## AGENCY AGREEMENT

April 3, 2008

MagMinerals Holdings Corp.
MagIndustries Corp.
MagMinerals Potash Corp.
372 Bay Street
Toronto, Ontario M5H 2W9

Dear Sirs:

In furtherance of a letter agreement dated March 4, 2008 (the "**Letter Agreement**"), between MagIndustries Corp. ("**MagIndustries**") and Cormark Securities Inc. ("**Cormark**") on behalf of itself, Paradigm Capital Inc., Desjardins Securities Inc., Jennings Capital Inc. and Ambrian Partners Limited (collectively, the "**Agents**") with Cormark and Paradigm Capital Inc. acting as co-lead agents (the "Co-Leads"), MagIndustries and MagMinerals Holdings Corp. **("Holdings")** hereby appoint the Agents as agents of Holdings and MagIndustries to offer for sale, on a best efforts basis, up to 25,000,000 common shares in the capital of Holdings and related Exchange Rights (as defined below) of MagIndustries (the Common Shares and the related Exchange Rights are hereinafter referred to as the "**Securities**") at a price of $4.00 per Common Share with related Exchange Right for aggregate gross consideration of up to $100,000,000. The offering of the Securities by Holdings and MagIndustries is hereinafter referred to as the "**Offering**".

Each Common Share will have attached thereto an Exchange Right issued by MagIndustries Corp. ("**MagIndustries**") which, in the event that (i) a Liquidity Event (as defined herein) has not occurred prior to 5:00 p.m. (Toronto time) on December 31, 2008 and (ii) the Call Right (as defined herein) has not been exercised, will automatically, at 5:00 p.m. (Toronto time) on December 31, 2008, entitle and obligate the holder of the Common Shares to exchange such shares into common shares of MagIndustries (the "**MagIndustries Shares**"). On exercise of the Exchange Right, the number of MagIndustries Shares to which each holder will be entitled will be equal to the number obtained by dividing the issue price of the Securities (multiplied by 1.05) held by such holder by the lower of (i) 92.5% of the volume weighted average price of the MagIndustries Shares for the twenty (20) trading day period ending on December 31, 2008, and (ii) the closing price of the MagIndustries Shares on the Closing Date (as defined herein), subject to the restriction that the effective issue price of the MagIndustries Shares shall not be less than $1.79.

The parties hereto (the "**Parties**") acknowledge, agree and understand that, on the Closing Date,

1. the Agents will acts as agents for an offering whereby Holdings will use the gross proceeds of the Offering to purchase Subscription Receipts (as defined herein) from MagMinerals Potash Corp. ("**MagMinerals Canada**"); and

2. Holdings will be issued the Call Right (as defined herein).

MagIndustries, Holdings and MagMinerals Canada will use their best efforts to complete the Reorganization (as defined herein) and the Liquidity Event (as defined herein) as contemplated herein.

The Offering will be effected according to the terms detailed herein and in the term sheet attached as Schedule "C" hereto.

It is understood that the sale of the Securities to the Purchasers (as defined herein) will take place only (i) in each of the provinces of Canada (the "**Offering Jurisdictions**"); (ii) in the United States in transactions that are exempt from registration under the U.S. Securities Act (as defined herein) and applicable state securities laws; and (iii) in other jurisdictions other than Canada and the United States as may be agreed to by Holdings, MagIndustries and MagMinerals Canada, acting reasonably, provided that no party is required to file a prospectus or other disclosure document or become subject to continuing obligations in such other jurisdictions, in each case in accordance with the provisions of this Agreement (as defined herein).

The Parties agree and acknowledge that documentation (including without limitation, opinions, receipts, directions and certificates) at the Closing addressed and delivered to, or executed by or on behalf of, Ambrian Capital plc, shall be deemed to be addressed to, or executed by or on behalf of, as the case may be, Ambrian Partners Limited.

**Interpretation**

Unless expressly provided otherwise, where used in this Agreement or any schedule hereto, the following terms shall have the following meanings, respectively:

**"Agency Fee"** has the meaning ascribed thereto in subsection 2(a) of this Agreement;

**"Agents' Personnel"** has the meaning ascribed thereto in Section 11 of this Agreement;

**"Amalco"** means the entity to be formed upon the amalgamation of Holdings and MagMinerals Canada pursuant to Reorganziation;

**"Amalco Shares"** means the common shares in the capital of Amalco;

**"Applicable Securities Laws"** means, collectively, the applicable securities laws of the Offering Jurisdictions, the regulations, rules, rulings and orders made thereunder, the applicable published policy statements issued by the Securities Commissions thereunder and the securities legislation and published policies of each other jurisdiction (including, without limitation, the United States) the securities laws of which are applicable to the sale of the Securities on the terms and conditions set out in this Agreement;

**"Audited Financial Statements"** has the meaning ascribed thereto in subsection 4.1(p) of this Agreement;

**"Business Day"** means any day except Saturday, Sunday or a statutory holiday in Toronto, Ontario;

**"Call Right"** means the non-transferable right to be granted to Holdings by MagMinerals Inc. (Barbados) to purchase that number of shares of MagMinerals Inc. (Barbados) such that after the exercise of such right Holdings will own up to 20% (based on the respective anticipated equity positions of MagIndustries and Holdings in MagMinerals) of the issued and outstanding shares in MagMinerals Inc. (Barbados) in exchange for the Subscription Receipts (as defined herein) which Call Right will be exercisable commencing on the Closing Date and ending at 5:00 p.m. (Toronto time) on December 31, 2008;

**"Closing"** means the completion of the issue and sale by Holdings and MagIndustries of the Securities pursuant to this Agreement and the Subscription Agreements and the transactions contemplated hereunder to be completed together therewith;

**"Closing Date"** means the date of the Closing, namely April 3, 2008, or such other date as the Agents and Holdings, MagIndustries and MagMinerals Canada may agree;

**"Common Shares"** means the common shares in the capital of Holdings;

**"Deadline Date"** means October 3, 2008.

**"Deemed Exercise Time"** means, in connection with an anticipated Liquidity Event, the moment subsequent to the issuance of the Final Receipt which moment occurs immediately before the completion of the Reorganization.

**"Disclosure Documents"** means, collectively, all of the documentation which has been filed by or on behalf of MagIndustries since March 31, 2005 with the relevant securities regulatory authorities pursuant to the requirements of Applicable Securities Laws, including the Kouilou Report and all press releases filed on SEDAR;

**"Enforceability Qualifications"** mean (a) applicable bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally; (b) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the court having jurisdiction; (c) the statutory and inherent powers of a court to grant relief from forfeiture, to stay proceedings before it and to stay executions and judgments; (d) applicable laws limiting rights to indemnity, contribution, waiver, and the ability to sever unenforceable terms; and (e) applicable laws regarding limitations of actions;

**"Environmental Laws"** has the meaning ascribed thereto in subsection 4.1(dd) of this Agreement;

**"Environmental Permits"** has the meaning ascribed thereto in subsection 4.1(ff) of this Agreement;

**"Exchange"** means the TSX Venture Exchange;

**"Exchange Right"** means the right to be issued by MagIndustries to be evidenced by the Exchange Right Certificate (as defined herein), which in the event that (i) a Liquidity Event has not occurred prior to 5:00 p.m. (Toronto time) on the Liquidity Event Deadline Date and (ii) the Call Right has not been exercised, will automatically, at 5:00 p.m. (Toronto time) on December 31, 2008, entitle and obligate the holder of the Common Shares to exchange such shares into MagIndustries Shares on the terms and conditions set forth in the Exchange Right Certificate.

**"Exchange Right Certificate"** means the form of certificate to be issued by MagIndustries to evidence the Exchange Right.

**"Exploitation Permit"** means the exploitation permit granted on March 25, 2008 by the Republic of Congo to MagIndustries relating to the Kouilou Project, which, prior to or concurrently with the Reorganization, will be transferred to MagMinerals.

**"Final Prospectus"** means the (final) prospectus of MagMinerals Canada, prepared and to be filed in accordance with NI 41-101 in connection with the qualification of the Amalco Shares issuable pursuant to the Reorganization for distribution in the Offering Jurisdictions to, among others, holders of Common Shares;

**"Final Receipt"** means the decision document issued in accordance with the Prospectus Review Process evidencing that receipts for the Final Prospectus have been issued for each of the Offering Jurisdictions.

**"Financial Statements"** has the meaning ascribed thereto in subsection 4.1(p) of this Agreement;

**"Governmental Authority"** has the meaning ascribed thereto in subsection 4.1(ff);

"**Gross Proceeds**" means the gross proceeds raised from the sale of the Subscription Receipts;

"**Holdings**" means MagMinerals Holdings Corp.;

"**Indemnified Party**" has the meaning ascribed thereto in Section 11 of this Agreement;

"**Indemnifying Party**" has the meaning ascribed thereto in Section 11 of this Agreement;

"**INGA Project**" means the refurbishment of the 1,424MW INGA II hydroelectric station located on the Congo River in the Democratic Republic of Congo;

"**Kouilou Project**" means MagIndustries interest in and to the Makola exploration permit and the Exploitation Permit related to potash reserves located in the Kouilou Region, Republic of Congo as more fully described in the Kouilou Report;

"**Kouilou Report**" means the technical report dated February 29, 2008 entitled "Resource Estimate for MagMinerals Makola Permit Area, Kouilou Region, Republic of Congo" prepared by Dr. Henry Rauch, EurGeol and Dr. Sebastiaan N.G.C. van der Klauw;

"**Letter Agreement**" has the meaning ascribed thereto in the first paragraph of this Agreement;

"**Liquidity Event**" means (i) the completion of the Reorganization, (ii) MagMinerals Canada becoming a reporting issuer in one or more provinces of Canada and (iii) the listing and posting for trading of the MagMinerals Canada Shares on either the Toronto Stock Exchange or the Exchange;

"**Liquidity Event Deadline Date**" means December 31, 2008;

"**MagForestry Plantation**" means the eucalyptus plantation comprised of a 68,000 hectare concession leased from the government of the Republic of Congo which is located near Pointe-Noire, Republic of Congo;

"**MagIndustries**" means MagIndustries Corp. and includes any successor corporation to or of MagIndustries.

"**MagIndustries Shares**" means the common shares in the capital of MagIndustries issuable on exercise of the Exchange Right;

"**MagMinerals**" means MagMinerals Inc. (Barbados) and includes any successor corporation to or of MagMinerals Inc. (Barbados).

"**MagMinerals Canada**" means MagMinerals Potash Corp., a corporation existing under the federal laws of Canada, and includes any successor corporation to or of MagMinerals Potash Corp.

"**MagMinerals Canada Shares**" means the common shares in MagMinerals Canada.

"**MagMinerals Interest**" has the meaning ascribed thereto in Section 4.4(a).

"**Magnesium Project**" means the development of a 72,000 tpy magnesium smelter adjacent to MagMinerals' potash plant to produce magnesium alloys for the global automotive industry.

"**Material Adverse Effect**" when used in connection with an entity other than MagMinerals means any change, event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), capitalization, financial conditions or results of operations of such entity and its parent (if applicable), and/or subsidiaries taken as a whole and when used in connection with MagMinerals means any change, event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), capitalization, financial conditions or results of operations of MagMinerals and/or its subsidiaries taken as a whole;

**"Material Agreement"** means any material mortgage, note, indenture, contract, agreement (written or oral), instrument, lease or other document to which Holdings, MagIndustries or MagMinerals Canada or any Subsidiary, as applicable, is a party or by which Holdings, MagIndustries or MagMinerals Canada or any Subsidiary or a material portion of the assets of Holdings, MagIndustries or MagMinerals Canada or any Subsidiary is bound;

**"material change"** means a material change for the purposes of the Applicable Securities Laws or any of them or where undefined under the Applicable Securities Laws of a jurisdiction means a change in the business, operations or capital of Holdings, MagIndustries or MagMinerals Canada, as applicable, that would reasonably be expected to have a significant effect on the market price or value of any of Holdings', MagIndustries' or MagMinerals Canada's securities and includes a decision to implement such a change made by the applicable issuer's board of directors or by senior management of the applicable issuer who believe that confirmation of the decision by the board of directors is probable;

**"material fact"** means a material fact for the purposes of the Applicable Securities Laws or any of them or where undefined under the Applicable Securities Laws of a jurisdiction means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of Holdings, MagIndustries or MagMinerals Canada securities;

**"Material Properties"** means, collectively, the INGA Project, the Kouilou Project, the MagForestry Plantation, and the Magnesium Project;

**"misrepresentation"** means a misrepresentation for the purposes of the Applicable Securities Laws or any of them or where undefined under the Applicable Securities Laws of a jurisdiction means (i) an untrue statement of a material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made;

**"NI 41-101"** means National Instrument 41-101 *Prospectus Distributions*;

**"NI 45-106"** means National Instrument 45-106 – *Prospectus and Registration Exemptions*;

**"Notes"** means the notes of MagIndustries issued pursuant the indenture dated December 19, 2007 between MagIndustries and Equity Transfer and Trust Company;

**"Offering"** has the meaning ascribed thereto in the first paragraph of this Agreement;

**"Offering Jurisdictions"** has the meaning ascribed thereto on the top of the second page of this Agreement;

**"Parties"** has the meaning ascribed thereto in the third paragraph hereof;

**"Permits"** has the meaning ascribed thereto in subsection 4.1(k) of this Agreement;

**"person"** includes any individual, corporation, limited partnership, general partnership, joint stock company or association, joint venture association, company, trust, bank, trust company, land trust, investment trust, society or other entity, organization, syndicate, whether incorporated or not, trustee, executor or other legal personal representative, and governments and agencies and political subdivisions thereof;

**"Preliminary Prospectus"** means the preliminary prospectus, prepared and to be filed in accordance with the Prospectus Review Process in connection with the qualification of the Amalco Shares issuable pursuant to the Reorganization;

**"Preliminary Receipt"** means the receipt issued in accordance with the Prospectus Review Process evidencing that receipts for the Preliminary Prospectus have been issued for each of the Offering Jurisdictions;

**"Principal Regulator"** means the Ontario Securities Commission or such other principal regulator selected by the Corporation in accordance with the Prospectus Review Process;

**"Project Rights"** has the meaning ascribed thereto in subsection 4.1(j) of this Agreement;

**"Prospectus Review Process"** means the process under National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions* and Multilateral Instrument 11-102 – *Passport System*;

**"Prospectuses"** means, collectively, the Preliminary Prospectus and the Final Prospectus;

**"Purchasers"** means, collectively, those persons who are purchasing the Securities as contemplated herein;

**"Reorganization"** means the reorganization intended to be effected by MagIndustries whereby, among other things, (i) all of the issued and outstanding shares in MagMinerals will become owned by MagMinerals Canada, (ii) MagMinerals Canada and Holdings will amalgamate to form Amalco which will continue with the name MagMinerals Potash Corp. pursuant to which holders of the Common Shares issued under the Offering will receive one Amalco Share for each Common Share (or, if the Deemed Exercise Time occurred after the Deadline Date, 1.05 Amalco Shares for each Common Share) and (iii) MagIndustries will receive 100,000,000 Amalco Shares in exchange for the MagMinerals Interest.

