000	0.85	February 15, 2011	Nil
	200,000	CDN\$ 1.00	December 3, 2011	Nil
	1,000,000	CDN\$ 1.30	June 28, 2012	Nil
	800,000	CDN\$ 1.96	February 14, 2013	Nil
	800,000	CDN\$ 3.28	June 4, 2013	Nil
	400,000	CDN\$ 0.24	February 18, 2014	106,758
William C. Burton Interim Chief Financial Officer ⁽²⁾	50,000	CDN\$ 1.30	March 27, 2011	Nil
	50,000	CDN\$ 1.00	December 3, 2011	Nil
	200,000	CDN\$ 1.30	June 28, 2012	Nil
	100,000	CDN\$ 1.96	February 14, 2013	Nil
	75,000	CDN\$ 3.28	June 4, 2013	Nil
	50,000	CDN\$ 0.91	October 1, 2013	Nil
	300,000	CDN\$ 0.24	February 18, 2014	80,068
Jeff Swinoga Sr. Vice President & Chief Financial Officer ⁽³⁾	Nil	Nil	Nil	Nil
Stéphane A. Rigny Senior Executive Vice President	150,000	CDN\$ 1.00	December 3, 2011	Nil
	1,000,000	CDN\$ 1.30	June 28, 2012	Nil
	500,000	CDN\$ 1.96	February 14, 2013	Nil
	500,000	CDN\$ 3.28	June 4, 2013	Nil
	500,000	CDN\$ 0.24	February 18, 2014	133,448
Achim Strauss Vice President, Engineering & Development	100,000	0.85	March 14, 2010	Nil
	50,000	CDN\$ 1.00	December 3, 2011	Nil
	250,000	CDN\$ 1.30	June 28, 2012	Nil
	100,000	CDN\$ 1.96	February 14, 2013	Nil
	200,000	CDN\$ 0.24	February 18, 2014	53,379
Mike Edwards Vice President, Projects	100,000	0.85	February 15, 2011	Nil
	50,000	CDN\$ 1.00	December 3, 2011	Nil
	250,000	CDN\$ 1.30	June 28, 2012	Nil
	100,000	CDN\$ 1.96	February 14, 2013	Nil
	75,000	CDN\$ 3.28	June 4, 2013	Nil
	200,000	CDN\$ 0.24	February 18, 2014	53,379

Notes:

(1) Stock options granted by MagMinerals Potash Corp., a 100% owned subsidiary of the Corporation to certain directors, officers, employees and consultants on June 19, 2008 at an exercise price of CDN\$4.00 and a term of five years were forfeited without the payment of any additional consideration on June 1, 2009.

(2) William C. Burton was appointed as the Interim Chief Financial Officer on July 17, 2009.

(3) Jeff Swinoga resigned from the Corporation effective July 17, 2009.

(4) All dollar amounts in the foregoing table are expressed in US dollars based on Canadian dollars to US dollar exchange rate of 0.95320 being the closing rate of exchange for 2009.

**INCENTIVE PLAN AWARDS – VALUE VESTED DURING THE
MOST RECENTLY COMPLETED FISCAL YEAR**

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾⁽²⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
William B. Burton, President & Chief Executive Officer	186,000	Nil
William C. Burton, Interim Chief Financial Officer ⁽³⁾	99,750	Nil
Jeff Swinoga, Senior Vice President & Chief Financial Officer ⁽⁴⁾	15,500	Nil
Stéphane A. Rigny , Senior Executive Vice President	116,250	Nil
Mike Edwards , Vice President, Projects	46,500	Nil
Achim Strauss , Vice President, Engineering & Development	46,500	Nil

Notes:

(1) Based on, Canadian dollars to US dollars exchange rate of 0.88029 being the average rate of exchange for 2009.

(2) Based on the difference between the market price of the underlying Common Shares on the vesting date and the exercise price of the options.

(3) William C. Burton was appointed as the Interim Chief Financial Officer on July 17, 2009.

(4) Jeff Swinoga resigned from the Corporation effective July 17, 2009.

Details regarding the terms of the stock option plan in addition to that provided in the above tables can be found in the sections entitled “Particulars of Matters to be Acted Upon – Amendment and Ratification of Stock Option Plan” above and “Equity Compensation Plan Information” below.

EMPLOYMENT CONTRACTS AND TERMINATION AND CHANGE OF CONTROL BENEFITS

The Corporation has entered into employment agreements dated October 20, 2009 with Mr. William B. Burton, January 31, 2006 with Mr. Rigny, and employment agreements dated March 31, 2006, September 29, 2006, April 1, 2008 and September 28, 2008 with Messrs. Strauss, Edwards, William C. Burton and Swinoga, respectively. These contracts encompass the compensation arrangements noted above. Each officer’s annual salary is reviewable annually and bonuses and stock option grants are subject to the discretion of the HR Committee.

The employment agreements for each of Messrs. William B. Burton, William C. Burton, Rigny, Edwards, Swinoga and Strauss are for indefinite terms. Such agreements may be terminated at any time by such officers upon the provision of at least one months notice. Each of the agreements also provide for termination by the Corporation. In the case of Messrs. William C. Burton, Rigny, Strauss and Swinoga termination is effected by the payment of four months of salary per year of service or portion thereof to a maximum of 24 months. Mr. William B. Burton’s agreement can be terminated on the payment of three years of salary. Mr. Edwards’ agreement can be terminated on the payment of two months of salary per year of service to a maximum of six months of salary.

Each of the employment agreements also provides that in the event that Messrs. William C. Burton, Rigny, Strauss or Swinoga's employment is terminated within 90 days following a "change of control" they are entitled to receive four months base pay per year of service up to a maximum of two years. Mr. William B. Burton's employment agreement provides that in the event that Mr. Burton's employment is terminated within 180 days following a "change of control", he is entitled to receive three years base salary. In addition, Messrs. Burton, Burton, Rigny, and Swinoga are entitled to receive a payment equal to the average of the total of their last three years' bonuses. For the purposes of each of these agreements a change of control is defined as an event where a minimum of 40% of the voting stock of the Corporation is acquired by an individual, corporation and its related parties.

Termination or Change of Control Payment Table

Name and principal position	Estimated Incremental Payments, Payables & Benefits upon Termination	Estimated Incremental Payments, Payables & Benefits upon Change of Control	Sharing Based Awards	Options Based Awards (CDN\$0.52) (\$0.495) ⁽³⁾⁽⁴⁾
William B. Burton President & Chief Executive Officer	1,000,860	1,140,663	Nil	99,000
William C. Burton Interim Chief Financial Officer ⁽¹⁾	238,300	247,052	Nil	111,375
Jeff Swinoga Sr. Vice President & Chief Financial Officer ⁽²⁾	Nil	Nil	Nil	Nil
Stéphane A. Rigny Senior Executive Vice President,	393,195	414,172	Nil	185,625
Mike Edwards Vice President, Projects	120,000	100,000	Nil	74,250
Achim Strauss Vice President, Engineering & Development	400,000	550,000	Nil	74,250

Notes:

(1) William C. Burton was appointed as the Interim Chief Financial Officer on July 17, 2009.

(2) Jeff Swinoga resigned from the Corporation effective July 17, 2009.

(3) Based on the stock options vested as at December 31, 2009.

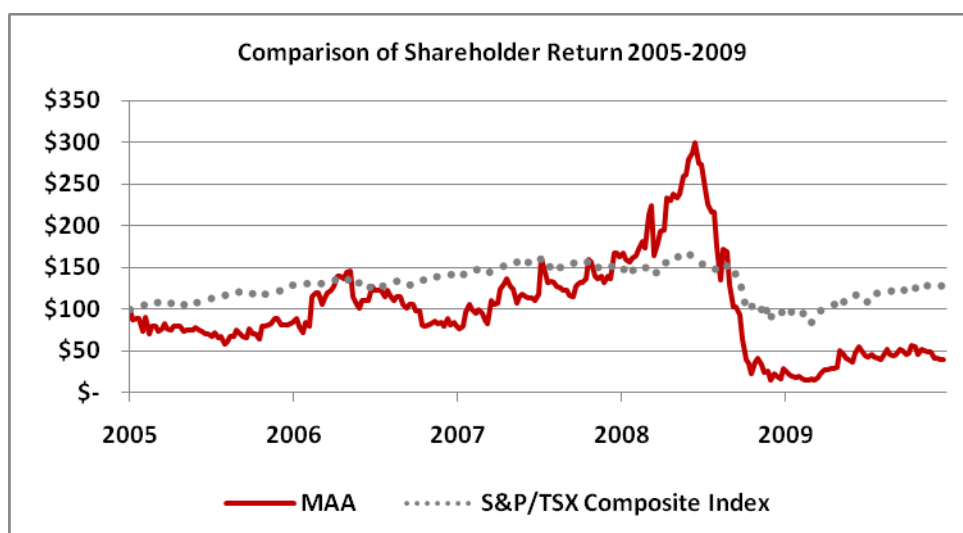
(4) Based on, Canadian dollars to US dollars exchange rate of 0.9532 being the year end rate for 2009.

