MBAC FERTILIZER CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Three and Nine Months Ended September 30, 2014 and 2013

Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of MBAC Fertilizer Corp. ("MBAC" or the "Company") for the three and nine months ended September 30, 2014 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains "forward-looking information" that is subject to certain risk factors including those set out in the cautionary note and elsewhere in this MD&A and in the Company's current Annual Information Form. All figures are in thousands of United States dollars ("$" or "USD"), except price per tonne and earnings per share, or unless otherwise noted. References herein to C$ or CAD are to the Canadian dollar and R$ or BRL are to the Brazilian Real. This MD&A has been prepared as of November 12, 2014. A copy of this MD&A and additional information relating to the Company, including the Company's current Annual Information Form, are available online under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Throughout this MD&A, reference to "the quarter", "the three-month period" or "Q3 2014" shall refer to the period from July 1, 2014 to September 30, 2014. References to "the nine-month period" or "nine months ended September 30, 2014" shall refer to the period from January 1, 2014 to September 30, 2014. References to "the comparative quarter" or "Q3 2013" shall refer to the period from July 1, 2013 to September 30, 2013. References to "the comparative nine-month period" or "nine months ended September 30, 2013" shall refer to the period from January 1, 2013 to September 30, 2013. References to "the year" or "the fiscal year" or "FY2014" shall refer to the period from January 1, 2014 to December 31, 2014. References to "FY2015" shall refer to the period from January 1, 2015 to December 31, 2015. References to "the prior year" shall refer to the period from January 1, 2013 to December 31, 2013.

HIGHLIGHTS AND OVERALL PERFORMANCE

THREE MONTHS ENDED SEPTEMBER 30, 2014

Highlights

- Produced 30,722 tonnes of Single Super Phosphate ("SSP"), including approximately 22,000 tonnes in September 2014;
- Generated pre-commercial revenue of $6.3 million from the sale of SSP;
- Established a daily production record of approximately 1,700 tonnes of SSP, exceeding the expected daily production volume that the Itafós Arraias SSP Operations was originally designed for;
- Executed a new credit facility of $17.4 million, of which $10.6 million was disbursed through September 2014;
- Implemented a number of initiatives aimed at optimizing performance and reducing annual costs by approximately $4.0 million; and
- Subsequent to quarter end:
    - Executed debt extension agreements with its senior lenders permitting deferral of principal and interest payments on project finance and certain working capital loans by up to two years;
    - Executed and received disbursements from new working capital loans of approximately $5.4 million;
    - Commenced purchasing phosphate rock from third parties for use as feedstock in the production of SSP at the Itafós Arraias SSP Operations, thereby optimizing the use of plants at its industrial complex; and
    - Commenced discussions with a financial advisor, in collaboration with the senior lenders, to find a definitive solution for the Company's capital constraints, which may include sale of assets or other strategic arrangements.

CORE BUSINESS

MBAC is a Canadian-based company, listed on the Toronto Stock Exchange ("TSX") under the symbol "MBC" and quoted on the OTCQX International under the symbol "MBCFF". The Company is focused on becoming a significant integrated producer of phosphate fertilizer and related products in the Brazilian market. The Company operates the Itafós Arraias Single Super Phosphate ("SSP") Operations which is wholly owned by the Company's subsidiary, Itafós Mineração Ltda. ("Itafós"). The production facility comprises a beneficiation plant, a sulphuric acid plant, an SSP acidulation plant and a granulation plant and is estimated to have production capacity of approximately 500,000 tonnes of SSP per annum (the "Itafós Arraias SSP Operations"). The Company also produces and sells excess sulphuric acid as a by-product of the SSP production process. The Company finished construction in 2013 and has since advanced on ramp-up of its Itafós Arraias SSP Operations.

In addition, the Company is periodically engaged in exploration and evaluation efforts aimed at increasing the mine life of the Itafós Arraias SSP Operations. If sufficient mineral resources are confirmed, the Company may consider the expansion of the SSP production facility in the future. MBAC also owns two additional projects, namely the Santana Phosphate Project and the Araxá Project (see "Project Updates" section).