**"Securities"** has the meaning ascribed thereto in the first paragraph of this Agreement;

**"Securities Commissions"** means the applicable securities regulatory authorities in the Offering Jurisdictions;

**"Subscription Agreements"** means, collectively, the subscription agreements in the forms agreed to between MagIndustries and Holdings and the Agents to be entered into between the Purchasers, MagIndustries and Holdings in respect of the Offering, as amended or supplemented;

**"Subscription Receipt Certificate"** has the meaning ascribed thereto in subsection 1(g) of this Agreement;

**"Subscription Receipts"** has the meaning ascribed thereto in subsection 1(f) of this Agreement;

**"Subsidiaries "** has the meaning ascribed thereto in subsection 4.1(c) of this Agreement;

**"Supplementary Material"** means, collectively, any amendment to the Preliminary Prospectus, the Final Prospectus, any amended or supplemental prospectus or ancillary material required to be filed with any of the Securities Commissions in connection with the distribution of the MagMineral Canada Shares issuable pursuant to the Reorganization;

"**Taxes**" has the meaning ascribed thereto in subsection 4.1(q) of this Agreement;

"**Time of Closing**" means 11:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the parties hereto may agree;

"**Transfer Agent**" means the registrar and transfer agent of MagIndustries, namely Equity Transfer & Trust Company;

"**Underlying Securities**" means the MagIndustries Shares issuable on exercise of the Exchange Right, or the MagMinerals Canada Shares issuable to holders of Common Shares on completion of the Reorganization;

"**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; and

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended;

The division of this Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Agreement. Unless otherwise expressly provided, all amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

If any provision of this Agreement shall be adjudged by a competent authority to be invalid or for any reason unenforceable, such invalidity or unenforceability shall not affect the validity, enforceability or operation of any other provision herein.

The following are the schedules attached to this Agreement, which schedules are deemed to be a part hereof and are hereby incorporated by reference herein:

Schedule "A" – Procedures for United States Offers and Sales

Schedule "B" – List of Options, Warrants and Convertible Securities

Schedule "C" – Term Sheet

1. **<u>Nature of Transactions</u>**

(a) Each Purchaser resident in Canada shall purchase the Securities under a Private Placement Exemption. The Agents will notify MagIndustries and Holdings with respect to the identity of each Purchaser as soon as practicable and with a view to leaving sufficient time to allow MagIndustries and Holdings to secure compliance with all relevant regulatory requirements of the applicable Offering Jurisdictions relating to the sale of the Securities by MagIndustries and Holdings and, in any event not later than 12:00 p.m. (Toronto time) on the day before the Closing Date. MagIndustries and Holdings undertake to file or cause to be filed all forms or undertakings required to be filed by MagIndustries and Holdings and to pay all filing fees in connection with the purchase and sale of the Securities and so that the distribution of the Securities and of the MagIndustries Shares may lawfully occur without the necessity of filing a prospectus or an offering memorandum in Canada or comparable document elsewhere (provided that this does not affect the obligations under section 5 hereof. The Agents undertake to use commercially reasonable best efforts to cause Purchasers to complete any forms required by Applicable Securities Laws.

(b) Any offer and sale of Securities in the United States or to, or for the account or benefit of, any U.S. person (such term being used in this Agreement as defined in Regulation S under the U.S. Securities Act) shall be made in accordance with the terms and conditions set out in Schedule "A" to this Agreement, which schedule is incorporated by reference and forms part of this Agreement. Holdings, MagIndustries and the Agents shall, and the Agents shall, if applicable, cause their respective U.S. broker-dealer affiliates through which offers of Securities in the United States are to be effected to comply with the terms and conditions set out therein.

(c) Holdings and MagIndustries understand and agree that the Agents may arrange for Purchasers of the Securities in jurisdictions other than Canada and the United States, on a private placement basis, provided that the purchase of such Securities does not contravene the Applicable Securities Laws of the jurisdiction where the Purchaser is resident and provided that such sale does not trigger (i) any obligation to prepare and file a prospectus or similar disclosure document, or (ii) any registration or other obligation on the part of the Holdings or MagIndustries including, but not limited to, any continuing obligation in that jurisdiction.

(d) The certificates representing the Securities delivered at Closing to Purchasers shall contain such restrictive legends as set forth in the Subscription Agreements as applicable to (i) Canadian Purchasers and other Purchasers outside the United States and (ii) Purchasers resident in the United States, respectively.

(e) Holdings and MagIndustries acknowledge that to the extent that the Agents, or any of them, subscribe for Securities, as principal, under this Agreement they may have done so with the intention of selling such securities subsequent to Closing but prior to the Liquidity Event in accordance with Applicable Securities Laws. Holdings and MagIndustries agree to:

(i) take such actions as are reasonably necessary to facilitate such subsequent sales; and

(ii) provide the transferees with the benefits of this Agreement and the form of Subscription Agreement as if such transferees acquired such security at the Closing.

(f) Holdings will purchase at the Closing, subscription receipts of MagMinerals Canada ("**Subscription Receipts**"). The Subscription Receipts will be exercisable at any time by the holder thereof and will be automatically exercised at the Deemed Exercise Time. In the event that the Subscription Receipts are exercised prior to the Deadline Date, each Subscription Receipt will be exercised (for no additional consideration) into one MagMinerals Canada Share. In the event that the Subscription Receipts are exercised after the Deadline Date or the Deemed Exercise Time occurs after the Deadline Date, each Subscription Receipt will be automatically exerciseable (for no additional consideration) into 1.05 MagMinerals Canada Shares.

(g) The Subscription Receipts shall be issued pursuant to, and the exercise thereof shall be governed by, the provisions of a Subscription Receipt Certificate (the "**Subscription Receipt Certificate**"), such Subscription Receipt Certificate to be in a form satisfactory to the Parties hereby, each acting reasonably. The terms and conditions of the Subscription Receipt Certificate shall be consistent herewith and shall be satisfactory to the Agents and its counsel, acting reasonably.

(h) The Subscription Receipts shall be purchased by Holdings under the Private Placement Exemption set out in Section 2.10 of NI 45-106. MagMinerals Canada will undertake to file or cause to be filed all forms or undertakings required to be filed by MagMinerals Canada, if any, and to pay any filing fees in connection with the purchase and sale of the Subscription Receipts so that the distribution of the Subscription Receipts and of the MagMinerals Canada shares may lawfully occur without the necessity of filing a prospectus or an offering memorandum in Canada (provided that this does not affect the obligations under Section 5 hereof). Holdings undertakes to use reasonable best efforts to complete any forms required by applicable securities law if so required.

(i) MagMinerals Canada will prepare and file the Prospectuses in the Offering Jurisdictions in order to achieve the Liquidity Event as described herein.

2. **Agents' Compensation**

(a) In consideration for the performance of the Agents' obligations hereunder, MagMinerals Canada shall, subject to the provisions of this Agreement, pay to the Agents an aggregate fee (the "**Agency Fee**") equal to 5% of the Gross Proceeds.

(b) The Agents may retain one or more registered securities brokers or investment dealers to act as selling agents in connection with the sale of the Securities but the compensation payable to such selling agents shall be the sole responsibility of the Agents, and only as permitted by and in compliance with all Applicable Securities Laws, upon the terms and conditions set forth in this Agreement and the Agents will require each such selling agent to so agree.

3. **Covenants of the Agents**

The Agents covenant with Holdings, MagIndustries and MagMinerals Canada that they will:

(a) conduct activities in connection with arranging for Purchasers of the Securities in compliance with the Applicable Securities Laws and any respective Agent which arranges for Purchasers of the Securities in contravention of Applicable Securities Laws will indemnify Holdings, MagIndustries and MagMinerals Canada from all losses incurred by it as a result of a violation by such Agent, or selling agents retained by such Agent, of such Applicable Securities Laws;

(b) not deliver to any prospective Purchaser any document or material which constitutes an offering memorandum under Applicable Securities Laws;

(c) not solicit offers to purchase or sell the Securities so as to require registration thereof or filing of a prospectus with respect thereto or result in continuing obligations on the part of MagIndustries, Holdings or MagMinerals Canada under the laws of any jurisdiction including, without limitation, the United States or any state thereof, other than the obligation described herein, and not solicit offers to purchase or sell the Securities in any jurisdiction outside of Canada where the solicitation or sale of the Securities would result in any ongoing disclosure requirements in such jurisdiction or any registration requirements in such jurisdiction on the part of MagIndustries, Holdings or MagMinerals Canada except for the filing of a notice or report of the solicitation or sale;

(d) obtain from each Purchaser an executed Subscription Agreement in the form agreed to by the Agents relating to the transactions herein contemplated, together with all documentation as may be necessary in connection with subscriptions for the Securities;

(e) refrain from any form of general advertising or any form of general solicitation in connection with the Offering in (A) printed media of general and regular circulation or any similar medium, (B) radio, (C) television, or (D) electronic media or conduct any seminar or meeting concerning the offer and sale of the Securities whose attendees have been invited by any form of general solicitation or general advertising, and not make use of any green sheet or other internal marketing document without the written consent of MagIndustries and Holdings, such consent to be promptly considered and not to be unreasonably withheld;

(f) comply with, and ensure that they and their selling agents and their respective directors, officers, employees and affiliates comply with all Applicable Securities Laws and the terms and conditions set forth in this Agreement;

(g) use their best commercial efforts to assist MagIndustries in obtaining the consents of the holders of Notes as contemplated in subsection 5(f);

(h) upon MagMinerals Canada obtaining a Preliminary Receipt, forthwith deliver one copy of the Preliminary Prospectus to each holder of Common Shares;

(i) upon the Corporation obtaining the Final Receipt, forthwith deliver one copy of the Final Prospectus (together with any Supplementary Material required to be provided to the Purchasers) to each holder of Common Shares; and

(j) assist in the preparation and finalization of each of the Prospectuses and, subject to MagMinerals Canada's material compliance with its obligations under Section 5 hereof, deliver to MagMinerals Canada executed certificate pages and other customary documents as required or advisable in connection with the filing of the Prospectuses and in support of the issuance of both the Preliminary Receipt and the Final Receipt.

## 4. <u>Representations and Warranties</u>

### 4.1 <u>Representations and Warranties Relating to MagIndustries</u>

MagIndustries hereby represents and warrants to the Agents that:

(a) MagIndustries and each of its Subsidiaries (as defined below) has been duly incorporated, continued or amalgamated and is validly subsisting and in good standing with respect to the filing of annual returns under the laws of the jurisdictions in which it is incorporated, continued or amalgamated and has all the requisite corporate power and capacity to carry on its business as now conducted and as presently proposed to be conducted by it and to own its assets and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up thereunder;

(b) the authorized and issued share capital of MagIndustries consists of an unlimited number of common shares of which 195,169,016 are issued and outstanding as of April 3, 2008, and which have been duly authorized and validly issued as fully paid and non-assessable shares;

(c) all of MagIndustries subsidiaries, and its direct and indirect holdings in each one, are as set out below (collectively, the "**Subsidiaries**"); MagIndustries does not beneficially own or exercise control or direction over 10% or more of the outstanding voting shares of any company other than the Subsidiaries and MagIndustries beneficially owns, directly or indirectly, the percentage indicated below of the issued and outstanding shares in the capital of the Subsidiaries which are, other than as disclosed in writing to the Agents, free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands of any kind whatsoever, all of such shares have been duly authorized and validly issued and are outstanding as fully paid and non-assessable shares and no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase from MagIndustries of any interest in any of such shares or for the issue or allotment of any unissued shares in the capital of any of the Subsidiaries or any other security convertible into or exchangeable for any such shares;

| **Name** | **Jurisdiction of Incorporation** | **Beneficial Equity/ Voting Ownership** |
|---|---|---|
| MagEnergy Inc. | Canada | 100% (direct) |
| MagMinerals Inc. | Canada | 100% (direct) |
| MagMetals Inc. | Canada | 100% (direct) |
| MagEnergy Inc. | Barbados | 100% (indirect) |
| MagIndustries International Inc. | Barbados | 100% (direct) |
| MagMinerals Inc. | Barbados | 100% (indirect) |
| MagEnergy Developments Inc. | Barbados | 100% (indirect) |
| MagEnergy Hydro Inc. | Barbados | 100% (indirect) |
| MagMetals Inc. | Barbados | 100% (indirect) |
| MagForestry Inc. | Barbados | 100% (indirect) |
| MagLogistics S.A. | South Africa | 100% (direct) |
| MagAlloy Congo S.A. | Republic of Congo | 100% (direct) |
| MagEnergy-Congo S.P.R.L | Democratic Republic of Congo | 100% (direct) |
| MagForestry Inc. | Canada | 100% (direct) |
| Chartwell Carbon Technologies Inc. | England and Wales | 100% (indirect) |
| Eucalyptus Fibre Congo S.A. | Republic of Congo | 100% (indirect) |

(d) each of MagEnergy Developments Inc. (Barbados), MagEnergy Congo SPRL (DRC), MagEnergy Hydro Inc. (Barbados), MagLogistics S.A., MagEnergy Inc. (Canada), MagMinerals Inc. (Canada), MagMetals Inc. (Canada) and MagForestry Inc. (Canada) has no material assets or liabilities, is not a party to any material agreement and no material revenues are booked through such Subsidiaries;

(e) the Material Properties are the only material properties in which MagIndustries has an interest;

(f) MagIndustries holds its interest in the Kouilou Project through an exploration agreement and permit issued in the name of Magnesium Alloy Corporation (now MagIndustries) by the Republic of Congo's Ministry of Mines, Mine Works and Geology in respect of the ore bodies and minerals located on the Kouilou Project (which permit has now been transferred to MagMinerals) and the Exploitation Permit and its rights relating to the Kouilou Project have been validly recorded in accordance with all applicable laws and are valid, subsisting and currently in good standing in all material respects in the name of MagMinerals Inc. (other than the Exploitation Permit which is in the name of MagIndustries but will be transferred to MagMinerals prior to or concurrently with the Reorganization);