Stock Option Valuation

The fair value of the options granted under the Option Plan during the year was estimated at the grant date using the Black-Scholes pricing model with the following weighted average assumptions: risk-free interest rate of 2% (2008 – 3.3%, 2007 – 4.0%), expected dividend yield of nil (2008 – nil, 2007 – nil), expected volatility of 93% (2008 – 66%, 2007 – 99%) an expected term of 3.9 years (2008 – 3.6 years, 2007 – five years).

Performance Graph

The following graph compares the yearly percentage change in the cumulative shareholder return for \$100 invested in Common Shares on December 31, 2004 against the cumulative shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Corporation.



Equity Compensation Plan Information

The Option Plan is the only compensation arrangement under which equity securities of the Corporation have been authorized for issuance. Stock options may be granted to officers, directors, employees and consultants of the Corporation as approved by the HR Committee as described under the section, “Elements of Compensation – Long-term Incentives” above. The following provides key information regarding the Option Plan:

- the Option Plan was last approved by shareholders on May 14, 2009;
- as of May 13, 2010, there were 24,320,000 common shares issuable upon the exercise of outstanding stock options; this represents 5.8% of issued and outstanding common shares;
- 17,509,246 common shares remain available for issuance under the Option Plan, which represents 4.2% of issued and outstanding common shares;
- 970,000 common shares have been issued upon the exercise of stock options in the most recently completed fiscal year representing 0.27% of issued and outstanding common shares; and
- the exercise price for unexercised issued stock options ranges from CDN\$0.24 to CDN\$3.28 with expiry dates ranging from December 2011 to April 2015.

Set out below is information as of December 31, 2009 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	25,687,875	\$1.77	16,987,246
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	25,687,875	\$1.77	16,987,246

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

Purpose (a)	To the Corporation or its Subsidiaries (b)	To Another Entity (c)
Share purchases	Nil	Nil
Other	126,205	Nil

Note:

(1) All dollar amounts in the foregoing table are expressed in US dollars based on Canadian dollars to US dollar exchange rate of 0.95320 being the closing rate of exchange for 2009.

Indebtedness of Directors and Executive Officers Under (1) Securities Purchase and (2) Other Programs

Name and Principal Position (a)	Involvement of the Corporation Or Subsidiary (b)	Largest Amount outstanding During Fiscal Year ended December 31, 2009 (c)	Amount outstanding as at May 13, 2010 (d)	Financially Assisted Securities Purchases during Fiscal Year ended December 31, 2009 (#) (e)	Security for Indebtedness (f)	Amount Forgiven During Fiscal Year ended December 31, 2009 (g)
Securities Purchase Programs						
N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Programs						
Stéphane A. Rigny	Lender	\$126,205 ⁽¹⁾	\$31,606 ⁽²⁾	N/A	N/A	N/A

Notes:

(1) All dollar amounts in the foregoing table are expressed in US dollars based on Canadian dollars to US dollar exchange rate of 0.95320 being the closing rate of exchange for 2009.

(2) Based on Canadian dollars to US dollars exchange rate of 0.9770 being the closing rate of exchange for May 12, 2010.

Since the beginning of the last completed financial year and up to May 13, 2010, no director, executive officer or employee or former executive officer, director or employee of the Corporation or any of its subsidiaries was indebted to the Corporation except for one relocation loan. The loan was extended to an employee, officer and director of the Corporation and was for the principal amount of CDN\$250,000.00. On September 27, 2008 CDN\$128,807 was repaid and an additional payment in the amount of CDN\$101,116 was made on February 23, 2010. The loan bears interest at 4% per annum, is unsecured and is repayable on July 1, 2010.

COMPENSATION OF DIRECTORS

RETAINERS AND FEES PAID TO DIRECTORS

Annual Board and committee retainers are paid to each director who is not an employee of the Corporation in quarterly installments, in arrears, and are pro-rated from the date of the director's appointment to the Board and the relevant committees. The Corporation reimburses the directors for travel expenses.

The Corporation's director compensation practices are designed to reflect the goals of the Corporation and to reinforce the emphasis we place on shareholder value and transparency. As a result, directors' compensation consists of annual retainers and meeting fees paid in cash for 2009 as follows:

Board member retainer	\$20,000 per annum
Chair of Board (additional)	\$30,000 per annum
Chair of Human Resources (additional)	\$ 5,000 per annum
Chair of Audit (additional)	\$10,000 per annum
Chair of MagMinerals Potash Committee (additional)	\$8,333 (March 1 to December 31, 2009)
Co-Chair Special Committee (additional)	CAD\$5,000 each
Board meetings	\$1,000 per meeting
Committee meetings	\$1,000 per meeting
Special Committee retainer (additional)	CAD\$2,500
Special Committee meetings	CAD\$500 per meeting less than one hour, CAD\$1,000 per meeting equal to or greater than one hour

Our goal is to provide total compensation to the directors that is, generally, targeted at the median of our peers in both level and form in order to attract and retain qualified individuals. This goal is reflected in our current compensation paid to directors.

Name	Retainer Fees earned (\$) ⁽⁴⁾	Chair Fees(\$)	Meeting Fees(\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Bryan M. Benitz	22,207	30,000	23,802	282,347	Nil	Nil	Nil	328,356
Gary German	22,207	8,333	35,243	198,945	Nil	Nil	11,004 ⁽¹⁾⁽⁴⁾	264,728
Richard J. Linnell	22,207	2,207	29,361	194,497	Nil	Nil	7,335 ⁽²⁾⁽⁴⁾	248,272
Gerard Munera	22,207	2,207	34,243	194,497	Nil	Nil	Nil	253,154
Moustapha Niasse	17,207		3,000	155,021	Nil	Nil	Nil	175,228
Victor Wells	22,207	15,000	34,919	198,945	Nil	Nil	7,335 ⁽³⁾⁽⁴⁾	256,071

Notes

(1) Gary German received retainer fees from MagMinerals Potash Corp. from January 1 to February 28, 2009 as a director, chair of the board of directors, chair of the compensation committee, chair of the corporate governance and nominating committees and a member of the audit committee.

(2) Richard Linnell received retainer fees from MagMinerals Potash Corp. from January 1 to February 28, 2009 as a director, chair of the environmental, health and safety committee and member of the corporate governance and nominating committee.

(3) Mr. Wells received retainer fees from MagMinerals Potash Corp. as a director, from January 1 to February 28, 2009 as chair of the audit committee of MagMinerals Potash Corp.

(4) All dollar amounts in the foregoing table are expressed in US dollars based on Canadian dollars to US dollar exchange rate of 0.88029 being the average rate of exchange for 2009.

