

MAGELLAN MINERALS LIMITED

(THE "COMPANY")

MANDATE

OF THE

COMPENSATION COMMITTEE

GENERAL

The Compensation Committee, under the supervision of the Board, has overall responsibility for recommending levels of executive compensation that are competitive and motivating in order to attract, hold and motivate the CEO, CFO, President, other senior officers and other key employees (the "**Management**") and for recommending compensation for directors.

The Compensation Committee shall be comprised of three members, a majority of whom shall be "independent" directors as defined in applicable securities legislation.

RESPONSIBILITIES

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

The Compensation Committee shall:

- () review annually the compensation for directors who serve on the Board or its committees, considering all relevant matters including the goals of the Company, the effectiveness of the Board, each committee and each director in achieving its mandate, time commitment of directors, compensation provided by comparative companies and level of responsibility;
- () review annually the indemnification policies of the Company and D&O insurance policy, if any;
- () review and approve performance targets and corporate goals relevant to CEO, President and CFO compensation and evaluate the performance of the CEO, President and CFO based on such goals;
- () review annually the salary, bonus, stock options and other benefits, direct or indirect and change of control packages for Management, considering all relevant matters including the goals of the Company and the effectiveness of Management in achieving the goals, the skill, qualifications and level of responsibility of Management, compensation provided by comparative companies and make recommendations to the Board;
- () administer stock option plan, employee benefit plans and other plans adopted by the Company and review and approve benefits to be granted under the plans to Management in accordance with guidelines established by the Board;
- () with the assistance of Management, monitor trends in compensation of directors and management, review the Company's compensation policies and plans and make recommendations to the Board;

- () review executive compensation disclosure, including compensation philosophy, before it is publicly disclosed; and
- () review disclosure of stock option plans that are submitted for shareholder approval.

The Committee shall have authority to engage outside consultants to review the Management compensation program as appropriate.

The Committee shall review and approve the Compensation Committee Report for publication in the annual proxy circular or annual information form.

The Committee shall conduct a portion of each meeting without the presence of non-independent directors and management.

The Committee shall also have such other powers and duties as are delegated to it by the Board.

The Committee shall conduct an annual assessment of its performance and report the results to the Board.

EFFECTIVE DATE

This Mandate was implemented by the Board on the 25th day of May, 2007.