(g) MagIndustries holds its interest in the INGA Project (directly or through one of the Subsidiaries) through a financing agreement with the Société Nationale d'Electricité of the Democratic Republic of Congo sufficient to permit MagIndustries to carry out its obligations in respect of the INGA Project as disclosed in the Disclosure Documents and such rights relating to the Kouilou Project have been validly recorded in accordance with all applicable laws and are valid, subsisting and currently in good standing in all material respects in the name of MagEnergy Inc.;

(h) MagIndustries holds its interest in the MagForestry Plantation (directly or through one of the Subsidiaries) through a concession granted by the Republic of Congo sufficient to permit MagIndustries to carry on its business on the MagForestry Plantation as disclosed in the Disclosure Documents and such rights relating thereto have been validly located and recorded in accordance with all applicable laws and are valid, subsisting and currently in good standing in all material respects in the name of Eucalyptus Fibre Congo S.A.;

(i) MagIndustries has all necessary surface rights, access rights and other necessary rights and interests relating to the Material Properties granting, to the extent applicable, MagIndustries the right and ability to explore for and exploit the natural resources located thereon, including minerals, ore and metals for development purposes as are appropriate in view of the rights and interest therein of MagIndustries, with only such exceptions as do not materially interfere with the use made by MagIndustries of the rights or interest so held; other than standard concession rent fees MagIndustries does not have any responsibility or obligation to pay any commission, royalty, licence, fee or similar payment to any person with respect to the property rights related to the Material Properties other than, in all such cases, as disclosed in the Disclosure Documents;

(j) MagIndustries holds direct or indirect interests in the Material Properties, as described in the Disclosure Documents (the "**Project Rights**"), under valid, subsisting and enforceable agreements or instruments, and all such agreements and instruments in connection with the Project Rights are valid and subsisting and enforceable in accordance with their terms, subject to the Enforceability Qualifications;

(k) MagIndustries has identified all the material permits, certificates, and approvals (collectively, the "**Permits**") which are or will be required for the development and operation of the Material Properties, which Permits include but are not limited to environmental assessment certificates, water licenses, land tenures, rezoning or zoning variances and other necessary local, provincial and federal approvals; and the appropriate Permits have either been received, applied for, or the processes to obtain such Permits have been or will in due course be initiated by MagIndustries; and MagIndustries knows of no issue or reason why the Permits should not be approved and obtained in the ordinary course;

(l) all assessments or other work required to be performed in relation to the material mining claims and the mining rights of MagIndustries in order to maintain its respective interests therein, if any, have been performed to date and MagIndustries has complied in all material respects with all applicable governmental laws, regulations and policies in this regard as well as with regard to legal, contractual obligations to third parties in this regard except in respect of mining claims and mining rights that MagIndustries intends to abandon or relinquish and except for any non-compliance which would not either individually or in the aggregate have a material adverse effect; all such mining claims and mining rights are in good standing in all material respects as of the date of this Agreement;

(m) to MagIndustries' knowledge, all mining and other commercial operations on the properties of MagIndustries have been conducted in all respects in accordance with good mining and engineering practices and all applicable workers' compensation and health and safety and workplace laws, regulations and policies have been duly complied with;

(n) except as disclosed in the Disclosure Documents, MagIndustries and the Subsidiaries are the absolute legal and beneficial owners of, and have good and marketable title to, all of the material property or assets thereof as described therein, and no other Project Rights are necessary for the conduct of the business of MagIndustries or any Subsidiary as currently conducted, none of MagIndustries or any Subsidiary knows of any claim or the basis for any claim that might or could materially and adversely affect the right thereof to use, transfer or otherwise exploit such Project Rights and, except as disclosed in the Disclosure Documents, none of MagIndustries or any Subsidiary has any responsibility or obligation to pay any material commission, royalty, licence fee or similar payment to any person with respect to the Mining Rights thereof;

(o) other than as disclosed in writing to the Agents, none of MagIndustries or any Subsidiary has approved, is contemplating or has entered into any agreement in respect of, or has any knowledge of: (A) the purchase of any property material to MagIndustries or assets or any interest therein or the sale, transfer or other disposition of any property material to MagIndustries or assets or any interest therein currently owned, directly or indirectly, by MagIndustries or any Subsidiary whether by asset sale, transfer of shares or otherwise; or (B) the change of control (by sale or transfer of shares or sale of all or substantially all of the property and assets of MagIndustries or any Subsidiary or otherwise) of MagIndustries or any Subsidiary;

(p) MagIndustries' audited financial statements for the fiscal years ended December 31, 2006 and March 31, 2006 (the "**Audited Financial Statements**") and MagIndustries' unaudited interim financial statements for the nine month period ended September 30, 2007, each consisting of a consolidated balance sheet, consolidated statement of income and deficit and consolidated statement of cash flows and all notes thereto (collectively, the "**Financial Statements**") (i) comply as to form in all material respects with the requirements of the Applicable Securities Laws of each of the provinces of Canada in which MagIndustries is a reporting issuer and their respective regulations made and forms prescribed thereunder together with all applicable rules, published policy statements, blanket orders, rulings and instruments of the Securities Commissions or other relevant securities regulatory authorities in such provinces (the "**Securities Laws**"), (ii) present fairly, in all material respects, the financial position, the results of operations and cash flows and the shareholders' equity and other information purported to be shown therein at the respective dates and for the respective periods to which they apply, (iii) such Financial Statements have been prepared in conformity with generally accepted accounting principles in Canada, consistently applied throughout the period covered thereby, and all adjustments necessary for a fair presentation of the results for such periods have been made in all material respects, and (iv) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of MagIndustries, and there has been no change in accounting policies or practices of MagIndustries since December 31, 2006;

(q) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by MagIndustries and the Subsidiaries have been paid, except where the failure to pay such taxes would not constitute an adverse material fact in respect of MagIndustries or have a Material Adverse Effect on MagIndustries. All tax returns, declarations, remittances and filings required to be filed by MagIndustries and the Subsidiaries have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading, except where the failure to file such documents would not constitute an adverse material fact in respect of MagIndustries or have a Material Adverse Effect on MagIndustries. To the best of the knowledge of MagIndustries, no examination of any tax return of MagIndustries or any Subsidiary is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by MagIndustries or any Subsidiary, in any case, except where such examinations, issues or disputes would not constitute an adverse material fact in respect of MagIndustries or have a Material Adverse Effect on MagIndustries;

(r) the auditors of MagIndustries who audited the Audited Financial Statements and who provided their audit report thereon are independent public accountants as required under applicable Securities Laws of the Offering Jurisdictions and there has never been a reportable disagreement (within the meaning of National Instrument 51-102 – *Continuous Disclosure*) between MagIndustries and any such auditor;

(s) as at the Closing Date, except as contemplated by this Agreement and as disclosed in Schedule "B" hereto, no holder of outstanding shares in the capital of MagIndustries will be entitled to any pre-emptive or any similar rights to subscribe for any Common Shares or other securities of MagIndustries and no rights, warrants or options to acquire, or instruments convertible into or exchangeable for, any shares in the capital of MagIndustries are outstanding;

(t) to the best of the knowledge of MagIndustries, no legal or governmental proceedings or inquiries are pending to which MagIndustries, or any of the Subsidiaries, is a party or to which its property is subject that would result in (i) the revocation or modification of any material certificate, authority, permit or license necessary to conduct the business now owned or operated by MagIndustries and the Subsidiaries which, if the subject of an unfavourable decision, ruling or finding, would have a Material Adverse Effect on MagIndustries; or (ii) if an unfavourable decision, ruling or finding is made against MagIndustries or any Subsidiary, a Material Adverse Effect on MagIndustries; to the best knowledge of MagIndustries, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to MagIndustries or the Subsidiaries or with respect to their properties;

(u) to the best of the knowledge of MagIndustries, each of MagIndustries and the Subsidiaries is conducting its business in compliance with all applicable laws, regulations and statutes;

(v) MagIndustries and each of the Subsidiaries owns or has the right to use under license, sub-license or otherwise all material intellectual property used by MagIndustries and the Subsidiaries in its business, including copyrights, industrial designs, trade marks, trade secrets, know how and proprietary rights, free and clear of any and all encumbrances;

(w) any and all of the agreements and other documents and instruments pursuant to which MagIndustries and the Subsidiaries hold the material property and assets thereof (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof, subject to the Enforceability Qualifications; neither MagIndustries nor any Subsidiary is in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, all leases, licences and claims pursuant to which MagIndustries or any Subsidiary derive the interests thereof in such property and assets are in good standing and there has been no material default under any such lease, licence or claim. None of the properties (or any interest in, or right to earn an interest in, any property) of MagIndustries or any Subsidiary is subject to any right of first refusal or purchase or acquisition right which is not disclosed in the Disclosure Documents;

(x) MagIndustries has not made any loans to or guaranteed the obligations of any person other than the Subsidiaries;

(y) with respect to each premises of MagIndustries or the Subsidiaries which is material to MagIndustries and the Subsidiaries on a consolidated basis and which MagIndustries or any of the Subsidiaries occupies as tenant (the "**Leased Premises**"), MagIndustries or such Subsidiary occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which MagIndustries and/or the Subsidiaries occupies the Leased Premises is in good standing and in full force and effect;

(z) MagIndustries and each Subsidiary is in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where non-compliance with such laws could not reasonably be expected to have a Material Adverse Effect on MagIndustries or any Subsidiary, and has not and is not engaged in any unfair labour practice;

(aa) there has not been in the last two years and there is not currently any labour disruption or conflict which could reasonably be expected to have a Material Adverse Effect on MagIndustries;

(bb) the material assets of MagIndustries and the Subsidiaries and their business and operations are insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, and such coverage is in full force and effect, and MagIndustries has not failed to promptly give any notice of any material claim thereunder;

(cc) the minute books and records of MagIndustries made available to counsel for the Agents in connection with its due diligence investigation of MagIndustries and the Subsidiaries are all of the minute books and records of MagIndustries and contain copies of all material proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders, the directors and all committees of directors of MagIndustries to the date of review of such corporate records and minute books and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of MagIndustries to the date hereof not reflected in such minute books and other records, other than those which have been disclosed to the Agents or which are not material in the context of MagIndustries and the Subsidiaries on a consolidated basis;

(dd) to the best of MagIndustries' knowledge, neither MagIndustries nor any of the Subsidiaries has been in material violation of, in connection with the ownership, use, maintenance or operation of its property and assets, including the Leased Premises, any applicable federal, provincial, state, municipal or local laws, by-laws, regulations, orders, policies, permits, licences, certificates or approvals having the force of law, domestic or foreign, relating to environmental, health or safety matters (collectively the "**Environmental Laws**") which would have a Material Adverse Effect on MagIndustries;

(ee) without limiting the generality of the paragraph immediately above, MagIndustries and each of the Subsidiaries, do not have any knowledge of, and have not received any notice of, any material claim, judicial or administrative proceeding, pending or threatened against, or which may affect, either MagIndustries or any Subsidiary or any of the property, assets or operations thereof, relating to, or alleging any violation of any Environmental Laws, MagIndustries is not aware of any facts which could give rise to any such claim or judicial or administrative proceeding and neither MagIndustries nor any Subsidiary nor any of the property, assets or operations thereof is the subject of any investigation, evaluation, audit or review by any national, federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and MagIndustries or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing (a "**Governmental Authority**") to determine whether any violation of any Environmental Laws has occurred or is occurring or whether any remedial action is needed in connection with a release of any contaminant into the environment, except for compliance investigations conducted in the normal course by any Governmental Authority, in each case which could reasonably be expected to have a Material Adverse Effect on MagIndustries;

(ff) MagIndustries has obtained all material licences, permits, approvals, consents, certificates, registrations and other authorizations under all applicable Environmental Laws (the "**Environmental Permits**") necessary as at the date hereof for the operation of the businesses carried on by MagIndustries and each Environmental Permit is valid, subsisting and in good standing and MagIndustries is not in material default or breach of any Environmental Permit and, to the best of the knowledge of MagIndustries, no proceeding is pending or threatened to revoke or limit any Environmental Permit;

(gg) there are no orders, rulings or directives issued, pending or, to the best of MagIndustries' knowledge reasonably held, being based on due direction and enquiry of its personnel and advisors, threatened against MagIndustries or any of the Subsidiaries under or pursuant to any Environmental Laws requiring any work, repairs, construction or capital expenditures with respect to the property or assets of MagIndustries or any of the Subsidiaries (including the Leased Premises) which would have a Material Adverse Effect on MagIndustries;

(hh) to the best of MagIndustries' knowledge, MagIndustries and the Subsidiaries are not subject to any contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment (except for those derived from normal exploration or mining activities) or non-compliance with Environmental Laws which could reasonably be expected to have a Material Adverse Effect on MagIndustries;

(ii) other than the Agents, there is no person acting or purporting to act at the request or on behalf of MagIndustries that is entitled to any brokerage or finder's fee in connection with the transactions contemplated by this Agreement;

(jj) MagIndustries has not declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of its shares and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or agreed to do so or otherwise effected any return of capital with respect to such shares;

(kk) MagIndustries has, or expects to make, applications to obtain (and to MagIndustries' knowledge, MagIndustries does not expect such applications to be denied) all licences, franchises, permits, authorizations, approvals and orders (collectively, "**Governmental Authorizations**") of and from all applicable federal, provincial, state, municipal or foreign regulatory agencies or bodies that are necessary to own or lease its properties and conduct its business as described in the Disclosure Documents;

(ll) except as disclosed in the Disclosure Documents, no litigation, administrative proceeding, arbitration or other proceeding before or of any court, tribunal, arbitrator or regulatory or other governmental body or dispute with any regulatory or other governmental body is presently in process, pending or, to the knowledge of MagIndustries, threatened against or affecting MagIndustries and which would be material;

(mm) there has not been any material adverse change in the financial condition, results or operations, assets, business, prospects or viability of MagIndustries since December 31, 2006, except as described or reflected in the Disclosure Documents;

(nn) no statements respecting MagIndustries set forth in the Disclosure Documents contain any misrepresentation as of the date when such statements were filed with the Securities Commissions or Exchange;

(oo) MagIndustries has full corporate power and capacity to issue the Exchange Rights at Closing;