OPERATIONS UPDATE

ITAFÓS ARRAIAS SSP OPERATIONS

The Itafós Arraias SSP Operations are located in the municipality of Arraias, in the state of Tocantins, Brazil, and its production is expected to meet the domestic demand in the New Agricultural Frontier in central northern Brazil. SSP is a type of phosphate fertilizer widely used in Brazil while the target market of the Company is known to be one of the areas with the largest agricultural growth in the country. According to SIACESP/ANDA (the Association of Fertilizer and Agriculture in the state of Sao Paulo, Brazil), the total SSP market size in Brazil is estimated to be approximately 5.0 million tonnes per year, of which approximately 1.2 million tonnes are estimated to be consumed in the Company's target market area. Once fully ramped up, the Itafós Arraias SSP Operations would be the largest fully integrated SSP producing facility in this market, being among one of the largest SSP producing facilities in Brazil. Based on the Updated Itafós Technical Report (as defined below), proven and probable reserves are currently estimated at 64.8 million tonnes at an average P_2O_5 grade of 5.08% which supports a mine life of approximately 19 years. The Company has significant unexplored property in its land package.

In 2013, the Company began production and delivery of granulated SSP, meeting industry specifications. MBAC is focused on ramping up production to full capacity and increasing market share. As the Company continues to transition from a development stage company to an integrated fertilizer producer and ramps up operations, it continues to refine production processes and plant functioning to optimize efficiencies of operations.

For the majority of 2014 to date, the Company has had lower than expected levels of working capital and severe cash constraints. These financial constraints affected the Company in purchasing consumables, and also impacted the purchase of spare parts causing interruptions and delays, leading to operational inefficiencies, which resulted in a slower than expected ramp-up and reduced production output. During Q3 2014, the Company received disbursements from a working capital loan with Banco Santander ("Santander") in the amount of $10.6 million (see "Liquidity and Capital Resource" section below) which allowed the Company to resume continuous production in September 2014. During the month of September 2014, approximately 22,000 tonnes of SSP and approximately 10,500 tonnes of sulphuric acid were produced and the Company established a daily production record of approximately 1,700 tonnes of SSP, exceeding the expected daily production volume that the Itafós Arraias SSP Operations was originally designed for. Management believes that the Company has made progress towards its short-term goal of achieving commercial production of 25,000 tonnes of SSP per month. In addition to the significant working capital constraints, the planting season in Brazil is effectively at an end and near-term demand for SSP product will, as a result, be soft. As such, the Company will prudently align its operations with the seasonality of SSP demand in MBAC's target region, with the objective of conserving cash. Production of higher volumes is expected to resume in the first half of 2015 when demand for SSP is expected to grow. As a result, the Company is not expecting to have sufficient evidence to be able to declare commercial production during this slower demand season.

The Company continues to explore a number of options to ramp up its operations and strengthen its working capital position. As part of this strategic review process, subsequent to quarter end, MBAC initiated the purchase of phosphate rock from third parties to serve as feedstock for the Company's production of SSP. MBAC believes that the purchase of third party phosphate rock allows the Company to immediately reduce production costs, accelerate production, generate positive cash flow in the near term as well as potentially exceed nominal capacity of 500,000 tonnes per year in the longer term. The Company also implemented a set of comprehensive cost-containment initiatives during Q3 2014. The restructuring included a reduction in MBAC's workforce by more than 15%, renegotiation of agreements with suppliers and a more efficient use of equipment and office facilities. These initiatives are expected to reduce the Company's costs by approximately $4.0 million annually.

On the sales front, the primary focus currently is on delivering product for the sales orders received to date. The Company has delivered approximately 85,000 tonnes to date and expects to be in a position to deliver approximately between 95,000 and 105,000 tonnes for FY2014. Sales efforts for 2015 with large fertilizer distributors, blenders, large farmers and grain traders within the region are underway.

