

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1. Reporting Issuer

MagIndustries Corp.
33 Yonge Street, Suite 820
Toronto, Ontario M5E 1G4

ITEM 2. Date of Material Change

June 16, 2015

ITEM 3. Press Releases

Press release in the form of Schedule A attached hereto was disseminated on June 16, 2015 via Marketwired news service.

ITEM 4. Summary of Material Change

MagIndustries Corp. ("MagIndustries" or the "Company") announced the interim results of its investigation into allegations of foreign corruption (the "Investigation") initiated by a Special Committee of the Board of Directors in January. The Company also reported on certain related matters.

Details of the Investigation can be found at www.magindustries.com and under the Company's SEDAR profile at www.sedar.com.

ITEM 5. Full Description of Material Change

See Schedule A attached.

ITEM 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

ITEM 7. Omitted Information

Not applicable.

ITEM 8. Executive Officer

The following officer of the Company may be contacted for further information:

Mr. Rich Morrow
Co-Chief Executive Officer
416-368-7911
rmorrow@magindustries.com

ITEM 9. Date of Report

This report is dated this 18th day of June, 2015.

Schedule A



TSX : MAA
MagIndustries Corp.

MagIndustries Reports Interim Results of Independent Investigation and Related Matters

TORONTO, ONTARIO--(Marketwired - June 16, 2015) - MagIndustries Corporation ("the Company") (TSX:MAA) announced today the interim results of its investigation into allegations of foreign corruption (the "Investigation") initiated by a Special Committee of the Board of Directors in January. The Company also reported on certain related matters.

The Investigation has been carried out by external independent counsel under the direction and oversight of the Special Committee. The interim results summarized below show the results of the Investigation up to the date of this press release. The Special Committee consists of independent non-management directors.

The Company has accepted the recommendation of the Special Committee that certain immediate management changes and changes in internal practices are necessary in light of the interim results of the Investigation. Effective immediately, Richey Morrow, the former Chief Executive Officer of the Company is appointed co-Chief Executive Officer with the current Chief Executive Officer, Mr. Longbo Chen.

Geoff Woo has been suspended from his duties as the Chief Financial Officer but will act as a member of the Company's financial staff. The Company is currently engaged in a search for a new Chief Financial Officer.

The Company has authorized the immediate recruitment of a Chief Compliance Officer, who will report to a new Board Committee, the Compliance Committee. The Compliance Committee will review and monitor implementation of enhanced procedures and training and supervise the Chief Compliance Officer.

The work of the Special Committee and its advisors with respect to the Investigation has been funded by Evergreen Holding Group, the Company's controlling shareholder. The Company depends on the controlling shareholder to advance all funds needed to cover its expenses. Due to the multi-jurisdictional nature of the investigation, the concentrated nature of the work, the number of interviews, the volume of documentation to be considered and the fact that three languages are used in the documentation which has been reviewed by a large number of professionals, the costs of the Investigation have been in the millions of Canadian dollars. The Special Committee has sought assurances from the controlling shareholder of continued financial support for the Investigation and the production of a final investigation report. The Chair and Chief Executive Officer of the controlling shareholder have advised the Special Committee that the controlling shareholder does not have the financial capacity to continue funding the Investigation but that it will be resumed if the controlling shareholder raises sufficient funds to fund the Investigation in a timely fashion. The controlling shareholder will actively seek funds to do so on a timely basis.

Due to the lack of Company resources needed to perform their duties, Messrs. Wang, Ding and Zhang, who currently form the Special Committee and the audit committee of the Company and Mr. He, another director, have resigned as directors effective as of the publication of this press release. The Company will recruit new independent directors to fill these vacancies on the Board. The Special Committee has therefore dissolved and the Investigation by the Company's advisors will be suspended immediately upon the publication of this press release. Any resumption of the Investigation will depend on the appointment of new independent directors and on the controlling shareholder raising sufficient funds to fund such resumption.

The controlling shareholder is interested in providing a liquidity event to the minority shareholders. The controlling shareholder currently does not have sufficient funds to fund a liquidity event but will actively seek

funds to do so. It will work diligently to provide a preliminary de-listing plan depending on the results of its financing efforts. There is no guarantee that it will be able to obtain the required funds for the liquidity event. The liquidity event may not take place promptly, or at all.

In January 2015, the RCMP conducted a search of the Company headquarters in Toronto. The search arose out of an Information to Obtain Search Warrant ("ITO") sworn on January 16, 2015 which made allegations of corrupt payments to foreign public officials in the Republic of Congo (the "Congo"). The ITO alleged that "black money" payments were made to reduce tax and other liabilities of a Company subsidiary, Eucalyptus Fibre de Congo S.A. ("EFC"). The ITO also claimed that a payment was made to government officials by MagMinerals Potasses du Congo S.A. ("MPC") to assist in an expropriation for the Mengo Mining Project. The Mengo Mining Project is a greenfield potash project under development in the Congo, with an initial annual designed capacity of 1.2 million tonnes per year. The ITO also alleged that the Company organized at least one trip to China for a government official.

The Board of Directors formed the Special Committee on January 29, 2015 to investigate these allegations and publicly announced the Investigation. The Special Committee engaged McCarthy Tétrault LLP ("McCarthy") as independent counsel to conduct the Investigation. McCarthy engaged PricewaterhouseCoopers LLP to assist in the Investigation.

The mandate of the Investigation extends to the allegations contained in the ITO and any new allegations or evidence of corrupt practices by the Company or its subsidiaries between January 1, 2012 and the present uncovered during the course of the Investigation.