(pp) the Exchange Rights have been duly authorized for issuance and sale pursuant to this Agreement against payment of the consideration set forth herein and, upon due exercise of the Exchange Rights, the MagIndustries Shares will be validly issued as fully paid and non-assessable shares;

(qq) the forms of the certificates representing the Exchange Rights and MagIndustries Shares have been or will be as of the completion of Closing duly approved by the directors of MagIndustries and, to the extent applicable, comply with the provisions of applicable corporate statutes and the rules and policies of the Exchange;

(rr) MagIndustries has complied and will comply fully with the requirements of all Securities Laws in all matters relating to the Offering;

(ss) to the best of MagIndustries' knowledge, there are no judgments against MagIndustries which are unsatisfied, nor are there any consent decrees or injunctions to which MagIndustries is subject;

(tt) MagIndustries is a "reporting issuer" in British Columbia, Ontario and Alberta (the "**Reporting Jurisdictions**") and, to the best of its knowledge, MagIndustries is not in default of any requirements of the Securities Laws in the Reporting Jurisdictions;

(uu) the common shares of MagIndustries are listed and posted for trading on the Exchange and, to the best of its knowledge, MagIndustries is in compliance with the rules and regulations of such body;

(vv) no order ceasing or suspending trading in common shares of MagIndustries nor prohibiting the sale of the Securities has been issued to and is outstanding against MagIndustries or its directors, officers or promoters or against any other companies that have common directors, officers or promoters and, to the best of MagIndustries' knowledge, no investigations or proceedings for such purposes are pending or threatened;

(ww) MagIndustries is not in default or breach of, and the execution and delivery by MagIndustries of, and the performance of and compliance with the terms of this Agreement by MagIndustries does not and will not result in any breach of, or constitute a default under, or create a state of facts which, after notice or lapse of time or both, would constitute a default under any term or provision of the constating documents of MagIndustries or resolutions of the directors or the shareholders of MagIndustries, or any mortgage, note, indenture, contract, agreement (written or oral), instrument, lease or other document to which MagIndustries is a party or by which it is bound, or any judgment, decree, order, statute, rule or regulation applicable to MagIndustries, which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of MagIndustries, or its assets, taken as a whole;

(xx) MagIndustries has full corporate power and capacity to enter into this Agreement, and to perform its obligations set out herein, and this Agreement on the Closing Date will be duly authorized, executed and delivered by MagIndustries and this Agreement will be a legal, valid and binding obligation or MagIndustries enforceable against MagIndustries in accordance with its terms, subject to the Enforceability Qualifications;

(yy) MagIndustries is not aware of any legislation, or proposed legislation (published by a legislative body), which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of MagIndustries and the Subsidiaries, considered as a whole;

(zz) to the best of the knowledge of MagIndustries, except as set out in the Disclosure Documents, none of the directors, officers or employees of MagIndustries or the Subsidiaries, any known holder of more than ten percent of any class of shares of MagIndustries, or any known associate or affiliate of any of the foregoing persons or companies (as such terms are defined in the *Securities Act* (Ontario)), has had any material interest, direct or indirect, in any material transaction within the previous two years or any proposed material transaction which, as the case may be, materially affected, is material to or will materially affect MagIndustries and the Subsidiaries; and

(aaa) all necessary filings and all necessary steps and proceedings to notify the required securities regulators and the Exchange of the transactions contemplated hereby, and all required consents or approvals from them to complete such transactions have been made or obtained, as applicable, subject to the conditions prescribed by the Exchange in connection with the conditional approval of the Offering and other than those filings required to be made with the Exchange and certain Security Commissions following Closing, which filings will be made after Closing.

4.2 Representations and Warranties Relating to Holdings

Holdings hereby represents and warrants to the Agents that:

(a) Holdings has been duly incorporated and is validly subsisting and in good standing with respect to the filing of annual returns under the laws of Canada and has all the requisite corporate power and capacity to carry on its business as now conducted and as presently proposed to be conducted by it and to own assets and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up, and the Holdings has all requisite power and authority to enter into each of this Agreement and the Subscription Agreements and to carry out its obligations hereunder and thereunder;

(b) as at the time immediately prior to Closing, the authorized and issued share capital of Holdings consists of an unlimited number of Common Shares of which no Common Shares are issued or outstanding;

(c) as at the time immediately prior to Closing, Holdings has no subsidiaries or other assets or liabilities and is not party to any agreement other than this Agreement and the Subscription Agreements;

(d) as at the Closing Date, except as contemplated by this Agreement, no person will be entitled to any pre-emptive or any similar rights to subscribe for any Common Shares or other securities of Holdings and no rights, warrants or options to acquire, or instruments convertible into or exchangeable for, any shares in the capital of Holdings are outstanding;

(e) no legal or governmental proceedings or inquiries are pending to which Holdings is a party that would result in (i) the revocation or modification of any material certificate, authority, permit or license necessary to conduct the business contemplated to be operated by Holdings or (ii) if an unfavourable decision, ruling or finding is made against Holdings, a Material Adverse Effect on Holdings and no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to Holdings;

(f) Holdings is in compliance with all applicable laws, regulations and statutes;

(g) Holdings has not made any loans to or guaranteed the obligations of any person;

(h) the minute books and records of Holdings made available to counsel for the Agents in connection with its due diligence investigation of Holdings are all of the minute books and records of Holdings and contain copies of all material proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders, the directors and all committees of directors of Holdings to the date of review of such corporate records and minute books and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of Holdings to the date hereof not reflected in such minute books and other records;

(i) other than the Agents, there is no person acting or purporting to act at the request or on behalf of Holdings that is entitled to any brokerage or finder's fee in connection with the transactions contemplated by this Agreement;

(j) Holdings has not declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of its shares and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or agreed to do so or otherwise effected any return of capital with respect to such shares;

(k) Holdings has full corporate power and capacity to issue the Common Shares at Closing;

(l) the Common Shares have been duly authorized for issuance and sale pursuant to this Agreement against payment of the consideration set forth herein and, upon issuance, the Common Shares will be validly issued as fully paid and non-assessable shares;

(m) the forms of the certificates representing the Common Shares have been or will be as of the completion of Closing duly approved by the directors of Holdings and, to the extent applicable, comply with the provisions of applicable corporate statutes;

(n) Holdings has complied and will comply fully with the requirements of all Securities Laws in all matters relating to the Offering;

(o) no order ceasing or suspending trading in the Common Shares nor prohibiting the sale of the Common Shares has been issued to and is outstanding against the Holdings or its directors, officers or promoters;

(p) Holdings is not in default or breach of, and the execution and delivery by Holdings of, and the performance of and compliance with the terms of this Agreement by Holdings does not and will not result in any breach of, or constitute a default under, or create a state of facts which, after notice or lapse of time or both, would constitute a default under any term or provision of the constating documents of Holdings or resolutions of the directors or the shareholders of Holdings;

(q) Holdings has full corporate power and capacity to enter into this Agreement, and to perform its obligations set out herein, and this Agreement on the Closing Date will be duly authorized, executed and delivered by Holdings and this Agreement will be a legal, valid and binding obligation of Holdings enforceable against Holdings in accordance with its terms, subject to the Enforceability Qualifications; and

(r) all necessary filings and all necessary steps and proceedings to notify the required securities regulators of the transactions contemplated hereby, and all required consents or approvals from them to complete such transactions have been made or obtained, as applicable, other than those filings required to be made with certain Security Commissions following Closing, which filings will be made after Closing.

4.3 Representations and Warranties Relating to MagMinerals Canada

MagIndustries and MagMinerals Canada hereby represent and warrant to the Agents and to Holdings that:

(a) MagMinerals Canada has been duly incorporated and is validly subsisting and in good standing with respect to the filing of annual returns under the laws of Canada and has all the requisite corporate power and capacity to carry on its business as now conducted and as presently proposed to be conducted by it and to own assets and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up, and MagMinerals Canada has all requisite power and authority to enter into each of this Agreement and to carry out its obligations hereunder;

(b) as at the time immediately prior to Closing, the authorized and issued share capital of MagMinerals Canada consists of an unlimited number of common shares of which no common shares are issued or outstanding;

(c) as at the time immediately prior to Closing, MagMinerals Canada has no subsidiaries or other assets or liabilities and is not party to any agreement other than this Agreement;

(d) as at the Closing Date, except as contemplated by this Agreement, no person will be entitled to any pre-emptive or any similar rights to subscribe for any common shares or other securities of MagMinerals Canada and no rights, warrants or options to acquire, or instruments convertible into or exchangeable for, any shares in the capital of MagMinerals Canada are outstanding;

(e) no legal or governmental proceedings or inquiries are pending to which MagMinerals Canada is a party that would result in (i) the revocation or modification of any material certificate, authority, permit or license necessary to conduct the business contemplated to be operated by MagMinerals Canada or (ii) if an unfavourable decision, ruling or finding is made against MagMinerals Canada, a Material Adverse Effect on MagMinerals Canada and no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to MagMinerals Canada;

(f) MagMinerals Canada is in compliance with all applicable laws, regulations and statutes;

(g) MagMinerals Canada has not made any loans to or guaranteed the obligations of any person;

(h) the minute books and records of MagMinerals Canada made available to counsel for the Agents in connection with its due diligence investigation of MagMinerals Canada are all of the minute books and records of MagMinerals Canada and contain copies of all material proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders, the directors and all committees of directors of MagMinerals Canada to the date of review of such corporate records and minute books and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of MagMinerals Canada to the date hereof not reflected in such minute books and other records;

(i) other than the Agents, there is no person acting or purporting to act at the request or on behalf of MagMinerals Canada that is entitled to any brokerage or finder's fee in connection with the transactions contemplated by this Agreement;

(j) MagMinerals Canada has not declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of its shares and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or agreed to do so or otherwise effected any return of capital with respect to such shares;

(k) MagMinerals Canada has full corporate power and capacity to issue the Subscription Receipts at Closing;

(l) the Subscription Receipts have been duly authorized for issuance and sale pursuant to this Agreement against payment of the consideration set forth herein and, upon issuance, the Subscription Receipts will be validly issued as fully paid and non-assessable;

(m) the forms of the certificates representing the Subscription Receipts have been or will be as of the completion of Closing duly approved by the directors of MagMinerals Canada and, to the extent applicable, comply with the provisions of applicable corporate statutes;

(n) MagMinerals Canada has complied and will comply fully with the requirements of all Securities Laws in all matters relating to the Offering;

(o) no order ceasing or suspending trading in the Subscription Receipts or MagMinerals Canada Shares nor prohibiting the sale of the Subscription Receipts or MagMinerals Canada Shares has been issued to and is outstanding against the MagMinerals Canada or its directors, officers or promoters;

(p) MagMinerals Canada is not in default or breach of, and the execution and delivery by MagMinerals Canada of, and the performance of and compliance with the terms of this Agreement by MagMinerals Canada does not and will not result in any breach of, or constitute a default under, or create a state of facts which, after notice or lapse of time or both, would constitute a default under any term or provision of the constating documents of MagMinerals Canada or resolutions of the directors or the shareholders of MagMinerals Canada;

(q) MagMinerals Canada has full corporate power and capacity to enter into this Agreement, and to perform its obligations set out herein, and this Agreement on the Closing Date will be duly authorized, executed and delivered by MagMinerals Canada and this Agreement will be a legal, valid and binding obligation of MagMinerals Canada enforceable against MagMinerals Canada in accordance with its terms, subject to the Enforceability Qualifications; and

(r) all necessary filings and all necessary steps and proceedings to notify the required securities regulators of the transactions contemplated hereby, and all required consents or approvals from them to complete such transactions have been made or obtained, as applicable, other than those filings required to be made with certain Security Commissions following Closing, which filings will be made after Closing.

4.4 Representations and Warranties Relating to MagMinerals

MagIndustries hereby represents and warrants to the Agents that:

(a) as at the Closing, MagIndustries' direct and indirect interests ("**MagMinerals Interest**") whether through equity or debt, including inter-company debt, was (i) an indirect interest in all of the outstanding MagMinerals Shares and (ii) inter-company debt having a principal amount equal to approximately $US 56,000,000;

(b) other than MagIndustries' ownership in the MagMinerals Interest or as otherwise contemplated herein, no person is or will be entitled to any pre-emptive or any similar rights to subscribe for any common shares or other securities of MagMinerals and no rights, warrants or options to acquire, or instruments convertible into or exchangeable for, any shares in the capital of MagMinerals are outstanding;

(c) to the best of the knowledge of MagIndustries, no legal or governmental proceedings or inquiries are pending to which MagMinerals is a party or to which its property is subject that would result in (i) the revocation or modification of any material certificate, authority, permit or license necessary to conduct the business now owned or operated by MagMinerals which, if the subject of an unfavourable decision, ruling or finding, would have a Material Adverse Effect on MagMinerals; or (ii) if an unfavourable decision, ruling or finding is made against MagMinerals, a Material Adverse Effect on MagMinerals; to the best knowledge of MagIndustries, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to MagMinerals or with respect to its properties;

(d) any and all of the agreements and other documents and instruments pursuant to which MagMinerals hold its material property and assets (including any interest in, or right to earns an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof, subject to the Enforceability Qualifications; MagMinerals is not in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, all leases, licences and claims pursuant to which MagMinerals derive the interests thereof in such property and assets are in good standing and there has been no material default under any such lease, licence or claim;

(e) MagMinerals has not made any loans to or guaranteed the obligations of any person;

(f) MagMinerals is in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where non-compliance with such laws could not reasonably be expected to have a Material Adverse Effect on MagMinerals, and has not and is not engaged in any unfair labour practice;

(g) there has not been in the last two years and there is not currently any labour disruption or conflict which could reasonably be expected to have a Material Adverse Effect on MagMinerals;

(h) the material assets of MagMinerals and its business and operations are insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, and such coverage is in full force and effect, and MagMinerals has not failed to promptly give any notice of any material claim thereunder;

(i) to the best of MagIndustries' knowledge, MagMinerals has not been in material violation of, in connection with the ownership, use, maintenance or operation of its property and assets, including the Leased Premises, any applicable federal, provincial, state, municipal or local laws, by-laws, regulations, orders, policies, permits, licences, certificates or approvals having the force of law, domestic or foreign, relating to Environmental Laws, which would have a Material Adverse Effect on MagMinerals;