**INCENTIVE PLAN AWARDS – OUTSTANDING OPTION-BASED AWARDS OUTSTANDING AT THE END OF
THE MOST RECENTLY COMPLETED FINANCIAL YEAR**

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise prices (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Bryan Benitz	125,000	0.85	February 15, 2011	Nil
	50,000	CDN\$ 1.00	December 3, 2011	Nil
	300,000	CDN\$ 1.30	June 28, 2012	Nil
	300,000	CDN\$ 1.96	February 14, 2013	Nil
	150,000	CDN\$ 3.28	June 4, 2013	Nil
	250,000	CDN\$ 0.24	February 17, 2014	66,724
Gary German	200,000	0.85	March 14, 2010	Nil
	50,000	CDN\$ 1.00	December 3, 2011	Nil
	250,000	CDN\$ 1.30	June 28, 2012	Nil
	100,000	CDN\$ 1.96	February 14, 2013	Nil
Richard Linnell	200,000	CDN\$ 0.24	February 17, 2014	53,379
	150,000	0.85	March 14, 2010	Nil
	50,000	CDN\$ 1.00	December 3, 2011	Nil
	100,000	CDN\$ 1.30	June 28, 2012	Nil
	100,000	CDN\$ 1.96	February 14, 2013	Nil
Victor Wells	150,000	CDN\$ 0.24	February 17, 2014	40,034
	250,000	CDN\$ 1.00	December 3, 2011	Nil
	100,000	CDN\$ 1.30	June 28, 2012	Nil
	100,000	CDN\$ 1.96	February 14, 2013	Nil
Gerard Munera	200,000	CDN\$ 0.24	February 17, 2014	53,379
	50,000	0.85	March 14, 2010	Nil
	50,000	CDN\$ 1.00	December 3, 2011	Nil
	100,000	CDN\$ 1.30	June 28, 2012	Nil
	100,000	CDN\$ 1.96	February 14, 2013	Nil
Moustapha Niasse	150,000	CDN\$ 0.24	February 17, 2014	40,034
	150,000	0.85	February 15, 2011	Nil
	150,000	CDN\$ 1.00	December 3, 2011	Nil
	100,000	CDN\$ 1.30	June 28, 2012	Nil
	150,000	CDN\$ 3.28	June 4, 2013	Nil

Notes:

(1) All dollar amounts in the foregoing table are expressed in US dollars based on Canadian dollars to US dollar exchange rate of 0.95320 being the closing rate of exchange for 2009.

**INCENTIVE PLAN AWARDS – VALUE VESTED DURING THE
MOST RECENTLY COMPLETED FISCAL YEAR**

Name	Option-based awards - Value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation - Value earned during the year (\$)
Bryan Benitz	58,125	Nil
Gary German	46,500	Nil
Richard Linnell	34,875	Nil
Victor Wells	46,500	Nil
Gerard Munera	34,875	Nil
Moustapha Niasse	34,875	Nil

Notes:

(1) Based on Canadian dollars to US dollars exchange rate of 0.88029 being the average rate of exchange for 2009.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation provides insurance for the benefit of the directors and officers of the Corporation against liability incurred by them in these capacities. The current annual policy limit is \$10,000,000. Protection is provided to directors and officers for certain wrongful acts or omissions done or committed during the course of their duties as such. Under the policy, the Corporation is reimbursed for payments which it is required or permitted to make to its directors and officers to indemnify them. The current annual premium is CDN\$56,525. No claims have been made under the policy.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein, for the fiscal year ended December 31, 2009 and for the period from January 1, 2010 to the date hereof, informed persons (as such term is defined in National Instrument 51-102) of the Corporation, proposed directors and associates and affiliates of any such persons did not have an interest in any transactions or proposed transactions which have materially or would materially affect the Corporation.

REGISTRAR AND TRANSFER AGENT

Equity Transfer & Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, is the registrar and transfer agent for the Corporation's common shares.

OTHER BUSINESS

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than those set forth in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the common shares represented by the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

SHAREHOLDER PROPOSAL

The *Canada Business Corporations Act*, the Corporation's governing statute, provides that shareholder proposals must be received by February 12, 2011 in order to be considered for inclusion in the Management Information Circular and the form of proxy for the 2011 annual meeting of shareholders of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative financial statements and management discussion and analysis. Copies of the Corporation's financial statements and management discussion and analysis may be obtained, without charge, upon request to the Corporate Secretary at MagIndustries Corp., 33 Yonge St., Suite 300, Toronto, Ontario M5E 1G4; Tel: (416) 368-7911; Fax:(416) 368-5042.

APPROVAL OF DIRECTORS

The contents and the sending of this Management Information Circular have been approved by the directors of the Corporation.

DATED as of the 13th day of May, 2010.

"William B. Burton"

WILLIAM B. BURTON

President and Chief Executive Officer

SCHEDULE "A"

BLACKLINE COPY OF THE OPTION PLAN

MAGINDUSTRIES CORP.

STOCK OPTION PLAN

1. INTERPRETATION

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) "Affiliate" has the meaning ascribed thereto in the ~~TSX Venture Exchange Corporate Finance Manual~~ Securities Act (Ontario);
- (b) "Associate" ~~means:~~ has the meaning ascribed thereto in the *Securities Act (Ontario)*:
 - (i) ~~when used to indicate a relationship with a Person:~~
 - a) ~~a partner of that Person;~~
 - b) ~~a trust or estate in which that Person has a substantial beneficial interest or for which that Person serves as trustee or in a similar capacity;~~
 - c) ~~a company of which that Person beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of such company; or~~
 - (ii) ~~in the case of an individual:~~
 - a) ~~that individual's spouse or child; or~~
 - b) ~~a relative of that individual or that individual's spouse if that relative has the same home as the individual;~~

~~and for the purpose of this definition, "spouse" includes an individual who is living with another individual in a marriage-like relationship;~~
- (c) "Blackout Period" means the time period, commonly referred to as the "blackout period", determined by the Corporation in accordance with its trading policies pursuant to which directors, officers, employees and others are prohibited from trading in the securities of the Corporation (including exercising options granted under the Plan) and, for greater certainty, Blackout Period shall not include any period in which there is a prohibition on trading in securities of the Corporation as a result of a cease trade or other order of any securities commission or regulatory authority;
- (d) "Board" means the board of directors of the Company;
- (e) "Company" means MagIndustries Corp.;

- (f) "Consultant" means an individual, other than an ~~Employee~~employee or ~~Executive~~executive of the Company, that:
- (i) is engaged to provide, on ~~an ongoing~~a bona fide basis, consulting, technical, management or other services to the Company or an Affiliate of the Company under a written contract between the Company or its Affiliate and the Consultant or the Consultant's Consultant Company or, if permitted by the ~~TSX Venture~~Toronto Stock Exchange or such other stock exchange on which the Shares are then listed, the Consultant's Consultant Partnership;
 - (ii) possesses technical, business or management expertise of value to the Company or its Affiliate;
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or its Affiliate; and
 - (iv) has a relationship with the Company or its Affiliate that enables the individual to be knowledgeable about the business and affairs of the Company.
- (g) "Eligible Person" means, subject to all applicable laws:
- (i) any Consultant, ~~Employee~~employee or ~~Executive~~executive of the Company or its subsidiaries or, if permitted by the ~~TSX Venture~~Toronto Stock Exchange or such other stock exchange on which the Shares are then listed, ~~an~~a RRSP or ~~an~~a RRIF established by or for such Person or under which such Person is the beneficiary; or
 - (ii) if permitted by the ~~TSX Venture~~Toronto Stock Exchange or such other stock exchange on which the Shares are then listed, any subsidiary entity of any ~~Employee~~employee or ~~Executive~~executive; or
 - (iii) any Consultant's Consultant Company or Consultant's Consultant Partnership, provided that such Consultant Company or Consultant Partnership is wholly-owned by an individual eligible to be granted options under the Plan, but in any event excluding a Consultant Company engaged in Investor Relation Activities,

provided such Person is not a registrant that is a Consultant in connection with services provided by the registrant relating to a distribution;

~~(h) "Employee" has the meaning ascribed thereto in the TSX Venture Exchange Corporate Finance Manual;~~

~~(i) "Executive" means a director or senior officer of the Company or a subsidiary of the Company;~~

~~(j)~~ (h) "Incentive Arrangements" means the Company's previously established or proposed ~~Incentives or Incentive Plans~~share compensation plans;

~~(k)~~ (i) "Insider" means:

(i) ~~a director or senior officer~~an insider (as defined in the Securities Act (Ontario)) of the Company;

(ii) ~~a director or senior officer of a company that is an Insider or subsidiary of the Company;~~an Associate or Affiliate of any Person who is an insider by virtue of (i).

~~(iii) — a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Company; or~~

~~(iv) — the Company itself if it holds any of its own securities.~~

~~(l) — "Investor Relations Activities" shall have the meaning ascribed thereto in the TSX Venture Exchange Corporate Finance Manual;~~

(j) ~~(m)~~ "Option" means an option to purchase Shares granted to an Eligible Person pursuant to the terms of the Plan;

(k) ~~(n)~~ "Participant" means Eligible Persons to whom Options have been granted;

(l) ~~(o)~~ "Person" means an individual or a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

(m) ~~(p)~~ "Plan" means this share option plan of the Company;

(n) ~~(q)~~ "Related Person" means a director or senior officer of the Company or an associate of a director or senior officer of the Company; and

(o) ~~(r)~~ "Shares" means the common shares of the Company.