The table below summarizes the operational performance for the Itafós Arraias SSP Operations during the three and nine months ended September 30, 2014:

(in tonnes unless otherwise stated)	Three months ended September 30, 2014	Nine months ended September 30, 2014
Ore extracted	191,568	419,244
P_2O_5 grade (%)	7.3%	7.2%
SSP pre-commercial production	30,772	86,902
SSP pre-commercial sales on deliveries	34,607	76,583
Pre-commercial SSP net revenue[1]	$ 6,252	$ 13,857
Sulphuric acid pre-commercial total production	16,488	36,680
Sulphuric acid pre-commercial sales on deliveries	628	12,398
Pre-commercial sulphuric acid net revenue[1]	$ 91	$ 1,785

The net revenue is net to the Company after freight, taxes and discounts provided for advance payments. The average price that the Company expects to realize from the remaining committed sales to date is higher than the price realized on deliveries during the quarter. When the Company declares commercial production, revenues and expenses related to the Itafós Arraias SSP Operations will begin to be reflected on the Company's statement of operations, rather than being capitalized to property, plant and equipment.

To satisfy market demand, the Company is providing its customers with the ability to purchase its SSP product in one tonne bags in addition to the standard bulk delivery. The Company has also provided its customers with the option to have micronutrients added to the SSP providing a broader product offering. Each of these initiatives provides the Company the potential to earn additional margin.

1 *Prior to reaching commercial production, the Company capitalizes all costs incurred related to the Itafós Arraias SSP Operations to property, plant and equipment. Proceeds from sales during this period are offset against costs capitalized.*

Given the impact that the significant working capital constraints had on production volumes to date, MBAC has updated its previously disclosed guidance of the expected production and sales at the Itafós Arraias SSP Operations for FY2014 and FY2015 as follows:

		2014	2015
SSP			
Production	k tonnes	95 – 105	325 – 350
Sales	k tonnes	95 – 105	325 – 350
Sulphuric acid available for sale			
Production	k tonnes	15 – 17	30 – 40
Sales	k tonnes	15 – 17	30 – 40

The Company continues to expect that over the longer term, its future sales growth will be supported by strong market fundamentals and demand trends in Brazil. Fertilizer consumption has continued to be strong, driven by increased intensity of fertilizer application and increased planting area. Recent data from ANDA (the National Fertilizer Association in Brazil) shows that consumption of all fertilizers in Brazil for the first nine months of 2014 was up by 7.2% compared to the same period last year and imports of fertilizer were up by 10.8% over the same period last year. In MBAC's region of influence, in particular, growth in the first half of 2014 reached 8.7%. ANDA is currently forecasting fertilizer consumption in Brazil of 32.1 million tonnes in 2014 which would be yet another record year.

While overall fertilizer demand and consumption continue to grow, ANDA forecasts that Brazil's imports of SSP will decrease to approximately 470,000 tonnes in 2014 from approximately 870,000 tonnes in 2013. The Company believes that this should lead to an improved competitive environment for MBAC's product in their target region. The decline in imports is consistent with Brazil's objective of reducing its dependence on imported fertilizer, given the strategic importance of fertilizer for Brazilian agriculture – one of the largest sectors in the Brazilian economy and one of the country's principal export engines.

ITAFÓS TECHNICAL REPORT

The Company's technical report for the Itafós Arraias SSP Operations is entitled "Updated Technical Report Itafós Arraias SSP Project" dated and effective as of March 27, 2013 prepared by Carlos Guzmán, FAusIMM, RM (Chilean Mining Commission), of NCL Brasil Ltda. ("NCL"), Beau Nicholls (BSc (Geol) MAIG), an associate consulting geologist with Andes Mining Ltd. ("AMSL"), Bradley Ackroyd (BSc (Geol) MAIG), the principal consulting geologist for AMSL, and Homero Delboni Jr. (registered member CIM & SME), owner of HDA Serviços S/S Ltda, each a "qualified person" within the meaning of National Instrument 43-101 (the "Updated Itafós Technical Report"). The Updated Itafós Technical Report was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and is filed under the Company's profile on SEDAR at www.sedar.com.