(j) without limiting the generality of the paragraph immediately above, MagIndustries does not have any knowledge of, and have not received any notice of, any material claim, judicial or administrative proceeding, pending or threatened against, or which may affect, either MagMinerals or any of the property, assets or operations thereof, relating to, or alleging any violation of any Environmental Laws, MagIndustries is not aware of any facts which could give rise to any such claim or judicial or administrative proceeding and neither MagIndustries nor MagMinerals nor any of the property, assets or operations thereof is the subject of any investigation, evaluation, audit or review by any national, federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a Government Authority and MagMinerals or other entity owned or controlled (through stock or capital ownership or otherwise) by Governmental Authority to determine whether any violation of any Environmental Laws has occurred or is occurring or whether any remedial action is needed in connection with a release of any contaminant into the environment, except for compliance investigations conducted in the normal course by any Governmental Authority, in each case which could reasonably be expected to have a Material Adverse Effect on MagMinerals;

(k) MagMinerals has obtained all Environmental Permits necessary as at the date hereof for the operation of the businesses carried on by MagMinerals and each Environmental Permit is valid, subsisting and in good standing and MagMinerals is not in material default or breach of any Environmental Permit and, to the best of the knowledge of MagIndustries, no proceeding is pending or threatened to revoke or limit any Environmental Permit;

(l) there are no orders, rulings or directives issued, pending or, to the best of MagIndustries' knowledge reasonably held, being based on due direction and enquiry of its personnel and advisors, threatened against MagMinerals under or pursuant to any Environmental Laws requiring any work, repairs, construction or capital expenditures with respect to the property or assets of MagMinerals (including the Leased Premises) which would have a Material Adverse Effect on MagMinerals;

(m) to the best of MagIndustries' knowledge, MagMinerals is not subject to any contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment (except for those derived from normal exploration or mining activities) or non-compliance with Environmental Laws which could reasonably be expected to have a Material Adverse Effect on MagMinerals;

(n) MagMinerals has not declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of its shares and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or agreed to do so or otherwise effected any return of capital with respect to such shares;

(o) MagMinerals has, or expects to make, applications to obtain (and to MagIndustries' knowledge, MagMinerals does not expect such applications to be denied) all Governmental Authorizations of and from all applicable federal, provincial, state, municipal or foreign regulatory agencies or bodies that are necessary to own or lease its properties and conduct its business as described in the Disclosure Documents;

(p) except as disclosed in the Disclosure Documents, no litigation, administrative proceeding, arbitration or other proceeding before or of any court, tribunal, arbitrator or regulatory or other governmental body or dispute with any regulatory or other governmental body is presently in process, pending or, to the knowledge of MagIndustries, threatened against or affecting MagMinerals and which would be material;

(q) to the best of MagIndustries' knowledge, there are no judgments against MagMinerals which are unsatisfied, nor are there any consent decrees or injunctions to which MagMinerals is subject;

(r) no order ceasing or suspending trading in common shares of MagMinerals nor prohibiting the sale of its securities has been issued to and is outstanding against MagMinerals or its directors, officers or promoters or against any other companies that have common directors, officers or promoters and, to the best of MagIndustries' knowledge, no investigations or proceedings for such purposes are pending or threatened;

(s) MagMinerals is not in default or breach of, and the execution and delivery by MagMinerals of, and the performance of and compliance with the terms of this Agreement by MagMinerals does not and will not result in any breach of, or constitute a default under, or create a state of facts which, after notice or lapse of time or both, would constitute a default under any term or provision of the constating documents of MagMinerals or resolutions of the directors or the shareholders of MagMinerals, or any mortgage, note, indenture, contract, agreement (written or oral), instrument, lease or other document to which MagMinerals is a party or by which it is bound, or any judgment, decree, order, statute, rule or regulation applicable to MagMinerals, which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of MagMinerals, or its assets, taken as a whole;

(t) MagMinerals has full corporate power and capacity to enter into the Call Right and to perform its obligations set out therein, which Call Right at Closing will be a legal, valid and binding obligation of MagMinerals enforceable against it in accordance with its terms, subject to the Enforceability Qualifications;

(u) MagIndustries is not aware of any legislation, or proposed legislation (published by a legislative body), which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of MagMinerals;

(v) the assets and liabilities of MagMinerals as at December 31, 2007 are fully and accurately described in the due diligence materials provided to the Agents and, other than as disclosed in the Disclosure Documents or as contemplated herein, as at the Closing such assets and liabilities have not increased or decreased materially; and

(w) between December 31, 2007 and the earlier of the Liquidity Event and December 31, 2008, the only additional interest which MagIndustries will acquire in MagMinerals, other than the MagMinerals Interest, will be inter-company debt not exceeding CDN$5,000,000.

## 5. Covenants of MagIndustries, Holdings and MagMinerals Canada

MagIndustries, Holdings and MagMinerals Canada hereby covenant to and with the Agents (on their own behalf and on behalf of the Purchasers) that:

(a) MagIndustries will use its reasonable best efforts to maintain its status as a reporting issuer not in default in each of the Offering Jurisdictions in which it is a reporting issuer or the equivalent for a period of two years from the Closing Date;

(b) MagIndustries will use its reasonable best efforts to maintain the listing of the MagIndustries Shares on the Exchange or the Toronto Stock Exchange to the date which is two years following the Closing Date and will use its reasonable best efforts to ensure that the MagIndustries Shares will be listed and posted for trading on the Exchange or the Toronto Stock Exchange upon their issue;

(c) in the event any person acting or purporting to act for MagIndustries, Holdings, MagMinerals Canada establishes a claim from the Agents for any brokerage or agency fee in connection with the transactions contemplated herein, MagIndustries, Holdings and MagMinerals Canada shall indemnify and hold harmless the Agents with respect thereto and with respect to all costs reasonably incurred in the defence thereof unless such claim is made by a selling agent appointed by the Agents pursuant to subsection 2(b) hereof;

(d) immediately after the Closing, MagIndustries will acquire one common share in the capital of MagMinerals Canada;

(e) MagIndustries, Holdings and MagMinerals Canada shall, as soon as practicable, use their commercially reasonable best efforts to obtain all necessary consents to the transactions contemplated herein;

(f) Holdings, MagMinerals Canada, MagIndustries hereby agree to use their best efforts to complete the Reorganization in form and substance satisfactory to the Agents, acting reasonably, and to achieve the Liquidity Event as soon as possible but in any event prior to the Liquidity Event Deadline Date;

(g) MagIndustries will use its reasonable best efforts to, within 30 days of the Closing Date obtain the consent of the holders of 66-2/3% of the outstanding principal amount of the Notes to the form and substance of the Reorganization which consent shall be in such form as is satisfactory to the Agents, acting reasonably;

(h) Until the earlier of the Liquidity Event and December 31, 2008, other than as contemplated herein, MagIndustries will ensure that MagMinerals operates its business in the ordinary course;

(i) To the extent that MagIndustries, its Subsidiaries or any of their officers, directors, employees or agents provide any management, consulting, administrative or other services to MagMinerals, such services will be provided in exchange for compensation not greater than the fair market value of such services;

(j) MagIndustries and MagMinerals Canada will provide the Purchasers, among other things, rescission rights in favour of the Purchasers as required by Applicable Securities Laws;

(k) MagMinerals Canada shall, as soon as practicable, use its reasonable best efforts to prepare and file the Preliminary Prospectus in the Offering Jurisdictions and have a Preliminary Receipt issued for the Preliminary Prospectus by the Principal Regulator;

(l) MagMinerals Canada shall use its reasonable best efforts to: (A) settle as expeditiously as possible any comments made by any Securities Commission on the Preliminary Prospectus; (B) as soon as practicable thereafter prepare and file the Final Prospectus under the Applicable Securities Laws of the Offering Jurisdictions in an effort to obtain a Final Receipt from the Principal Regulator; (C) in the event that a Final Receipt has not been issued for the Final Prospectus or the Securities Commission or an Offering Jurisdiction opts out of the Mutual Reliance Review System and receipt has not been issued for the Final Prospectus in such Offering Jurisdiction on or prior to the Deadline Date, nonetheless continue to use its reasonable best efforts to obtain such Final Receipt or receipt, as the case may be, thereafter; and (D) subject to the foregoing, take all other steps and proceedings that may be reasonably necessary in order to qualify the distribution in each of such Offering Jurisdictions of the MagMinerals Canada Shares issuable pursuant to the Reorganization;

(m) prior to the filing of the Preliminary Prospectus and thereafter and prior to the filing of the Final Prospectus, MagMinerals Canada shall allow the Agents to participate fully in the preparation of such documents and shall allow the Agents to conduct all due diligence which the Agents may reasonably require in order to fulfil their obligations as agents and in order to enable the Agents responsibly to execute the certificate required to be executed by the Agents at the end of such documents, if required;

(n) at the respective times of filing and at all times subsequent to the filing thereof during the distribution of the MagMinerals Canada Shares, each of the Prospectuses will comply with the requirements of the Applicable Securities Laws pursuant to which they have been filed and the respective rules and regulations thereunder and will provide full, true and plain disclosure of all material facts relating to MagMinerals Canada (assuming completion of the Reorganization) and the MagMinerals Canada Shares as required by the Applicable Securities Laws of the Offering Jurisdictions, and the Prospectuses will not contain any misrepresentation, provided that the foregoing shall not apply with respect to statements contained in such documents included in reliance upon and in conformity with written information furnished to MagMinerals Canada by or on behalf of the Agents relating to the Agents specifically for use therein;

(o) MagMinerals Canada will promptly inform the Agents in writing during the period from the date hereof to the issuance of the Final Receipt of the full particulars of any material change or which MagMinerals Canada reasonably believes will become a material change it shall become aware of in the assets, liabilities, business or operations of the Corporation or of any change in any material fact contained or referred to in either of the Prospectuses or any amendment thereto, which is, or may be, of such a nature as to render the Prospectuses or either of them untrue, false or misleading in a material respect or result in a misrepresentation;

(p) from the date the Preliminary Prospectus is filed with the Securities Commissions, MagMinerals Canada will comply with Section 57 of the *Securities Act* (Ontario) and with the comparable provisions of all other Applicable Securities Laws and, after the date hereof and prior to the completion of such distribution, MagMinerals Canada will promptly advise the Agents in writing of any material change contained or referred to in either of the Prospectuses, or any Supplementary Material which is of such a nature as to render either of the Prospectuses or any Supplementary Material untrue or misleading in any material respect, it being understood and agreed that MagMinerals Canada will prepare and file promptly any required amendment to either of the Prospectuses and will otherwise comply with all legal requirements necessary to continue to qualify the distribution of MagMinerals Canada Shares in the Offering Jurisdictions, provided that the Corporation shall in good faith discuss with the Agents any change in circumstances (actual, proposed or prospective) which results or could reasonably be expected to result in any material change or change in a material fact and shall consult with the Agents with respect to the form and content of any amendment proposed to be filed by MagMinerals Canada, it being understood and agreed that no such amendment shall be filed with any Securities Commission prior to the review thereof by counsel to the Agents;

(q) MagMinerals Canada shall deliver to the Agents, without charge, in Toronto, contemporaneously with or prior to the issuance of a Preliminary Receipt for the Preliminary Prospectus:

(i) copies of the Preliminary Prospectus in the English and, if required, French languages signed as required by the Applicable Securities Laws in the quantity as the Agents may reasonably request for the purposes contemplated hereunder and contemplated by Applicable Securities Laws and such delivery shall constitute the consent of the Corporation with respect to the Preliminary Prospectus and any amendment thereto, if applicable, to use such documents in connection with the distribution of the MagMinerals Canada Shares, subject to the provisions of all Applicable Securities Laws in the Offering Jurisdictions; and

(ii) a copy of any other document required to be filed by MagMinerals Canada under Applicable Securities Laws in connection with the filing of the Preliminary Prospectus in each of the Offering Jurisdictions;

(r) MagMinerals Canada shall deliver to the Agents, without charge, in Toronto, contemporaneously with or prior to the issuance of a Final Receipt for the Final Prospectus:

(i) copies of the Final Prospectus in the English and, if required, French languages as required by the Applicable Securities Laws in the quantity as the Agents may reasonably request for the purposes contemplated hereunder and contemplated by Applicable Securities Laws and such delivery shall constitute the consent of MagMinerals Canada with respect to the Final Prospectus and any amendment thereto, if applicable, to use such documents in connection with the distribution of the MagMinerals Canada Shares, subject to the provisions of all Applicable Securities Laws in the Offering Jurisdictions;

(ii) concurrently with the filing of the Final Prospectus, a "long form" comfort letter dated the date of the Final Prospectus, in form and substance satisfactory to the Agents, acting reasonably, addressed to the Agents and the directors of MagMineral Canada from MagMinerals Canada's auditors with respect to financial and accounting information relating to MagMinerals Canada contained in the Final Prospectus, which letter shall be based on a review by MagMinerals Canada's auditors within a cut-off date of not more than two Business Days prior to the date of the letter, which letter shall be in addition to the auditors' consent letter and comfort letter addressed to the Securities Commissions and filed with the Final Prospectus; and

(iii) a copy of any other document required to be filed by MagMinerals Canada under Applicable Securities Laws in connection with the filing of the Final Prospectus in each of the Offering Jurisdictions;

(s) the delivery by MagMinerals Canada to the Agents of each of the Prospectuses and any amendment thereto, if applicable, shall constitute MagMinerals Canada's representation and warranty to the Purchasers and to the Agents that, at the respective times of such delivery, the information and statements contained or referred to therein (except information and statements relating solely to the Agents) are true and correct in all material respects, contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to MagMinerals Canada taken as a whole, the MagMinerals Canada Shares as required by the Applicable Securities Laws;

(t) MagMinerals Canada and MagIndustries will, or, as applicable, will ensure that MagMinerals and/or Amalco will, use the net proceeds of the offering of the Subscription Receipts (i) to repay approximately CDN$24,000,000 payable under an existing loan to EIB (ii) to fund the development of Phase I of the Kouilou Project and (iii) to fund the feasibility study for Phase II of the Kouilou Project;

(u) Amalco shall deliver to the Agents on completion of the Reorganization an opinion of counsel relating to such corporate and securities matters as well as bring-down certificates of the officers of Amalco confirming the accuracy of the representations and warranties included herein applicable to Amalco and such other documents which are standard for transactions of this nature , each in a form which is satisfactory to the Agents and their counsel, acting reasonably;

(v) neither MagMinerals Canada nor MagIndustries will, directly or indirectly, without the prior written consent of the Agents, which consent shall not be unreasonably withheld, issue, offer, sell, or grant any option to purchase or otherwise dispose of (or announce any issue, offer, sale, grant of any option to purchase or otherwise dispose of) any common shares of MagMinerals Canada (including, for greater certainty, MagMinerals Canada after the Reorganization) or any securities or financial instruments convertible into, or exchangeable or exercisable for, common shares of MagMinerals Canada or any other securities of MagMinerals Canada for a period commencing on the date hereof and ending 90 days after the Liquidity Event, except for the issuance of securities pursuant to the Additional Financing, the MagMinerals Canada's stock option plan or pursuant to any directors', officers' or employee stock options granted outside such plan (in each case, as approved by the Agents);

(w) Amalco will use its reasonable best effort to complete an additional $100,000,000 offering (the "**Additional Financing**") of Common Shares as soon as possible, subject to market conditions, after the Liquidity Event; and

(x) If, within twelve (12) months after the Liquidity Event, Amalco (a) requires additional equity or debt financing, including in respect of the Additional Financing, (b) proposes to acquire or dispose of any assets or securities out of the ordinary course of business, (c) proposes a material corporate transaction, such as an amalgamation, recapitalization, merger, take-over bid, joint venture, plan of arrangement or reorganization, or (d) receives an unsolicited take-over bid or merger proposal, Amalco will engage the Co-Leads as lead managers (minimum 25% syndicate position each and their respective position to be within 5% of each other), underwriter, agent and/or co-lead financial advisors (as the case may be, depending upon the nature of the transaction and provided that Amalco intends to appoint a financial advisor in connection with the transaction in question) in connection with such transaction, subject to agreeing on mutually acceptable fee arrangements. The terms and conditions relating to any such engagement will be outlined in a separate engagement letter, underwriting agreement or agency agreement and the fees for such services will be in addition to the fees payable hereunder, will be negotiated separately and in good faith and will be consistent with customary industry fees, on terms acceptable to both parties. If the Co-Leads, of either of them, do not accept the terms and conditions contained in the Amalco's offer within ten days of receipt of such offer, Amalco may engage any other financial institution as lead manager, underwriter, agent and/or exclusive financial advisor (as the case may be, depending upon the nature of the transaction) in connection with such transaction, provided that the terms and conditions of any such engagement shall be no more favourable on the whole to such other financial institution than the terms and conditions offered by Amalco to the Co-Leads.