~~Unless otherwise defined herein, capitalized terms used herein shall have the meaning ascribed or attributed to such terms in Ontario Securities Commission Rule 45-503—Trades to Employees, Executives and Consultants. For greater certainty, the issuer in connection with such terms shall be the Company.~~

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

This Plan and all matters which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

2. PURPOSE

The purpose of this Plan is to encourage ownership of the Shares by ~~Executives, Employees of the Company~~executives, employees and Consultants of the Company and its subsidiaries who are primarily responsible for the management and profitable growth of the business of the Company and to advance the interests of the Company by providing additional incentive for superior performance by such Persons and to enable the Company to attract and retain valued ~~Executives, Employees~~executives, employees and Consultants.

3. ADMINISTRATION

The Plan shall be administered by the Board or, in the Board's discretion, by a committee (the "Committee") appointed by the Board and consisting of not less than three members of the Board. Subject to the provisions of the Plan, the Board or the Committee is authorized, in its sole discretion, to make such determinations under and such interpretations of and take such steps and actions in connection with the proper administration of the Plan and such rules and regulations concerning the granting of the Options pursuant to the Plan as it may deem necessary or advisable. No member of the Board or of the Committee will be liable for any action or determination taken or made in good faith with respect to the Plan or any Options granted under it. Any determination approved by a majority of the

Board or the Committee will be deemed to be a determination of that matter by the Board or the Committee, as the case may be. Members of the Board or the Committee may be granted Options under the Plan.

4. SHARES SUBJECT TO THE PLAN

The Company shall reserve, set aside and make available to the Board or Committee for the granting of Options to eligible grantees up to an aggregate of 10% of the issued and outstanding Shares at the time of grant of any Option, subject to adjustment from time to time in accordance with section 7, provided that such adjustment receives the necessary approvals in accordance with the rules of the ~~TSX Venture~~Toronto Stock Exchange. All Options granted under the Plan will conform to all applicable provisions prescribed by the Plan and to such specific terms and conditions as may be determined by the Board or the Committee at the time of making each grant, provided that such terms and conditions are not inconsistent with the provisions hereof. Shares reserved for issuance for which an Option is granted under the Plan but not exercised prior to the termination of such Option, whether through surrender, termination, lapse or otherwise, shall be available for Options thereafter granted by the Board or the Committee under the Plan. All Shares issued pursuant to the exercise of the Options granted under the Plan shall be issued as fully-paid and non-assessable Shares.

~~The maximum number of Shares which may be reserved for issuance to any one individual in a 12 month period~~ aggregate number of Shares reserved for issuance pursuant to all options granted to any one Participant shall not exceed 5% of the number of Shares outstanding on a non-diluted basis at the time of such grant. In addition, the aggregate number of securities of the Company:

- (i) issued to Insiders of the Company, within any one year period; and
- (ii) issuable to Insiders of the Company, at any time;
- (c) under the Plan, ~~together or when combined~~ with all of the Company's other Incentive Arrangements, shall not exceed 5% of the issued shares of the Company at the time of granting. Any one or more Insiders may not be granted, within any 12 month period, a number of Options exceeding 10% of the issued Shares. 10% of the Company's total issued and outstanding securities.

~~The maximum number of Options which may be granted to any one Consultant in a 12 month period under the Plan shall not, in the aggregate, exceed 2% of the issued shares of the Company calculated at the date the Option was granted to the Consultant.~~

~~The maximum number of Options which may be granted to Participants engaged in Investor Relations Activities under the Plan shall not, in the aggregate, exceed 2% of issued shares of the Company in any 12 month period, calculated at the date the Option was granted.~~

Any Shares subject to an Option which for any reason is cancelled or terminated without having been exercised shall again be available for issuance under the Plan. No fractional shares shall be issued and the Board or the Committee may determine the manner in which fractional share values shall be treated.

5. PARTICIPATION

Options shall be granted under the Plan only to ~~Eligible Persons~~Participants designated from time to time by the Board or the Committee and shall, if required, be subject to the approval of such shareholders as may be required pursuant to the policy of the ~~TSX Venture~~Toronto Stock Exchange and such regulatory authorities as may have jurisdiction. It shall be a condition of the grant of any Option and the issuance of Shares upon the exercise thereof that the participation of any Employee, Employee Administrator, Issuer-Officer or Consultant in the grant of such Option and the issuance of Shares upon

the exercise thereof be voluntary. The Company will represent that for all Options granted to Eligible Persons that such Participants are bona fide Eligible Persons.

6. TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of each Option shall include the following, as well as such other provisions, not inconsistent with the Plan, as may be deemed advisable by the Board or the Committee including those contained in any stock option agreement entered into between the Company and a Participant:

- (a) *Option Price:* ~~The option price of any Shares in respect of which an Option may be granted shall be fixed by the Board or the Committee provided that the minimum exercise price shall not be less than the Market Price of the Shares at the time the Option is granted, less the permitted discounts of the TSX Venture Exchange, and in any event shall not be less than \$0.10 per Share.~~ Board or the Committee shall fix the option price per Share which shall not be less than the market price in Canadian dollars on the Toronto Stock Exchange of the Shares at the time of the granting of such option. For the purposes of this subparagraph, "market price" of the Shares shall mean the closing price of the Shares on the Toronto Stock Exchange on the trading day prior to the effective date on which the option is granted by the Board or the Committee and if there is no sale on such trading day, then the last closing market price on the Toronto Stock Exchange prior to the effective date on which the option is granted. If the Shares are not then traded on the Toronto Stock Exchange, "market price" of the Shares shall mean the closing price of the Shares on such public market on which the Shares are then traded, as selected by the Board or the Committee in its sole discretion, and if there is no sale on such trading day, then the last closing price of the Shares on such public market. If the Shares are not then traded on any public market, the Board or the Committee in its sole discretion shall determine the "market price" at the time of grant.

~~For the purpose of this Subparagraph 6(a), the market price shall be deemed to be the last closing price of the Company's Shares, subject to the exceptions set out in the definition of "Market Price" in the TSX Venture Exchange Corporate Finance Manual.~~

~~Notwithstanding the foregoing, if the Option is granted within 90 days of a distribution by a prospectus (as defined in the TSX Venture Exchange Corporate Finance Policy Manual), then the minimum exercise price for such Options shall be the greater of (i) the exercise price determined in accordance with the foregoing paragraphs; and (ii) the price per Share paid by the public investors acquired under such distribution. For purposes hereof, the 90 days period shall begin on (i) the date a final receipt is issued for the prospectus or, in the case of an initial public offering, on the date on which the Shares are listed on the TSX Venture Exchange or (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the special warrant private placement.~~

- (b) *Payment:* The full purchase price of Shares purchased under an Option shall be paid in cash or certified funds upon the exercise thereof, and upon receipt of payment in full, but subject to the terms of the Plan, the number of Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable. A holder of an Option shall have none of the rights of a shareholder until the Shares are issued to him.
- (c) *Term of Option:* Options may be granted under this Plan exercisable over a period not exceeding ten (10) years. Each Option shall be subject to earlier termination as provided in subparagraph 6(e); provided that, notwithstanding the foregoing or anything else to the contrary in the Plan, if the term of any option granted under the Plan ends on a day occurring within a Blackout Period applicable to an Option holder or within ten business days after the expiry of a Blackout Period applicable to an Option holder, the term of

such option shall be automatically extended to (and such option shall continue to be exercisable under the terms of the Plan up to) 5:00 p.m. (Toronto time) on the tenth business day following the expiry of such Blackout Period. This subsection 6(c) applies to all options outstanding under the Plan, regardless of the date of grant or issuance.