Proven and probable mineral reserves based on the production schedule used for the Updated Itafós Technical Report are as follows. Information below is based on assumptions, qualifications and procedures which are not fully described herein and reference should be made to the full text of the Updated Itafós Technical Report:

Category	Tonnage (million tonnes)	P_2O_5 %
Proven reserves	15.9	5.09
Probable reserves	48.9	5.07
	64.8	**5.07**

PROJECT UPDATES

SANTANA PHOSPHATE PROJECT

The Company, through two of its subsidiaries, is the beneficial holder of eight exploration properties, with one of these being a mining permit under application, and one additional exploration permit under application for a total of nine claims totalling 87,855 hectares, for a phosphate project in the southeastern region of Pará State close to the border of Mato Grosso State in Brazil (the "Santana Phosphate Project"). The Santana Phosphate Project is a high grade phosphate fertilizer project located in the heartland of one of the most promising agricultural areas in South America.

The Company's technical report for the Santana Phosphate Project is entitled "Feasibility Study – Santana Phosphate Project Pará State, Brazil," dated and effective as of November 28, 2013, prepared by Bradley Ackroyd of AMSL, Carlos Guzmán of NCL and Robert Alexander of PegasusTSI, each a "qualified person" within the meaning of NI 43-101 (the "Santana Feasibility Study"). The Santana Feasibility Study was prepared in accordance with NI 43-101 and is filed under the Company's profile on SEDAR at www.sedar.com. Please refer to the Santana Feasibility Report for more details on the updated mineral resource estimate and mine plan, base case assumptions, project economics and proven and probable reserves regarding the project.

The Company has worked closely with its technical consultants and has had the benefit of its recent experience in planning and constructing the production facility at the Itafós Arraias SSP Operations in benchmarking the estimated Santana Phosphate Project capital costs.

In the potential development of the Santana Phosphate Project, the Company would focus on minimizing risks of the project by applying lessons learned from the Itafós Arraias SSP Operations and retaining an Engineering, Procurement and Construction Management (EPCM) contractor to provide additional independent oversight at the project, which would be expected to assist in mitigating the risk of cost overruns and time delays.

Apart from applying the lessons learned at the Itafós Arraias SSP Operations, the Santana Phosphate Project is expected to benefit from certain cost reducing factors including the more compact footprint for the operations which coupled with design improvements will require less materials and equipment such as structural steel, wiring, concrete and belt conveyors; the water supply can be sourced directly from a river so building a water dam would not be required; and the high grade mineral deposit would allow for a smaller beneficiation plant and lower volumes of ore and waste will be mined.

MBAC underwent a public hearing process with Pará State Environment Agency and has submitted the Environmental Assessment Report for the development of the Santana Phosphate Project. The Company is now waiting for the evaluation of its submission. The approval of the Environmental Assessment Report and the public hearing is part of the procedure of issuance of the Initial Environmental License ("Licença Prévia").

To date, related to the development of the Santana Phosphate Project, the Company has executed a credit facility with Brazilian Development Bank ("BNDES") for $7.6 million (R$17.9 million), signed a mandate letter with International Finance Corporation ("IFC") to provide financing services and obtained pre-approval for $75 million in financing subject to certain customary conditions (the "IFC Santana Financing"), and signed an engagement letter with Banco Itaú BBA ("Itaú") to act as the lead arranger for the arrangement, underwriting and syndication of long-term financing, excluding the IFC Santana Financing.

Notwithstanding the above, the Company's current focus remains entirely on the Itafós Arraias SSP Operations. MBAC also continues to review strategic alternatives and work with its financial advisor to identify suitable strategic partners for the potential sale of the Santana Phosphate Project. These strategic initiatives are expected to impact the timelines and the project economics described in the Santana Feasibility Study. Given the early stage of the Santana Phosphate Project and fluctuations in commodity prices, the realizable value of the project may differ significantly from the NPV calculated in the Santana Feasibility Study.

ARAXÁ PROJECT

The Company, through one of its subsidiaries, is the beneficial holder of four exploration claims, totalling 214 hectares, of a rare earth oxides ("REO")/niobium/phosphate project located in the southwestern part of Minas Gerais state, Brazil (the "Araxá Project").