## 6. Conditions to Closing

The obligation of the Agents to arrange for Purchasers of the Securities on the Closing Date shall be subject to the following conditions, which conditions Holdings, MagIndustries and MagMinerals Canada covenant to exercise their reasonable best efforts to have fulfilled on or prior to the Time of Closing and which conditions may be waived in writing in whole or in part by Cormark, on behalf of the Agents:

(a) Holdings, MagIndustries and MagMinerals Canada will have made and/or obtained the necessary filings, approvals, consents and acceptances of the appropriate regulatory authorities required to be made or obtained by Holdings, MagIndustries and MagMinerals Canada in connection with the sale of the Securities to the Purchasers and the issuance of the Subscription Receipts to Holdings prior to the Time of Closing on the Closing Date as herein contemplated, it being understood that the Agents shall do all that is reasonably required to assist Holdings, MagIndustries and MagMinerals Canada to fulfil this condition, subject to certain specified conditions and exceptions contained in the conditional listing letter dated March 26, 2008 from the Exchange and filings with the Securities Commissions, within 10 days from the date of the sale of the Securities, a Form 45-106F1 prepared and executed in accordance with the Applicable Securities Laws and accompanied by the prescribed fees and fee checklist form, if any, and Holdings and MagIndustries filing with the United States Securities and Exchange Commission a notice on Form D within 15 days after the Closing Date in the United States, and Holdings and MagIndustries filing within prescribed time periods any notices required to be filed with state securities authorities under applicable blue sky laws in connection with any securities sold pursuant to Rule 506 of Regulation D promulgated under the U.S. Securities Act;

(b) the Holdings, MagIndustries and MagMinerals Canada boards of directors, as the case may be, shall have authorized and approved the execution and delivery of this Agreement, the acceptance of the Subscription Agreements, and the creation, allotment and issuance of the Securities and the Subscription Receipts and, the allotment, issuance and delivery of the Underlying Securities, and all matters relating thereto;

(c) Holdings and MagIndustries shall have accepted one or more subscriptions for Securities from the Purchasers;

(d) the Call Right shall have been issued to Holdings in form and substance satisfactory to the Agents, acting reasonably;

(e) Holdings, at the Closing, applying the gross proceeds of the Offering to the acquisition of the Subscription Receipts;

(f) the Agents shall have received an opinion, dated the Closing Date, of Fogler Rubinoff LLP relating to Holdings, MagIndustries and MagMinerals Canada and of local counsel in any other jurisdiction where the Securities are sold in form satisfactory to the Agents and their counsel, acting reasonably, (it being understood that such counsel may rely to the extent appropriate in the circumstance (i) as to matters of fact, on certificates of Holdings, MagIndustries and MagMinerals Canada executed on their behalf by a senior officer of Holdings, MagIndustries and MagMinerals Canada, respectively, and on certificates of the Transfer Agent, as to the issued capital of MagIndustries; and (ii) as to matters of fact not independently established, on certificates of MagIndustries' auditors or a public official);

(g) if any of the Purchasers are or purchasing for the account or benefit of persons in the United States or U.S. persons, the Agents shall have received a legal opinion addressed to the Agents from Dorsey & Whitney LLP, United States counsel for MagIndustries and Holdings dated as of the Closing Date, in form and substance satisfactory to the Agents, acting reasonably, with respect to the initial sale of the Securities in the United States and to U.S. persons pursuant to the exemption from registration under Rule 506 of Regulation D under the U.S. Securities Act;

(h) the Agents shall have received favourable opinions addressed to the Agents, the Purchasers and the Agents' counsel in form and substance satisfactory to the Agents' counsel, acting reasonably, dated the Closing Date as to the incorporation, subsistence and authorized and issued capital of MagEnergy Inc. (Barbados), MagIndustries International Inc. (Barbados) and MagForestry Inc. (Barbados);

(i) the Agents shall have received an incumbency certificate dated the Closing Date including specimen signatures of the officers of Holdings, MagIndustries, and MagMinerals Canada who have signed this Agreement or any document delivered hereunder;

(j) the Agents shall have received a certificate, dated the Closing Date, of the President and Chief Executive Officer and the Chief Financial Officer of each of Holdings, MagIndustries and MagMinerals Canada (or such other officer or officers of Holdings, MagIndustries and MagMinerals Canada acceptable to the Agents, acting reasonably), addressed to the Purchasers, the Agents and their counsel to the effect that, to the best of their knowledge, information and belief, after due enquiry and without personal liability:

(i) the representations and warranties of the applicable corporation in this Agreement are true and correct in all material respects as if made at and as of the Time of Closing and the applicable corporation has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied in all material respects at or prior to the Time of Closing;

(ii) no order, ruling or determination having the effect of suspending the sale or ceasing, suspending or restricting the trading of Securities in any of the Offering Jurisdictions has been issued or made by any stock exchange, securities commission or regulatory authority and is continuing in effect and no proceedings, investigations or enquiries for that purpose have been instituted or, to the best of the applicable corporation's knowledge, are pending; and

(iii) relating to the issued and outstanding capital of the applicable corporation;

(k) MagIndustries shall not have received any notice from the Exchange that the MagIndustries Shares shall not be accepted for listing on the Exchange;

(l) that final acceptance of the Offering by the Exchange is subject only to the official notices of issuance and fulfilment of such other conditions of the Exchange as set out in the conditional acceptance letter issued by the Exchange and dated March 26, 2008 and any amendments thereto;

(m) the Agents shall have conducted all due diligence inquiries and investigations and not identified any material adverse charges or misrepresentations or any items materially adversely affecting Holdings, MagIndustries or MagMinerals Canada's affairs which exist as of the date hereof but which have not been widely disseminated to the public; and

(n) the Agents shall have received copies of the reporting issuer lists in respect of each Offering Jurisdiction in which MagIndustries is a reporting issuer evidencing that MagIndustries is not in default under the Applicable Securities Laws of such provinces, respectively.

It is understood that the Agents may waive in whole or in part or extend the time for compliance with any of such terms and conditions without prejudice to its rights in respect of any other of the foregoing terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Agents any such waiver or extension must be in writing and signed by them.

MagIndustries, Holdings and MagMinerals Canada agree that the aforesaid legal opinions and certificate to be delivered at the Time of Closing will also be addressed to the Purchasers and that the Agents may deliver copies thereof to such persons.

## 7. **Acknowledgement**

Holdings, MagIndustries and MagMinerals Canada acknowledges that each of the Agents is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and financial advisory services and that in the ordinary course of their respective trading and brokerage activities, the Agents and their respective affiliates at any time may hold long and short positions, and may trade or otherwise effect transactions, for their own account or the accounts of its clients, in debt or equity securities of the Holdings, MagIndustries and MagMinerals Canada or any other person that may be involved in or related to the use of proceeds of the Offering or related derivative securities.

The Agents acknowledge their respective responsibility to comply with Applicable Securities Laws, including prohibitions on trading securities with knowledge of a material fact or material change that has not been generally disclosed.

8. **Termination of Obligations**

If at any time before the Time of Closing:

(a) there shall have occurred any material change in any representation, warranty or covenant of Holdings, MagIndustries or MagMinerals Canada given in this Agreement or the Letter Agreement (other than a change related solely to the conduct of the Agents), or if there shall have occurred any adverse material change (actual, intended, anticipated or threatened) or the Agents shall have discovered any previously undisclosed adverse fact (determined by the Agents in their sole discretion) in relation to Holdings, MagIndustries or MagMinerals Canada, which, in the reasonable opinion of the Agents, prevents or restricts trading in or the distribution of the Securities or adversely affects or would reasonably be expected to adversely affect the market price or value of the Securities, the Subscription Receipts or the Underlying Securities;

(b) there shall have occurred any change in the Applicable Securities Laws of any province of Canada or any inquiry, investigation or other proceeding is made or any order is issued under or pursuant to any statute of Canada or any province thereof or any stock exchange in relation to Holdings, MagIndustries or MagMinerals Canada or any of their securities (except for any inquiry, investigation or other proceeding based upon activities of the Agents and not upon activities of Holdings, MagIndustries or MagMinerals Canada) which, in the reasonable opinion of the Agents, prevents or restricts trading in or the distribution of the Securities or adversely affects or would reasonably be expected to adversely affect the market price or value of Securities, the Subscription Receipts or the Underlying Securities;

(c) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence or catastrophe, war or act of terrorism of national or international consequence or any law or regulation which, in the reasonable opinion of the Agents, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets or the business, operations or affairs of the Holdings, MagIndustries or MagMinerals Canada;

(d) a cease trading order is made by any Securities Commission or other competent authority by reason of the fault of the Holdings, MagIndustries or MagMinerals Canada and of their respective directors, officers and agents and such cease trading order is not rescinded within 48 hours; or

(e) if MagIndustries receives notice from the Exchange that the MagIndustries Shares shall not be accepted for listing on the Exchange;

the obligations of the Agents contained in this Agreement may be terminated by the Agents in their sole discretion.

Any termination pursuant to the foregoing provisions shall be effected by notice in writing delivered by the Agents to Holdings, MagIndustries and MagMinerals Canada at its address as herein set out. Notwithstanding the giving of any notice of termination hereunder, the expenses agreed to be paid by Holdings, MagIndustries and MagMinerals Canada shall be paid by MagIndustries as herein provided and the obligations of Holdings, MagIndustries and MagMinerals Canada under Sections 10, 11 and 12 hereof shall survive.

In the event of a termination pursuant to and in accordance with the provisions hereof and notice having been given, as aforesaid, there will be no further liability on the part of the Agents under this Agreement. The rights of the Agents to terminate their obligations hereunder are in addition to, and without prejudice to, any other remedies they may have.

## 9. **Closing**

Closing will be completed at the offices of Fogler Rubinoff LLP, 95 Wellington Street West, Suite 1200, Toronto-Dominion Centre, Toronto, Ontario, or such other place or places as may be agreed upon by Holdings, MagIndustries and MagMinerals Canada and the Agents, at the Time of Closing, provided that if Holdings, MagIndustries and MagMinerals Canada has not been able to comply with any of the conditions to Closing set forth under "Conditions to Closing" prior to the Time of Closing, the Closing Date may be extended by mutual agreement of the Holdings, MagIndustries and MagMinerals Canada and the Agents, failing which, the respective obligations of the parties will terminate without further liability or obligation except as set out under Sections 10, 11 and 12 hereof.

At the Time of Closing, Holdings, MagIndustries and MagMinerals Canada shall deliver to the Agents:

(a) certificates, duly registered as the Agents may direct, representing the Common Shares,

(b) certificates, duly registered as the Agents may direct, representing the Exchange Rights;

(c) certificates, duly registered in the name of Holdings, representing the Subscription Receipts;

(d) the Call Right duly registered in the name of Holdings;

(e) the requisite legal opinions and certificates as contemplated in Section 6 hereof;

(f) directions addressed to the Agents directing the Agents to pay the Gross Proceeds less the Agency Fee and the reasonable out-of-pocket expenses of the Agents including the fees and disbursements of counsel to the Agents; and

(g) such further documentation as may be contemplated herein,

against payment of the purchase price for the Subscription Receipts by certified cheque, bank draft or wire transfer as contemplated herein as directed by Holdings and MagMinerals Canada.

## 10. **Expenses**

Whether or not the Closing occurs, MagIndustries shall pay all costs and expenses of or incidental to the Offering, the Reorganization, the Prospectuses and the Liquidity Event including, without limitation, the costs and filing fees with respect to the private placement of the Securities, the listing of the MagIndustries Shares on the Exchange, the cost of printing the certificates representing the Securities and the Subscription Receipts, the cost of registration and delivery of such certificates and the fees and expenses of the Holdings, MagIndustries and MagMinerals Canada's auditors, counsel and local counsel. The fees of the Agents' counsel, disbursements, taxes and the Agents' reasonable out-of-pocket expenses, up to a maximum of CAD$150,000 in respect of the Offering, shall be paid at Closing by MagIndustries to the Agents upon written direction from the Agents as to such costs and expenses in a form acceptable to Holdings, MagIndustries and MagMinerals Canada, acting reasonably.