- (d) *Exercise of Option:* Subject to the provisions contained in subparagraph 6(e), no Option may be exercised unless the Participant is then an Eligible Person. This Plan shall not confer upon the Participant any right with respect to continuation of employment by the Company. Absence on leave approved by an officer of the Company or of any ~~Subsidiary~~subsidiary authorized to give such approval shall not be considered an interruption of employment for any purpose of the Plan. Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the transfer agent of the Company of written notice of exercise specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Shares then being purchased. The Board or the Committee may, in its discretion but subject to the rules of this Plan, subsequent to the time of granting any Options hereunder, permit any Eligible Person to exercise any or all of the unvested Options then outstanding and granted to the Eligible Person under this Plan, in which event all such unvested Options then outstanding and granted to the Participant shall be deemed to be immediately exercisable during such period of time as may be specified by the Board or the Committee.
- (e) *Termination of Options:* Any Option granted pursuant hereto, to the extent not validly exercised, will, unless otherwise specified in the Option agreement or in the resolution of the Board or the Committee granting such Option, as the case may be, terminate on the earlier of the following dates:
- (i) the date of expiration specified in the Option agreement or in the resolution of the Board or the Committee granting such Option, as the case may be, being not more than ten (10) years after the date upon which the Option was granted;
 - (ii) immediately after the Participant ceases to be an Eligible Person, by reason of resignation or discharge with cause;
 - (iii) one (1) year after the date of the death of the Participant during which period the Option may be exercised by the Participant's legal representative or the Person or Persons to whom the deceased Participant's rights under the Option shall pass by will or the applicable laws of descent and distribution, and only to the extent the Participant would have been entitled to exercise the Option on the date of death; and
 - (iv) in the event that the Participant ceases to be an Eligible Person other than by way of the reasons set out in paragraphs 6(e)(ii) and (iii) hereof the Participant may (A) exercise the Option to the extent he was entitled to do so at the time of ceasing to be an Eligible Person, at any time up to and including, but not after, the earlier of the effective date of his ceasing to be an Eligible Person and immediately prior to the close of business on the day of the expiry of the term of the Option and (B) with the prior written consent of the Board or the Committee, which consent may be withheld in the Company's sole discretion, exercise the Option to purchase all or any of the optioned Shares as the Board or the Committee may designate but not exceeding the number of the optioned Shares that he would have been entitled to otherwise had he remained an Eligible Person for the term of the Option. Notwithstanding the foregoing, the Options shall not be exercisable more than ninety (90) days after the Participant ceases to be an Eligible Person, other than by reason of death, or if the Participant is

engaged in Investor Relations Activities, more than thirty (30) days after the Participant ceases to be an Eligible Person.

For greater certainty, the termination provisions contained in this subparagraph 6(e) shall not supercede the provisions of any Option agreement relating to outstanding Options or any resolution of the Board or the Committee ~~granting in respect of~~ such outstanding Options.

- (f) *Non-transferability of Stock Option:* No Option shall be transferable or assignable by the Participant other than by will or the laws of descent and distribution and such Option shall be exercisable during his lifetime only by the Participant. Notwithstanding the foregoing if permitted by the ~~TSX Venture~~Toronto Stock Exchange or such other exchange on which the Shares are then listed, Options may be transferred or assigned between ~~a Consultant, Executive or Employee~~an Eligible Person to an RRSP or an RRIF established by or for such ~~Consultant, Executive or Employee~~Eligible Person or under which such ~~Consultant, Executive or Employee~~Eligible Person is the beneficiary or to any ~~Subsidiary Entity~~subsidiary entity of an ~~Employee~~employee or ~~Executive~~executive or by a Consultant to such Consultant's ~~Consultant Company or Consultant Partnership~~consultant company or consultant partnership (if then permissible under the rules of the exchange on which the Shares are then listed), provided the assignor delivers notice to the Company prior to the assignment and the Board or the Committee, as applicable, approves such assignment.
- (g) *Granting of Options:* Subject as herein and otherwise specifically provided herein, the number of Shares subject to each Option, the exercise price for each Option, the expiration date of each Option and the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Board or the Committee.
- (h) *Vesting:* Options granted to Eligible Persons, at the discretion of the Board, may vest immediately on the date of grant, or in stages.·
- ~~(i) *Reduction in Option Price:* In the event that the Board approves a reduction in the exercise price of a Participant who is an Insider at the time of the proposed reduction, such reduction shall be subject to the approval of disinterested shareholders of the Company.~~
- ~~(j) *Hold Period:* In accordance with the rules and regulations governing stock options outlined in the TSX Venture Exchange Corporate Finance Policy Manual, all stock options and any shares issued on the exercise of stock options must be legended with a four month hold period commencing on the date the stock options were granted.~~
- (i) ~~(k)~~ *Applicable Laws or Regulations:* The Plan, the grant and exercise of Options hereunder and the Company's ~~obligation~~obligations to sell and deliver Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of any stock exchange on which the Shares are listed for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obligated by any provision of the Plan or the granting of any Option hereunder to issue or sell Shares in violation of such laws, rules and regulations or any condition of such approvals. No Option shall be granted and no Shares issued or sold hereunder where such grant, issue or sale would require registration of the Plan or the Shares under the securities laws of any jurisdiction and any purported grant of any Option or issue or sale of Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to issue any Shares pursuant to the Plan unless such Shares shall have been duly listed, upon official notice of issuance, with all

stock exchanges on which the Shares are listed for trading. Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws and the rules of any stock exchange on which the Shares are then listed. If required by applicable securities laws or the relevant exchange, the Share certificates issued upon the exercise of any Options shall bear a legend setting out the required restrictions on sale or resale. The Company's obligation to issue Shares pursuant to the exercise of any Option shall be subject to the receipt from the Participant of such representations, warranties, agreements and undertakings, as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction and/or as may be required by any stock exchange on which the Shares are then listed.

7. ADJUSTMENTS IN SHARES SUBJECT TO THE PLAN

(d) Appropriate adjustments in the number of Shares optioned and in the option price per Share, relating to Options granted or to be granted, shall be made by the Board, in its sole discretion, to give effect to adjustments in the number of Shares resulting, subsequent to the approval of the Plan by the shareholders of the Company, from any subdivisions, consolidations or reclassification of the Shares, or other relevant changes in the capital structure of the Company, or the payment of stock dividends of the Company.

8. AMENDMENT AND TERMINATION OF PLAN AND OPTIONS

~~(i) The Board may amend the Plan at any time subject to compliance with all applicable laws and the rules of all applicable regulatory authorities.~~

(a) Subject to regulatory approval, the approval of any stock exchange on which the Shares are then listed for trading and the limitations set out in subsections 8(b) and (c) hereof, the Board may, by resolution, amend, vary or discontinue the Plan, or any agreement or entitlement subject to the Plan, at any time without notice to or approval of the shareholders of the Company, including, without limitation, for the purpose of:

(i) changing the class of persons who will be eligible to be granted options pursuant to the Plan (other than as provided for in subsection 8(b) hereof);

(ii) ensuring continuing compliance with applicable laws and regulations and the requirements or policies of any governmental or regulatory authority, securities commission or stock exchange having authority over the Company or the Plan;

(iii) changes of a "housekeeping", clerical, technical or stylistic nature, including, without limitation, eliminating any ambiguity, error or defect, supplying any omission or correcting or supplementing any provision contained in the Plan or in any agreement subject to the Plan which may be incorrect or incompatible with any other provision of the Plan or such agreement;

(iv) changing the method of determining the option price for options granted pursuant to the Plan, provided that the option price shall not in any case be lower than the "market price" of a Share, as that term (or any successor term) is interpreted and applied by the Toronto Stock Exchange;

(v) changing the following terms governing options under the Plan: (A) vesting terms (including the acceleration of vesting); (B) exercise and payment method and frequency; (C) transferability or assignability, other than as provided for in subsection 8(b) hereof;

(D) to fairly or properly take into account a sale, arrangement or take-over bid; (E) adjustments required in the circumstances of one of the events referred to in Section 7 hereof; and (F) the effect of termination (for whatever reason) of the Participant's employment or service;

(vi) determining that any of the provisions of the Plan or any agreement subject to the Plan concerning the effect of termination (for whatever reason) of the Participant's employment, service or consulting agreement/arrangement or cessation of the Participant's directorship or office, shall not apply for any reason acceptable to the Board;

(vii) changing the terms and conditions of any financial assistance which may be provided by the Company to the Participants to facilitate the purchase of Shares, or adding or removing any provisions providing for such financial assistance;

(viii) adding or amending a cashless exercise feature, payable in cash or securities, provided same includes a full deduction of the number of underlying Shares from the Plan reserved under Section 4 hereof;

(ix) providing for the granting of non-equity based kinds of awards under the Plan, including, without limitation, stock-appreciation rights;

(x) adding or amending provisions necessary for options under the Plan to qualify for favourable tax treatment to Participants and/or the Company under applicable tax laws;

(xi) changing any terms relating to the administration of the Plan; and

(xii) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law (including, without limitation, the rules and policies of the Toronto Stock Exchange and of any other stock exchange or market having authority over the Company or the Plan).