DISCUSSION OF INTERIM RESULTS

The procedures of the Investigation were approved by the Special Committee. All persons interviewed in Canada and the Congo have cooperated with the investigation. Documents under the control of key individuals were searched with relevant keywords, flagged for further review, and used in interviews.

Between February 3, 2015 and June 3, 2015 approximately 50 interviews were conducted. These included interviews of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company, the General Managers of the Congolese subsidiaries, and the Finance Managers of the Congolese subsidiaries.

As of the date of this press release the Investigation has arrived at the findings summarized below.

Allegations Related to the Advisor to the General Manager of MPC

Allegations were made that the Advisor to the General Manager of MPC made improper payments to labour inspectors, provided improper inducements to a worker representative, and interfered with the conduct of the external audit. Thus far all such allegations remain unsubstantiated. The Investigation into these allegations and evidence concerning other payments was continuing.

Gifts for Government Officials

The Investigation has found evidence of a gift of household furniture to a government official. According to a witness in the Investigation, this gift had a value of \$US 200-300.

The Investigation has also confirmed that a pair of ornamental stone lions symbolic of the ties between the Congo and China having an approximate value of \$US 700-800 according to a witness were purchased for a government official by the controlling shareholder, and that their importation was facilitated by MPC personnel.

Allegations have also surfaced that the Company or its subsidiaries purchased 4x4 vehicles for several government officials. To date there has been no confirmation or substantiation for this allegation. This matter was still under investigation.

Payments to defray the expenses of certain events sponsored by the Congolese Consulate in Toronto were also being investigated.

Paid Trips to China and South Africa

Evidence indicates that multiple trips to China and South Africa by Congolese officials have been organized or supported by the Company, its subsidiaries, or the controlling shareholder. The appropriateness of this assistance was being investigated.

Construction of Villa for Government Official

Allegations were made that the Company, or its subsidiaries, constructed a villa for a government official. There is evidence that an MPC manager interacted with the Chinese contractor responsible for the renovation and construction of portions of a villa to facilitate performance and completion of the work.

In interviews, the Manager stated he received instructions in this matter from individuals at the controlling shareholder. As at the date of this press release, there was no evidence that any other employee or officer of the Company or its subsidiaries knew of the activities of the MPC manager overseeing construction. This matter was still being investigated.

"Black Money" Transactions

The ITO contained allegations related to five incidents of "black money" payments by EFC to Congolese officials. The Investigation has confirmed that, in 2012, EFC made payments in Congolese currency equivalent(1) to approximately \$US 51,000, \$US 12,000, \$US 8,500, and \$US 5,000 to a variety of tax and social welfare inspectors and officials to reduce taxes and penalties owing by EFC in the Congo. A fifth "black money" payment in Congolese currency equivalent to approximately \$US 10,000, in Q1 2013, was still being investigated.

Per Diem Payments

Payments to government officials in the form of a daily stipend ("per diems") can be made under certain circumstances under the Congolese law applicable to such payments. The Congolese law is understood to allow payments of daily stipends and for travel and lodging but sets limits on the amount of these per diems and to whom they may be paid.

The Investigation has found multiple examples where MPC paid per diems in excess of the allowable limit, particularly to senior officials. There are also instances where MPC paid per diems without required documentation, paid on the basis of an estimate of effort, or paid to officials that did not qualify for per diems based upon the work to be done and/or location of the work.

In response to concerns raised over the payments of per diems in 2013, MPC instituted a new policy on payments to government officials. At the November 13, 2013 Board Meeting the Board directed that legal advice from Canadian and Congo lawyers be obtained on the policy for making payments to government officials. While Canadian legal advice was obtained, there is no evidence to date of a written legal opinion from Congolese counsel. While current evidence suggests that this policy was put in place on a good faith basis, the limits set by the policy are, in many cases, above those established by published Congolese law which had been adopted about twenty years before the policy went into effect. The policy contains few of the restrictions which would lower the allowable limit of per diems.

There is evidence that MPC made per diem payments above the limits set in the policy.

Record-Keeping

The Investigation has found evidence that MPC maintained records separate from its regular books of account capturing payments funded by MPC, and others, for government inspections, payments for per diem expenses, and payments for officials' expenses during the negotiation of various agreements.

At present, these funds appear to be managed by the Finance Manager of MPC. The actual funds are kept separate from MPC's.

The investigation of this matter was continuing.

About MagIndustries Corp.

MagIndustries is a Canadian company whose common shares are listed on the Toronto Stock Exchange and trade in Canadian currency under the symbol "MAA". The Company has 755,942,674 common shares outstanding. MagIndustries is focused on the development of its potash assets in the Republic of Congo. More information on the Company is available on its website, www.magindustries.com.

Forward Looking Information

Except for historical information, this press release contains forward-looking statements, which reflect the Company's current expectation regarding future events. These forward-looking statements involve risks and uncertainties, which may cause actual results to differ materially from those statements. Those risks and uncertainties include, but are not limited to, country policy and political risks, currency exchange risk, changing market conditions, force majeure events, and other risks detailed from time-to-time in the Company's ongoing filings. Specifically with respect to this press release, the Company may not be able to raise required funds, resume its Investigation, recruit replacement directors, recruit other personnel or offer a liquidity event in the future. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required under the Company's continuous disclosure obligations.

(1) An exchange rate of 1USD = 587CFA was used.

Contact Information

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