11. **Indemnity**

Holdings, MagIndustries and MagMinerals Canada (the "**Indemnifying Parties**") covenant and agree to indemnify and save harmless the Agents and their respective affiliates and their respective directors, officers, employees and agents (collectively with the Agents' affiliates, "**Agents' Personnel**"), against all losses (other than loss of profits), claims, damages, liabilities, costs or expenses, whether joint or several, caused or incurred by reason of or in connection with the transactions contemplated hereby including, without limitation, the following:

(a) any statement (other than a statement contained in and included in reliance upon and in conformity with written information furnished to the Indemnifying Parties by the Agents relating to the Agents specifically for use therein) in any document filed by the Indemnifying Parties with the relevant securities regulatory authorities in Canada including all press releases filed on SEDAR, which at the time and in the light of the circumstances under which it was made contains or is alleged to contain a misrepresentation;

(b) the omission or alleged omission to state in any certificate of the Indemnifying Parties or of any officers of the Indemnifying Parties delivered hereunder or pursuant hereto any material fact (other than a material fact omitted in reliance upon and in conformity with written information furnished to the Indemnifying Parties by the Agents relating to the Agents specifically for use therein) required to be stated therein where such omission or alleged omission constitutes or is alleged to constitute a misrepresentation;

(c) any order made or any inquiry, investigation or proceeding commenced or threatened by any securities regulatory authority, stock exchange or by any other competent authority based upon any failure or alleged failure to comply with Applicable Securities Laws (other than any failure or alleged failure to comply by the Agents) preventing and restricting the trading in or the sale of the Common Shares in the provinces of Canada;

(d) the non-compliance or alleged non-compliance by the Indemnifying Parties with any requirement of Applicable Securities Laws, including the Indemnifying Parties' non-compliance with any statutory requirement to make any document available for inspection; or

(e) any breach of any representation, warranty or covenant of the Indemnifying Parties contained herein or the failure of the Indemnifying Parties to comply with any of its obligations hereunder,

and will reimburse the Agents promptly upon demand for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such losses, claims, damages, liabilities or actions in respect thereof, as incurred, provided however, that this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgement that has become non-appealable shall determine that:

(a) the Agents or the Agents' Personnel have breached this Agreement, breached Applicable Securities Laws or been negligent or dishonest or have committed any fraudulent act or wilful misconduct in the course of such performance; and

(b) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the breach, wilful misconduct, negligence, dishonesty or fraud referred to in (a).

The Indemnifying Parties shall not, without the prior written consent of the Agents, which shall not be unreasonably withheld, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not the Agents or any of the Agents' Personnel are a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of the Agents and all of the applicable Agents' Personnel from all liability arising out of such claim, action, suit or proceeding.

Notwithstanding the foregoing, an Indemnifying Party shall not be liable for the settlement of any claim or action in respect of which indemnity may be sought hereunder effected without their written consent, which consent shall not be unreasonably withheld.

If any claim, action suit or proceeding shall be asserted against any Agents' Personnel in respect of which indemnification is or might reasonably be considered to be provided, such person (the "**Indemnified Party**") will notify the Indemnifying Parties as soon as possible and in any event on a timely basis, of the nature of such claim and the Indemnifying Parties shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim; provided, however, that the defence shall be through legal counsel acceptable to the Indemnified Party, acting reasonably.

In any such claim, the Indemnified Party shall have the right to retain other counsel to act on the Indemnified Party's behalf, provided that the fees and disbursements of such other counsel shall be paid by the Indemnified Party, unless (i) the Indemnifying Parties and the Indemnified Party mutually agree to retain such other counsel, (ii) the Indemnifying Party fails to assume the defence of the claim within a reasonable period of time following the receipt of notice of such claim or (iii) the named parties to any such claim (including any third or implicated party) include both the Indemnified Party on the one hand and the Indemnifying Parties, on the other hand, and the Indemnified Party has been advised by legal counsel that the representation of the Indemnifying Parties and the Indemnified Party by the same counsel would be inappropriate due to actual or potential conflicting interests, in which event such fees and disbursements shall be paid by the Indemnifying Parties to the extent that they have been reasonably incurred.

To the extent that any Indemnified Party is not a party to this Agreement, the Agents shall obtain and hold the right and benefit of the indemnity provisions hereunder in trust for and on behalf of such Indemnified Party.

## 12. Contribution

In the event that the indemnity provided for above is, for any reason, illegal or unenforceable as being contrary to public policy or for any other reason, the Agents and Holdings, MagIndustries and MagMineral Canada shall contribute to the aggregate of all losses, claims, costs, damages, expenses or liabilities (including any legal or other expenses reasonably incurred by the Indemnified Party in connection with investigating or defending any action or claim which is the subject of this section but excluding loss of profits or consequential damages) of the nature provided for above such that the Agents shall be responsible only for that portion that is equal to the Agency Fee paid hereunder to each respective

Agent realized from the sale of the Subscription Receipts and Holdings, MagIndustries and MagMineral Canada shall be responsible for the balance, whether or not it has been sued, provided that, in no event, shall any Agent be responsible for any amount in excess of the amount of the Agency Fee actually received by such Agent. In the event that Holdings, MagIndustries and MagMineral Canada may be held to be entitled to contribution from the Agents under the provisions of any statute or law, Holdings, MagIndustries and MagMineral Canada shall be limited to contribution in an amount not exceeding the lesser of: (i) the portion of the full amount of losses, claims, costs, damages, expenses and liabilities, giving rise to such contribution for which the Agents are responsible, as determined above, and (ii) the amount of the Agency Fee actually received by such Agent. Notwithstanding the foregoing, a party guilty of negligence or fraud shall not be entitled to contribution from the other party. Any party entitled to contribution will, promptly after receiving notice of commencement of any claim, action, suit or proceeding against such party in respect of which a claim for contribution may be made against the other party under this section, notify such party from whom contribution may be sought. In no case shall such party from whom contribution may be sought be liable under this Agreement unless such notice has been provided, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have otherwise than under this section.

The rights to indemnity and contribution provided in this Agreement shall be in addition to and not in derogation of any other right to indemnity or contribution which the Agents or Holdings, MagIndustries and/or MagMinerals Canada may have by statute or otherwise by law.

13. **Notice**

Any notice or other communication to be given by delivery or by facsimile hereunder shall, in the case of notice to Holdings, MagIndustries or MagMinerals Canada, be addressed to the Holdings, MagIndustries or MagMinerals Canada at the address appearing on page 1 of this Agreement, Attention: William B. Burton, Fax No. 902-257-1178, and in the case of notice to the Agents:

Cormark Securities Inc.
Royal Bank Plaza, Suite 2800
P.O. Box 63
Suite 906
Toronto, ON M5J 2J2

Attention: Jeff Kennedy
Fax No.: 416-943-6499

Paradigm Capital Inc.
95 Wellington Street West
Suite 2101, P.O. Box 55
Toronto, ON M5J 2N7

Attention: Peter Greenwood
Fax No.: 416-361-0679

Desjardins Securities Inc.
145 King Street West
Suite 2750
Toronto, ON M5B 2M3

Attention: Dennis Logan
Fax No.: 416-861-9992

Jennings Capital Inc.
33 Yonge Street
Suite 320
Toronto, ON M5E 1G4

Attention: Daryl Hodges
Fax No.: 416-214-2844

Ambrian Partners Limited
8 Angel Court
London, UK EC2R 7HP

Attention: Shaun Whyte
Fax No.: +44 207 776 6470

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or one hour after being faxed and receipt confirmed during normal business hours on a Business Day and if not sent on a Business day then on the next Business Day, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or facsimile number.

14. **Public Announcements**

If the Agents so request, Holdings, MagIndustries and MagMinerals Canada shall include a reference to the Agents and their role in the Offering in any press release or other public communication issued by Holdings, MagIndustries and MagMinerals Canada related to the Offering. Holdings, MagIndustries and MagMinerals Canada shall provide the Agents with a reasonable opportunity to review a draft of any proposed announcement and an opportunity to provide comments thereon. Provided the Offering is completed and the Agents are not in breach of any material provision of this Agreement, the Agents shall be permitted to publish, at their own expense, such advertisements or announcements relating to the services provided in respect of the Offering in such newspapers or other publications as the Agents consider appropriate.

15. **Time of the Essence**

Time shall be of the essence of this Agreement and every part hereof.

16. **Further Assurances**

Each of the parties hereto shall cause to be done all such acts and things or execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purposes of carrying out the provisions and intent of this Agreement.

17. **Assignment**

Except as contemplated herein, no party hereto may assign this Agreement or any part hereof without the prior written consent of the other parties hereto. Subject to the foregoing, this Agreement shall enure to the benefit of, and shall be binding upon, the Parties and the Agents and each of their respective successors and legal representatives, and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions contained in this Agreement, this Agreement and all conditions and provisions of this Agreement being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person except that the covenants and indemnities of the Indemnifying Parties set out under the heading "Indemnity" shall also be for the benefit of the Agents' Personnel.

18. **Counterpart Provision**

This Agreement may be executed in any number of counterparts, each of which when delivered shall be deemed to be an original and all of which together shall constitute one and the same document.

19. **Entire Agreement**

The provisions herein contained constitute the entire agreement between the parties relating to the Offering and supersede all previous communications, representations, understandings and agreements between the parties including, but not limited to, the Letter Agreement, with respect to the subject matter hereof whether verbal or written.

20. **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

21. **Survival of Warranties, Representations, Covenants and Agreements**

All warranties, representations, covenants, indemnities and agreements of Holdings, MagIndustries and MagMinerals Canada and the Agents herein contained or contained in documents submitted or required to be submitted pursuant to this Agreement shall survive the purchase by the Purchasers of the Securities and shall continue in full force and effect for the benefit of the Agents and/or Holdings, MagIndustries and MagMinerals Canada for a period of two years from the Closing Date.

22. **Language**

The parties hereto confirm their express wish that this Agreement and all documents and agreements directly or indirectly relating thereto be drawn up in the English language.

Les parties reconnaissent leur volonté express que la présente convention ainsi que tous les documents et contrats s'y rattachant directement ou indirectement soient rédigés en anglais.

23. **Facsimile**

Holdings, MagIndustries and MagMinerals Canada and the Agents shall be entitled to rely on delivery by facsimile or portable document format of an executed copy of this Agreement and acceptance by Holdings, MagIndustries and MagMinerals Canada and the Agents of that delivery shall be legally effective to create a valid and binding agreement between Holdings, MagIndustries and MagMinerals Canada and the Agents in accordance with the terms of this Agreement.

24. **Acceptance**

If this letter accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by Holdings, MagIndustries and MagMinerals Canada, please communicate acceptance by executing where indicated below and returning a signed copy of this Agreement to the Agents.

Yours very truly,

**CORMARK SECURITIES INC.**

Per: ______________________________
Authorized Signing Officer

**PARADIGM CAPITAL INC.**

Per: ______________________________
Authorized Signing Officer

**DESJARDINS SECURITIES INC.**

Per: ______________________________
Authorized Signing Officer

**JENNINGS CAPITAL INC.**

Per: ______________________________
Authorized Signing Officer

**AMBRIAN CAPITAL PLC**

Per: ______________________________
Authorized Signing Officer

Yours very truly,

**CORMARK SECURITIES INC.**

Per: ______________________________
Authorized Signing Officer

**PARADIGM CAPITAL INC.**

Per: ______________________________
Authorized Signing Officer

**DESJARDINS SECURITIES INC.**

Per: ______________________________
Authorized Signing Officer

**JENNINGS CAPITAL INC.**

Per: ______________________________
Authorized Signing Officer

**AMBRIAN CAPITAL PLC**

Per: ______________________________
Authorized Signing Officer

Yours very truly,

**CORMARK SECURITIES INC.**

Per: ______________________________
Authorized Signing Officer

**PARADIGM CAPITAL INC.**

Per: ______________________________
Authorized Signing Officer

**DESJARDINS SECURITIES INC.**

Per: ______________________________
Authorized Signing Officer

**JENNINGS CAPITAL INC.**

Per: ______________________________
Authorized Signing Officer

**AMBRIAN CAPITAL PLC**

Per: ______________________________
Authorized Signing Officer

Yours very truly,

**CORMARK SECURITIES INC.**

Per: ______________________________
Authorized Signing Officer

**PARADIGM CAPITAL INC.**

Per: ______________________________
Authorized Signing Officer

**DESJARDINS SECURITIES INC.**

Per: ______________________________
Authorized Signing Officer

**JENNINGS CAPITAL INC.**

Per: ______________________________
Authorized Signing Officer

**AMBRIAN CAPITAL PLC**

Per: ______________________________
Authorized Signing Officer

Yours very truly,

**CORMARK SECURITIES INC.**

Per: ______________________________
Authorized Signing Officer

**PARADIGM CAPITAL INC.**

Per: ______________________________
Authorized Signing Officer

**DESJARDINS SECURITIES INC.**

Per: ______________________________
Authorized Signing Officer

**JENNINGS CAPITAL INC.**

Per: ______________________________
Authorized Signing Officer

**AMBRIAN ~~CAPITAL PL~~C** PARTNERS LIMITED

Per: J.M. Colson
Authorized Signing Officer

The foregoing accurately reflects the terms of the transaction which we are to enter into and such terms are agreed to with effect as of the date provided at the top of the first page of this Agreement.

**MAGMINERALS HOLDINGS CORP.**

Per: ______________________________
Authorized Signing Officer

**MAGINDUSTRIES CORP.**

Per: ______________________________
Authorized Signing Officer

**MAGMINERALS POTASH CORP.**

Per: ______________________________
Authorized Signing Officer

## SCHEDULE "A"

## UNITED STATES OFFERS AND SALES

As used in this Schedule "A", capitalized terms used herein and not defined herein shall have the meaning ascribed thereto in the Agency Agreement to which this Schedule is annexed and the following terms shall have the meanings indicated:

(a) **"Directed Selling Efforts"** means directed selling efforts as that term is defined in Rule 902(c) of Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Securities or the Underlying Securities and includes the placement of any advertisement in a publication "with a general circulation in the United States", as such phrase is defined in Rule 902(c) of Regulation S, that refers to the offering of the Securities or the Underlying Securities;

(b) **"Foreign Issuer"** shall have the meaning ascribed thereto in Rule 902(c) of Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule A, it means any issuer which is (a) the government of any country other than the United States, of any political subdivision thereof or a national of any country other than the United States; or (b) a corporation or other organization incorporated or organized under the laws of any country other than the United States, except an issuer meeting the following conditions: (1) more than 50 percent of the outstanding voting securities of such issuer are directly or indirectly owned of record by residents of the United States; and (2) any of the following: (i) the majority of the executive officers or directors are United States citizens or residents, (ii) more than 50 percent of the assets of the issuer are located in the United States, or (iii) the business of the issuer is administered principally in the United States;

(c) **"General Solicitation"** or **"General Advertising"** means "**general solicitation**" or "**general advertising**", as used in Rule 502(c) of Regulation D, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;

(d) **"Accredited Investor"** means those "accredited investors" specified in Rule 501(a) of Regulation D;

(e) **"Regulation D"** means Regulation D adopted by the SEC under the U.S. Securities Act;

(f) **"Regulation S"** means Regulation S adopted by the SEC under the U.S. Securities Act;

(g) **"SEC"** means the United States Securities and Exchange Commission;

(h) **"Substantial U.S. Market Interest"** means "substantial U.S. market interest" as that term is defined in Rule 902(j) of Regulation S;

(i) **"U.S. Exchange Act"** means the *United States Securities Exchange Act of 1934*, as amended;

(j) **"U.S. Person"** means a "U.S. person" as that term is defined in Rule 902(k) of Regulation S;

(k) **"U.S. Purchaser"** means a Purchaser of Securities that is, or is purchasing for the account or benefit of, a person in the United States or a U.S. Person;

(l) **"U.S. Securities Act"** means the *United States Securities Act of 1933*, as amended; and

(m) **"United States"** means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

All other capitalized terms used but not defined in this Schedule "A" shall have the meaning assigned to them in the Agreement to which this Schedule is attached.