(b) Subject to regulatory approval, the approval of any stock exchange on which the Shares are then listed for trading and the limitations set out in subsection 8(c) hereof, the Board may, by resolution, amend, vary or discontinue the Plan, or any agreement or entitlement subject to the Plan, at any time for the following purposes, provided that any such amendment, variance or discontinuance will not become effective unless and until approved by a majority of the votes cast by shareholders of the Company, in person or by proxy, at a meeting of shareholders:

(i) any reduction in the option price of an outstanding option except for the purpose of maintaining option value in connection with an adjustment provided for under Section 7 hereof (for this purpose, the cancellation or termination of an option of a Participant prior to expiry of the option term for the purpose of reissuing an option to the same Participant with a lower exercise price shall be treated as an amendment to reduce the option price of an option);

(ii) any extension of the option term (which, for greater certainty, shall not include the circumstances provided for in subsection 6(c) hereof in respect of a Blackout Period) or any amendment to permit the grant of an option with an expiry date of more than 10 years from the date the option is granted;

(iii) permitting any option granted under the Plan (or any other kind of award which may hereafter form part of the Plan) to be transferable or assignable other than for estate planning or normal estate settlement purposes;

(iv) providing for the granting of equity based kinds of awards under the Plan;

- (v) any increase to the rolling plan maximum in excess of 10% of the issued and outstanding shares; and
- (vi) any other amendment requiring shareholder approval under applicable law (including, without limitation, under the rules and policies of the Toronto Stock Exchange and of any other stock exchange or market having authority over the Company or the Plan);

provided further that, in the case of any amendment or variance referred to above, Insiders who directly benefit from such amendment or variance will not have the votes attaching to the Shares or other securities of the Company held, directly or indirectly, by them counted in respect of the required approval of the shareholders of the Company.

- (c) Notwithstanding anything herein to the contrary, no amendment, variance or discontinuance of the Plan, or any agreement or entitlement subject to the Plan, may be made, without the prior written consent of the Participant, if the Board determines that the effect thereof is to impair, derogate from or otherwise materially and adversely affect any option previously granted to such Participant under the Plan. Subject to the provisions of this Section 10, the Plan shall remain in effect until all grants of options under the Plan have been terminated pursuant to the provisions of the Plan or satisfied by the issuance of Shares, the payment of cash or otherwise.
- (d) Notwithstanding anything contained to the contrary in this Plan or in any resolution of the Board or the Committee in implementation thereof:
 - (i) in the event the Company proposes to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned subsidiary) or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Shares or any part thereof shall be made to all or substantially all holders of Shares, the Company shall have the right, upon written notice thereof to each Participant holding Options under the Plan, to permit the exercise of all such Options within the 20 day period next following the date of such notice and to determine that upon the expiration of such 20 day period, all rights of the Participants to such Options or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever;
 - (ii) in the event of the sale by the Company of all or substantially all of the assets of the Company as an entirety so that the Company shall cease to operate as an active business, any outstanding Option may be exercised as to all or any part of the Shares in respect of which the Participant would have been entitled to exercise the Option in accordance with the provisions of the Plan at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is thirty (30) days following the date of completion of such sale; and (ii) the close of business on the expiration date of the Option; but the Participant shall not be entitled to exercise the Option with respect to any other Shares.

9. EFFECTIVE DATE AND DURATION OF PLAN

The Plan becomes effective on the date of its adoption by the Board and Options may be granted immediately thereafter. The Plan shall remain in full force and effect until such time as the Board shall terminate the Plan, and for so long thereafter as Options remain outstanding in favour of any Participant.

20. ~~10. ADMINISTRATION OF THE PLAN~~

~~The Board or the Committee is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out such Plan. The interpretation and construction of any provision of the Plan by the Board or the Committee shall be final and conclusive. Administration~~

~~of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.~~

10. ~~11.~~ INCOME TAXES

As a condition of and prior to participation in the Plan, a Participant shall authorize the Company in written form to withhold from any remuneration otherwise payable to such Participant any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan

11. ~~12.~~ FINANCIAL ASSISTANCE

Subject to compliance with applicable corporate and securities laws, the Board may at any time authorize the Company to loan money to the Participant in order to assist him or her to exercise Options granted under the Plan. Such loan shall be provided on a non-recourse basis, shall be non-interest bearing and shall be on such other terms and conditions to be determined from time to time by the Board.

12. ~~13.~~ APPROVAL OF PLAN

The establishment of the Plan shall be subject to approval of the shareholders of the Company (the "Shareholders") and any stock exchange or other regulatory authority having jurisdiction over the affairs of the Company. In addition, all Options granted pursuant to the Plan after the date of its adoption by the Board but prior to the approval thereof by the Shareholders, if required, shall not, if so required by any regulatory authority or any stock exchange having jurisdiction over the affairs of the Company, be exercised by a Participant until such approvals have been obtained. Disinterested shareholder approval shall be required if the exercise price of any Option granted to an Insider is to be reduced.

SCHEDULE "B"

TEXT OF OPTION PLAN RESOLUTION

BE IT RESOLVED THAT, as an ordinary resolution:

1. the amendments to the stock option plan (the "Stock Option Plan") of MagIndustries Corp. (the "Corporation"), as set forth in the information circular sent to shareholders in respect of the annual and special meeting of shareholders to be held on June 16, 2010 be and are hereby approved, ratified and confirmed;
2. the Option Plan, as amended, be hereby ratified and approved; and
3. any director or officer of the Corporation be and he or she is hereby authorized and directed, on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

SCHEDULE "C"

MANDATE OF THE BOARD OF DIRECTORS

I. OVERALL PURPOSE / OBJECTIVES

The Board of Directors (the "Board") is responsible for the overall stewardship of the Company. It operates by delegating certain of its authority and responsibilities to committees and management and reserving certain powers to itself. It will retain full effective control over the Company and will monitor senior management.

II. COMPOSITION

The Board should be constituted of a majority of Independent Directors, as such term is defined herein and the Chairman of the Board should also be an Independent Director. The Company expects and requires directors to be and remain free of conflicting interests or relationships and to refrain from acting in ways which are actually or potentially harmful, conflicting or detrimental to the Company's best interests.

The Board is responsible for evaluating its size and determining the appropriate number of directors for the Board.

The membership of the Board shall consist of at least three directors that are or have been directly or indirectly involved in the development, operation or management of international resource companies. The membership of the Board will also include at least three individuals who are Financially Literate, as defined herein, to ensure that the members of the Audit Committee fulfill the requirements described at section V(8) hereof.

Normal retirement age is 72.

III. MEETINGS

The Board will meet at least five times per year. It will ensure that it excludes management from its meetings, from time to time, as appropriate. The Board will implement structures and procedures to ensure that it functions independently of management. Minutes of all meetings of the Board shall be maintained.

IV. INTERPRETATION

Outside director means, a director who is not a member of management.

Independent Director shall have the meaning ascribed thereto in section 1.4 of National Instrument 52-110 as the same may be amended supplemented or replaced from time to time.

Financially Literate shall have the meaning ascribed thereto in section 1.6 of National Instrument 52-110 as the same may be amended supplemented or replaced from time to time.

V. RESPONSIBILITIES AND DUTIES

The principal functions of the Board are as follows:

Selection of Directors

- (1) The Board is responsible for approving new nominees to the Board and for assessing directors based upon the recommendations of the Corporate Governance Committee.
- (2) The Board will annually consider the skills and competencies of the members of the Board from the perspective of determining what additional skills and competencies would be helpful to the Board. The Board will convey its findings to the Corporate Governance Committee to be used to identify specific candidates.
- (3) The Board will ensure that prospective candidates for Board membership have received the appropriate information to permit them to fully understand the role of the Board and its committees and the contributions expected from individual directors.
- (4) The Board will annually review the assessment of the Board's performance and recommendations provided by the Corporate Governance Committee and evaluate its own effectiveness, the whole in accordance with the Company's corporate governance policy. The Board will take appropriate action based upon the results of the review process.

Committees

- (5) The Board shall appoint committees to assist it in performing its duties and processing the quantity of information it receives.
- (6) The Board shall name members of committees after considering the recommendations of the Corporate Governance Committee as well as the skills and desires of individual Board members, all in accordance with the mandates of such committees approved by the Board.
- (7) The Corporate Governance Committee and the Human Resources Committee should each be composed entirely of Independent Directors.
- (8) The Audit Committee will be composed only of Independent Directors, as defined in applicable securities legislation. All members of the Audit Committee will be Financially Literate.
- (9) The Environmental and Health & Safety Committee will be chaired by an Independent Director. All members of this committee will be environmentally knowledgeable and at least one will have an engineering or scientific background.
- (10) The Board will receive reports from each committee as to the work undertaken by the committee and, in each case, the committee's recommendations, if any, for change with respect to its responsibilities. The Board will evaluate and approve, if appropriate, such recommendations. The Board will also receive minutes of all committee meetings.
- (11) The Board will annually evaluate the performance and review the work of its committees, including their respective mandates and the sufficiency of such mandates.
- (12) The Board will annually appoint a member of each of its committees to act as Chairman of the committee.

Senior Management

(13) The Board will, through the Human Resources Committee, oversee management through an ongoing review process.

(14) The Board will appoint and determine the remuneration of the senior executives of the Company (other than the President and Chief Executive Officer), upon recommendation of the Human Resources Committee. The Human Resources Committee will determine the compensation of the President and Chief Executive Officer.

(15) The Board will, together with the Chief Executive Officer, and with the assistance of the Human Resources Committee, develop a position description for the Chief Executive Officer. The Board will review and approve the objectives developed for the Chief Executive Officer by the Human Resources Committee and review the assessment of the Chief Executive Officer's performance in relation to such objectives made by the Human Resources Committee.

(16) The Board will annually receive and consider a report from its Human Resources Committee on succession planning, including appointing, training and monitoring of senior management and the Chief Executive Officer.

General Responsibilities of the Board of Directors

(17) The Board will oversee the management of the Company. In doing so, the Board will establish a productive working relationship with the Chief Executive Officer and other members of senior management.

(18) The Board will oversee the formulation of long-term strategic, financial and organizational goals for the Company.

(19) The Board will, through its Audit Committee, review the integrity of the Company's internal control and management information systems.

(20) The Board will engage in a review of short and long-term performance of the Company in accordance with approved plans.

(21) The officers of the Company, headed by the Chief Executive Officer, shall be responsible for general day to day management of the Company and for making recommendations to the Board with respect to long term strategic, financial, organization and related objectives.

(22) The Board in co-operation with the Audit Committee will annually review the significant risks and opportunities affecting the Company and its businesses and the systems and controls in place to manage and monitor risks and opportunities. The Board may impose such limits as may be in the interests of the Company and its shareholders.

(23) The Board will oversee an annual strategic planning process within the Company. This plan will take into account the opportunity and risks of the Company's business. Prior to any year end, the Board will also approve the annual Budget for the subsequent year and multi-year business projections for the Company and its businesses.

(24) The Board will approve capital expenditures or other financial commitments in excess of \$5,000,000 for operating budgets and capex and in addition cash transfers greater than or equal to \$2,000,000 required approval by a member of the Audit Committee.

- (25) The Board will act prudently with respect to the finances of the Company and in particular with respect to the levels of debt in relation to the Company's consolidated capitalization.
- (26) The Board will monitor compliance with the ethics policies or codes of the Company and will be responsible for granting any waivers from compliance with such policies or codes for directors and officers.
- (27) The Board will also consider and approve:
- (i) transactions out of the ordinary course of business;
 - (ii) special employment contracts, upon recommendation of the Human Resources Committee;
 - (iii) all matters that would be expected to have a major impact on shareholders;
 - (iv) the appointment of any person to any position that would qualify such person as an officer of the Company;
 - (v) any amendments to the Company's pension plans relating to governance structure and design of benefits.
- (28) The Board will also receive reports and consider:
- (i) The quality of relationships between the Company and its key customers;
 - (ii) Changes in the shareholder base of the Company from time to time and relationships between the Company and its significant shareholders;
 - (iii) Periodic reports from Board committees with respect to matters considered by such committees;
 - (iv) Health, safety and environmental matters as they affect the Company and its businesses.
- (29) The Board will oversee how the Company communicates its goals and objectives to its shareholders and other relevant constituencies, including the approval of policies relating to: (i) how the Company interacts with analysts, investors, other key stakeholders and the public; and (ii) continuous disclosure obligations and selective disclosure. Such policies shall be reviewed annually.
- (30) The Board will review and approve the Company's management proxy circular and annual information form, if any, following review by the Corporate Governance Committee.
- (31) The Board will review and approve annual audited financial statements, quarterly financial statements and related management discussion and analysis disclosure following review by the Audit Committee.
- (32) The Board will consider and review the means by which shareholders can communicate with the Company including the opportunity to do so at the annual meeting, communications interfaces through the Company's website and the adequacy of resources available within the Company to respond to shareholders through the office of the Secretary and otherwise.

(33) The Board has the responsibility for monitoring compliance by the Company with the corporate governance guidelines set forth in National Policy 58-201 as the same may be amended, supplemented or replaced from time to time. The Board will approve the disclosure of :

(i) the Company's system of governance; and

(ii) the operation of its system of governance prepared by the Corporate Governance Committee.

(34) The Board of Directors will consider and approve the adequacy and form of the compensation of directors, upon recommendation of the Corporate Governance Committee, and ensure the compensation realistically reflects the responsibilities and time involved in being an effective director.

(35) The Board will consider and approve such other matters as the Board may, from time to time, determine.

SCHEDULE "D"

AUDIT COMMITTEE CHARTER

The Audit Committee (the "Committee") of MagIndustries Corp ("Mag" or the "Issuer") is established in order to assist the Board of Directors (the "Board") of Mag with its responsibilities for oversight and supervision.

Responsibility

Proper financial reporting and disclosure is very important to the Board. Accordingly, it is the objective of the Board that Mag's financial statements are prepared and disclosed in a fair, accurate and timely manner, using appropriate accounting principles. Accordingly, the Committee is responsible for:

- The integrity of Mag's consolidated financial statements
- Mag's compliance with legal and regulatory requirements related to financial reporting
- The qualifications, independence and performance of Mag's auditor
- The adequacy of Mag's internal and disclosure controls
- The review and identification of the principal risks facing the business and the development of appropriate procedures to monitor and mitigate such risks
- The development, implementation and administration of Mag's Whistleblower Policy, and
- Any additional matters delegated to the Committee by the Board.

Composition

The Board will select annually the members of the Committee, on the recommendation of the Corporate Governance and Nominating Committee. The Committee will be composed of not less than three directors, and its size may be increased if so determined by the Board.

Each member of the Committee will be both "independent" and "financially literate" as prescribed by Multinational Instrument 52-110, *Audit Committees*. A director, if necessary, may agree to become financially literate within a reasonable period of time following his or her appointment to the Committee.

Financially Literate, as defined in MI 52-110, means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Issuer's financial statements.

Duties and Responsibilities

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board.

Financial Statements and other Financial Information

The Committee shall:

1. Review the Issuer's consolidated annual audited financial statements and related documents prior to any public disclosure of such information;

2. Review the Issuer's consolidated interim unaudited financial statements and related documents prior to any public disclosure of such information;
3. Following a review with management and the independent auditor of such annual and interim consolidated financial statements and related documents, recommend to the Board the approval of such financial statements and related documents;
4. Review with management and/or the independent auditor all critical policies and practices used as well as significant management estimates and judgments and any changes in accounting policies or financial reporting requirements that may affect the Issuer's consolidated financial statements;
5. Review with management and/or the independent auditor the treatment in the financial statements of any significant transactions and other potentially difficult matters;
6. Review a summary provided by the Issuer's legal counsel of the status of any material pending or threatened litigation, claims and assessments respecting the Issuer and its subsidiaries;
7. Review the other annual financial reporting documents as well as management's discussion and analysis and earnings press releases of the Issuer prior to any disclosure to the public, and
8. Have the responsibility of reviewing, in advance, any communications between the Issuer and any applicable securities regulators or commissions.