**Representations, Warranties and Covenants of the Agents**

The Agents acknowledge that the **Securities** have not been and will not be registered under the U.S. Securities Act and may be offered by the Agents through their U.S. Affiliates (as defined below) and sold by the Company only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act. Accordingly, each Agent represents and warrants to and covenants with Holdings, MagIndustries and MagMinerals Canada, as of the date of the Agreement and as of the Closing Date, that:

1. It has not offered or sold, and will not offer or sell, any Securities except (a) in accordance with Rule 903 of Regulation S or (b) within the United States as provided in paragraphs 2 through 17 below. Accordingly, neither the Agent, its affiliates (including its U.S. Affiliate) nor any persons acting on their behalf, has made or will make (except as permitted in paragraphs 2 through 17 below) (i) any offer to sell or any solicitation of an offer to buy, any Securities to, or for the benefit or account of, any U.S. Person or any person in the United States, (ii) any sale of Securities to any purchaser unless, at the time the buy order was or will have been originated, the purchaser was outside the United States, or the Agent, affiliate (including U.S. Affiliate) or person acting on behalf of either reasonably believed that such purchaser was outside the United States, or (iii) any Directed Selling Efforts.

2. It has not entered and will not enter into any contractual arrangement with respect to the offer and sale of the Securities, except with its U.S. Affiliate, any selling group members or with the prior written consent of Holdings, MagIndustries and MagMinerals Canada. It shall require its U.S. Affiliate and each selling group member to agree, for the benefit of Holdings, MagIndustries and MagMinerals Canada, to comply with, and shall use its best efforts to ensure that its U.S. Affiliate and each selling group member complies with, the same provisions of this Schedule as apply to the Agent as if such provisions applied to such U.S. Affiliate or selling group member.

3. All offers of Securities to or for the account or benefit of persons in the United States or U.S. Persons shall be made on behalf of the Agent by an affiliate of the Agent that is duly registered with the SEC as a broker-dealer pursuant to Section 15(b) of the U.S. Exchange Act and under the securities laws of each state in which such offers and sales were or are made (unless exempted from the respective state's broker-dealer registration requirements) and is a members in good standing of the National Association of Securities Dealers, Inc. (each a "**U.S. Affiliate**"), and in compliance with all applicable U.S. federal and state broker-dealer requirements.

4. Offers and sales of Securities to or for the account or benefit of persons in the United States or U.S. Persons shall not be made (i) by any form of General Solicitation or General Advertising or

(ii) in any manner involving a public offering within the meaning of Section 4(2) of the U.S. Securities Act.

5. Offers, sales and solicitations of offers to buy Securities that have been made or will be made in the United States or to or for the account or benefit of U.S. Persons were or will be made by the Agent through the U.S. Affiliate on behalf of the Corporation only in compliance with Rule 506 of Regulation D, and in transactions that are exempt from registration under and in compliance with applicable state securities laws.

6. The Agent acting through its U.S. Affiliate may offer the Securities to or for the account or benefit of persons in the United States or U.S. Persons only to offerees with respect to which the Agent or its U.S. Affiliate have a pre-existing relationship and, immediately prior to soliciting offerees, have reasonable grounds to believe, and do believe, are Accredited Investors.

7. The Agent, acting through its U.S. Affiliate, will exercise reasonable care to assure that any prospective U.S. Purchaser or U.S. Purchaser is not an underwriter within the meaning of Section 2(a)(11) of the U.S. Securities Act.

8. At least one business day prior to the Closing Time, the Agent will provide Holdings, MagIndustries and MagMinerals Canada with a list of all U.S. Purchasers.

9. The Agent will inform, and cause its U.S. Affiliate to inform, all U.S. Purchasers that the Securities have not been and will not be registered under the U.S. Securities Act and are being sold to them pursuant to a transaction exempt from registration under the U.S. Securities Act.

10. The Agent agrees that at the Closing Time, it, together with its U.S. Affiliate, if applicable, will either (i) provide a certificate, substantially in the form of Annex I to this Schedule "A", relating to the manner of the offer and sale of the Securities in the United States or to or for the account or benefit of U.S. Persons, or (ii) be deemed to represent and warrant that they made no offers or sales of Securities in the United States or to or for the account or benefit of U.S. Persons.

11. Neither the Agent, its affiliate (including its U.S. Affiliate), nor any person acting on their behalf (other than Holdings, MagIndustries and MagMinerals Canada, its affiliates and any person acting on their behalf as to which no representation, warranty or covenant is made) has taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Securities Act in connection with offers and sales of the Securities.

12. The Agent and its U.S. Affiliate will obtain from each U.S. Purchaser an executed Subscription Agreement, including and executed U.S. Accredited Investor Certificate, with respect to its purchase of the Securities.

13. Neither the Agent, its affiliates (including its U.S. Affiliate), nor any person acting on their behalf have paid or given or have been paid or given, or will pay or give or will be paid or given, any commission or other remuneration directly or indirectly for soliciting the exercise of the Exchange Rights or the exchange of the Common Shares for the MagMinerals Canada Shares.

14. The Agent and its U.S. Affiliate will not, in connection with the Offering, make any representation or warranty with respect to the Securities or Holdings, MagIndustries and MagMinerals Canada in connection with sales made other than as contemplated herein or the Subscription Agreements.

**Representations, Warranties and Covenants of the Corporation**

Holdings, MagIndustries and MagMinerals Canada represent, warrant, covenant and agree, as of the date of the Agreement and as of the Closing Date that:

1. Each of Holdings, MagIndustries and MagMinerals Canada is and at the Closing will be a Foreign Issuer and reasonably believes that there is no Substantial U.S. Market Interest in the Securities or Underlying Securities.

2. None of Holdings, MagIndustries or MagMinerals Canada is an open-end investment company or unit investment trust registered or required to be registered or a closed-end investment company required to be registered but not registered under Section 8 of the United States *Investment Company Act of 1940*, as amended.

3. During the period in which the Securities are offered for sale, except with respect to sales to Accredited Investors in reliance upon the exemption from registration set forth in Rule 506 of Regulation D and in accordance with the terms of the Agreement, including this Schedule "A", none of Holdings, MagIndustries, MagMinerals Canada or any of their affiliates, or any person acting on their behalf (other than the Agents, their affiliates (including the U.S. Affiliates) and any person acting on their behalf, as to which no such representation, warranty, covenant or agreement is made), has made or will make: (A) any offer to sell, or any solicitation of an offer to buy, any Securities to, or for the benefit or account of, a U.S. Person or a person in the United States; or (B) any sale of Securities unless, at the time the buy order was or will have been originated, the Purchaser is (i) outside the United States or (ii) Holdings, MagIndustries and MagMinerals Canada, their affiliates, and any person acting on their behalf reasonably believes that the Purchaser is outside the United States.

4. During the period in which the Securities are offered for sale, none of Holdings, MagIndustries, MagMinerals Canada or any of their affiliates, or any person acting on their behalf (other than the Agents, their affiliates (including the U.S. Affiliates) and any person acting on their behalf, as to which no such representation, warranty, covenant or agreement is made) (i) has made or will make any Directed Selling Efforts, or (ii) has engaged or will engage in any form of General Solicitation or General Advertising with respect to offers or sales of the Securities in the United States.

5. None of Holdings, MagIndustries or MagMinerals Canada is required to file reports under Section 13(a) or Section 15(d) of the U.S. Exchange Act.

6. During the period in which the Securities are offered for sale, none of Holdings, MagIndustries, MagMinerals Canada or any of their affiliates, or any person acting on their behalf (other than the Agents, their affiliates (including the U.S. Affiliates) and any person acting on their behalf, as to which no such representation, warranty, covenant or agreement is made) has taken or will take any action that would constitute a violation of Regulation M of the SEC under the U.S. Exchange Act.

7. None of Holdings, MagIndustries, MagMinerals Canada or any of their affiliates or any persons acting on their behalf (other than the Agents, their affiliates (including the U.S. Affiliates) and any person acting on their behalf, as to which no such representation, warranty, covenant or agreement is made) has offered or sold, or will offer or sell, any of the Securities in the United States or to, or for the account or benefit of, U.S. Persons, except for offers made through the Agents as described in this Schedule "A".

8. None of Holdings, MagIndustries or MagMinerals Canada has, for a period of six months prior to the date hereof sold, offered for sale or solicited any offer to buy any of its securities, and will not within six months after the Closing Date, offer or sell any securities in a manner that would be integrated with the offer and sale of the Securities and would cause the exemption from registration set forth in Rule 506 of Regulation D to become unavailable with respect to the offer and sale of the Securities.

9. None of Holdings, MagIndustries or MagMinerals Canada or any of the predecessors or affiliates thereof has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D concerning the filing of notice of sales on Form D.

10. None of Holdings, MagIndustries, MagMinerals Canada, or any of their affiliates or any person acting on their behalf (other than the Agents, their affiliates (including the U.S. Affiliates) and any person acting on their behalf, as to which no such representation, warranty, covenant or agreement is made) have paid or given or have been paid or given, or will pay or give or will be paid or given, any commission or other remuneration directly or indirectly or soliciting the exercise of the Exchange Rights or the exchange of the Common Shares for the MagMinerals Canada Shares.

11. Holdings, MagIndustries and/or MagMinerals Canada, as applicable, will, within fifteen (15) days after the first sale of Securities in the United States, prepare and file with the Securities and Exchange Commission a notice on Form D with respect to the Securities and will file all amendments required to be filed as a result of subsequent sales of Securities in the United States. Holdings, MagIndustries and/or MagMinerals Canada, as applicable, will also prepare and file within prescribed time periods any notices required to be filed with state securities authorities under applicable blue sky laws in connection with any securities sold pursuant to Rule 506 of Regulation D.

## ANNEX I TO SCHEDULE "A"

## AGENTS CERTIFICATE

In connection with the private placement in the United States of the Securities of MagMinerals Holding Corp. (the "**Corporation**") and MagIndustries Corp. ("**MagIndustries**") pursuant to the agency agreement dated April 3, 2008 between the Corporation, MagIndustries and/or MagMinerals Canada and Cormark Securities Inc., Jennings Capital Inc., Paradigm Capital Inc., Desjardins Securities Inc. and Ambrian Partners Limited (the "**Agency Agreement**"), the undersigned do hereby certify as follows:

(i) **[U.S. broker-dealer affiliate]** is duly registered as a broker or dealer with the United States Securities and Exchange Commission (the "**SEC**") and the National Association of Securities Dealers, Inc. ("**NASD**") and the securities laws of each state in which offers and sales were made (unless exempted from the respective state's broker-dealer registration requirements) and is a member of, and in good standing with the NASD on the date hereof;

(ii) immediately prior to offering Securities to offerees who were, or were potentially purchasing for the account or benefit of, persons in the United States or U.S. Persons, we had reasonable grounds to believe and did believe that each such offeree was an Accredited Investor under the U.S. Securities Act and, on the date hereof, we continue to believe that each such offeree purchasing Securities through us is an Accredited Investor;

(iii) no form of general solicitation or general advertising (as those terms are used in Regulation D) was used by us, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising, in connection with the offer or sale of the Securities to or for the account or benefit of persons in the United States or U.S. Persons;

(iv) all offers and sales of Securities to or for the account or benefit of persons in the United States or U.S. Persons have been effected in accordance with all applicable U.S. state and federal laws governing the registration and conduct of brokers and dealers;

(v) no written offering materials were used in connection with the offer or sale of the Securities in the United States other than the Subscription Agreements;

(vi) the offering of the Securities in the United States has been conducted by us in accordance with the Agency Agreement including Schedule "A" thereto; and

(vii) prior to any sale of Securities in the United States, we caused each U.S. Purchaser to execute a Subscription Agreement (including a U.S. Accredited Investor Certificate).

Terms used in this certificate have the meanings given to them in the Agency Agreement, including Schedule "A' thereto, unless defined herein.

DATED this 3rd day of April, 2008.

| | |
|---|---|
| **[AGENT]** | **[U.S. BROKER-DEALER AFFILIATE]** |
| By: ______________________________ | By: ______________________________ |
| Authorized Signing Officer | Authorized Signing Officer |

## SCHEDULE "B"

## OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

| Security | Exercise Price | Number of Convertible Securities Outstanding | Expiry Date |
|---|---|---|---|
| Options | US$0.10 | 825,000 | 12-Nov-08 |
| | US$0.40 | 1,300,000 | 12-Nov-08 |
| | US$0.20 | 400,000 | 12-Nov-08 |
| | US$0.40 | 695,000 | 19-Feb-09 |
| | US$0.20 | 175,000 | 19-Feb-09 |
| | US$0.85 | 1,400,000 | 14-Mar-10 |
| | US$0.85 | 100,000 | 31-Oct-10 |
| | US$0.85 | 1,075,000 | 05-Feb-11 |
| | CDN$1.30 | 50,000 | 27-Mar-11 |
| | CDN$1.00 | 1,525,000 | 03-Dec-11 |
| | CDN$1.30 | 5,000,000 | 28-Jun-12 |
| Warrants | US$1.10 | 320,000 | 16-Aug-08 |
| | US$1.00 | 1,000,000 | 21-Dec-09 |
| **Total** | | **13,865,000** | |