Review of Other Financial and Related Information

The Committee will review:

1. All earnings press releases and other press releases disclosing financial information, as well as financial information and written earnings guidance, if any, provided to analysts and rating agencies;
2. All other financial statements of the Issuer before they are released to the public, including, without limitation, financial statements for use in the prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities;
3. The effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Issuer's financial statements; and
4. Disclosures made to the Committee by the CEO and the CFO during their certification process for applicable securities law filings about disclosure controls or internal controls over financial reporting.

The Committee will otherwise ensure that adequate procedures are in place for the review of Mag's public disclosure of financial information extracted or derived from Mag's financial statements, and periodically assess the adequacy of those procedures.

Oversight of Internal and Disclosure Controls

The Committee will periodically review with senior management the adequacy of the internal controls and procedures that have been adopted to ensure accuracy of financial records and to safeguard assets from loss and/or unauthorized loss. The Committee will review any special audit steps taken in light of material control deficiencies or identified weaknesses.

The Committee will review with senior management the controls and procedures that have been

adopted to ensure that material information that is required to be disclosed under applicable law or stock exchange rules is disclosed.

Appointment and Review of the Auditor

The auditor is ultimately accountable to the Committee and reports directly to the Committee. Accordingly, the Committee will evaluate and be responsible for the Issuer's relationship with the Auditor. Specifically the Committee will:

1. Select, evaluate and recommend an auditor to the Board for appointment or reappointment, as the case may be, by shareholders and make recommendations with respect to the auditor's compensation;
2. Review, after discussion with senior management, the experience, qualifications, performance and independence of the auditor and its engagement partner, with a view to recommending its appointment or reappointment. The review of the auditor's independence will include consideration of whether the auditor's provision of any permitted non-audit services is compatible with maintaining its independence.
3. Review and approve the auditor's engagement letter;
4. Review and approve the auditor's plan for each audit;
5. At least annually, review with the auditor the procedures in place for reviewing internal quality-control procedures, together with any material issues raised by any internal review or a review by the Canadian Public Accountability Board, together with steps taken to deal with any issues raised in such a review;
6. Meet with senior management without the auditor present to discuss the performance of the auditor and any other issues that have arisen during the quarter;

Confirmation of the Auditor's Independence

At least annually, and in any event before the auditor issues its report on the annual financial statements, the Committee will:

1. Review a formal written statement from the auditor describing all of its relationships with the Issuer (including related fees);
2. Discuss with the auditor any relationships or services that may affect its objectivity and independence (including considering whether or the auditor's provision of any permitted non-audit services is compatible with maintaining its independence);
3. Obtain written confirmation from the auditor that it is objective and independent within the applicable meaning of applicable rules and policies; and
4. Confirm that the auditor has complied with applicable rules, if any, with respect to the rotation of certain members of the audit engagement team.

Communication with the Auditor

The Committee has the authority to communicate directly with the auditor, and will meet privately with the auditor periodically to discuss any items of concern to the Committee or the auditor, such as:

1. The scope, planning and staffing of the audit;

2. The auditor's materiality threshold for the audit;
3. The assessment by the auditor of significant audit risk;
4. Any material written communications between the auditor and senior management, such as any management letter or schedule of unadjusted differences;
5. Whether or not the auditor is satisfied with the quality and effectiveness of financial recording procedures and systems;
6. The extent to which the auditor is satisfied with the nature and scope of its examination;
7. Whether or not the auditor has received the full cooperation of senior management and other employees;
8. The auditor's opinion of the competence and performance of the CFO and other key financial personnel;
9. Any items required to be communicated to the Committee under applicable rules or policies;
10. Critical accounting policies and practices to be used by the Issuer;
11. Alternative treatments of financial information within generally accepted accounting principles that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor;
12. Any difficulties encountered in the course of the audit work, including any unresolved issues, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with senior management and their response; and
13. Any illegal acts that may have occurred.

Pre-Approval of Non-Audit Services

The Committee must pre-approve the appointment of the auditor for any non-audit services to be provided to Mag. In considering the appointment of the auditor for non-audit services, the Committee will consider the compatibility of the service with the auditor's independence. The Committee may delegate to the Chair the responsibility for pre-approval of non-audit services that do not exceed \$10,000 in fees, provided that any such pre-approval is reported to the full Committee at its next scheduled meeting.

Review of Audit Fees

The Committee will review and determine the auditor's fee and the terms of the auditor's engagement and inform the Board thereof. In determining the auditor's fee, the Committee will consider, among other things, the size and complexity of Mag, the extent of support provided to the auditor and the number and nature of reports issued by the auditor.

Establishment and Review of the Internal Audit Function

The Committee will assess not less than annually whether or not an internal audit function should be established.

If an internal audit function is established, the Committee will review its mandate, budget, staffing and

organizational structure, to ensure the function is independent of management. The Committee has the authority to communicate directly with the internal auditor.

Work Plan

The Committee, in consultation with management and the auditor, shall develop an annual Audit Committee Workplan, which incorporates the duties and responsibilities listed in this Charter. This Workplan will form the basis of the annual assessment of the effectiveness of the Committee (see Annual Assessment).

Risk Management

The Committee will review, at least annually, a report from senior management describing the major financial, legal, operational, political and reputational risk exposures and the steps senior management has taken to monitor and control such exposures, including policies with respect to risk assessment and management.

Taxation

The Committee will review with senior management, no less often than annually, the taxation matters of Mag. The report will include confirmation that all taxes due have been remitted and that all filings are up to date and/or a commitment that required filings will be made on time.

Whistle Blower Policy and Procedures

The Committee will maintain a Whistleblower Policy for the receipt, retention and follow-up of complaints received by Mag regarding accounting, internal controls, disclosure controls or auditing matters and any violation of the Code of Conduct and provide for the confidential, anonymous submission of concerns by employees regarding such matters.

Audit Committee Meetings and Structure

Scheduling

The Committee will meet as often as it determines is necessary to fulfill its responsibilities, which in any event will not be less than quarterly. A meeting of the Committee may be called by the auditor, the Chairman of the Committee, the Chairman of the Board, the CEO, the CFO or any committee member.

Notice to Auditor

The auditor is entitled to receive notice of every meeting of the Committee, and is entitled to attend and be heard thereat, at the expense of Mag.

Agenda and Distribution of Information

The Chairman of the Committee will establish the agenda for each meeting. Any member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any meeting raise subjects that are not on the agenda for that meeting.

The Chairman will endeavour to have material for each meeting distributed by senior management in sufficient time in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

Attendance and Quorum

Each member is expected to attend all Committee meetings. A member may attend by telephone conference call. A quorum is a simple majority of Committee members in person or attending by telephone.

Secretary and Minutes

The Committee may appoint one of its members or any other person to act as Secretary. Minutes of each meeting will be taken and circulated to all Committee members on a timely basis.

Chair

Each year the Board will appoint one member to be Chairman of the Committee. The Chairman of the Committee shall:

- Assume responsibilities for the effective functioning of the Committee, chair each meeting of the Committee and ensure there is free and open discussion at the meetings;
- Ensure the proper flow of information to the Committee and reviewing the adequacy and timing of required documentary materials;
- Ensure that the Committee has access to such members of senior management as may be required;
- Ensure an open and frank relationship between the Committee and the internal and external auditors;
- Support the independence of the external auditors from management; and
- Report to the Board on behalf of the Committee.

Other Duties and Responsibilities

Employees of the Auditor

The Committee will oversee and approve the hiring of partners, former partners and employees of the present or former auditor. In general, partners and former partners of the auditor will not be hired as an employee of Mag for a period of 3 years from the date they are no longer associated with the audit of Mag. The Committee will review the hiring of employees of the auditor on a case-by-case basis, within the context of ensuring the independence of the auditor is maintained.

Approval of Expenses

The Committee will review the CEO's and CFO's expense statements no less than annually.

Independent Advice

In discharging its mandate, the Committee shall have the authority to retain and receive advice from special legal, accounting or other advisors at the expense of Mag, and has the authority to determine any such advisors' fees and other retention terms.

Annual Assessment

At least annually, the Corporate Governance and Nominating Committee will review the effectiveness of the Committee in fulfilling its responsibilities and duties. The Committee will provide to the Corporate Governance and Nominating Committee a copy of its Annual Workplan for this purpose.

The committee will review this Charter at least annually, and submit it to the Corporate Governance and Nominating Committee together with any proposed amendments. The Corporate Governance and Nominating Committee will review the Charter and submit it and any proposed amendments to the Board for approval.