During 2012, the Company announced the results of an initial preliminary economic assessment, based on the technical report entitled "A Preliminary Economic Assessment in the form of an Independent Technical Report on MBAC Fertilizer Corp. – Araxá Project", effective October 1, 2012 as amended and restated January 25, 2013 (the "Amended Araxá PEA"). The Amended Araxá PEA was prepared by Bradley Ackroyd and Andrew N. Clay of Venmyn Rand (Pty) Limited, each of whom is a "qualified person" within the meaning of NI 43-101. Certain of the following information is based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Amended Araxá PEA which is available for review under the Company's SEDAR profile at www.sedar.com. The Amended Araxá PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the Amended Araxá PEA will be realized.

MBAC's business plan for the Araxá Project was selected by the Inova Energia, a financial support program in Brazil by BNDES, the Brazilian Innovation Agency - Financiadora de Estudos e Projetos ("FINEP") and the National Agency for Electricity - Agência Nacional de Energia Elétrica (ANEEL) that provides a series of subsidies and other incentives to assist Brazilian companies and technology institutes to develop and commercialize innovative technologies (the "Inova Support Program"). As noted earlier, the Company's current focus remains entirely on the Itafós Arraias SSP Operations. In light of the current liquidity challenges, the Company is postponing these discussions for the future.

The Mineral Production National Department ("DNPM") of Brazil provided its approval for the Mineral Extraction - Economic Plan which was prepared based on the results disclosed on the Amended Araxá PEA. The Company is in the early stages of obtaining the preliminary environmental license.

Given the early stage of the Araxá Project and fluctuations in commodity prices, the realizable value of the project may differ significantly from the NPV calculated in the Amended Araxá PEA. MBAC has determined that although the Araxá Project has great potential, it is considered a non-core project given the Company's focus on agricultural inputs. The Company is currently in discussions with potential buyers of the underlying product (REOs) as well as potential strategic partners for the sale of part or all of the Araxá Project. The foregoing factors will impact the timelines and the project economics described in the Amended Araxá PEA.

FINANCIAL INFORMATION

The following selected financial data is derived from the unaudited condensed interim consolidated financial statements of MBAC for the periods presented:

STATEMENT OF OPERATIONS

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Operating expenses				
Selling, general and administrative expenses	$ 3,026	$ 2,729	$ 7,568	$ 9,697
Exploration and evaluation expenditures	23	149	112	404
Operating loss	(3,049)	(2,878)	(7,680)	(10,101)
Foreign exchange loss	(12,290)	(2,444)	(2,440)	(10,350)
Other income (expense)	280	(590)	(3,708)	4,047
Finance expense	(3,251)	(235)	(4,603)	(3,446)
Loss before income taxes	(18,310)	(6,147)	(18,431)	(19,850)
Deferred income tax expense	434	433	1,275	1,392
Net loss	$ (18,744)	$ (6,580)	$ (19,706)	$ (21,242)
Adjusted net loss[2]:				
Share-based payment expense	214	118	785	516
Loss (gain) on disposition of long-term assets	2	156	154	(4,548)
Amortization of deferred transaction costs	343	143	1,187	143
Restructuring costs	1,090	–	1,090	–
Unrealized (gain) loss on derivative instruments	2,670	(648)	162	1,921
Unrealized foreign exchange (gain) loss	12,262	2,303	748	9,611
Adjusted net loss[3]	$ (2,163)	$ (4,508)	$ (15,580)	$ (13,599)
Basic and diluted net loss per share	$ (0.10)	$ (0.04)	$ (0.12)	$ (0.15)
Adjusted basic and diluted net loss per share	$ (0.01)	$ (0.03)	$ (0.09)	$ (0.10)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

Selling, general and administrative ("SG&A") expenses

Severance and termination costs with regards to the restructuring measures undertaken during the quarter, as discussed in the Itafós Arraias SSP Operations update above, of $1,090 for Q3 2014 (Q3 2013 – $Nil) were included in SG&A. Excluding the impact of restructuring costs, SG&A expenses for Q3 2014 decreased by $793 compared with SG&A expenses for Q3 2013, consistent with other cost-containment initiatives implemented by management during Q3 2014. The decrease was primarily due to decreases of $507 in payroll expenses, $232 in professional fees and $182 in other expenses.

Unrealized foreign exchange loss

The unrealized foreign exchange loss of $12,262 for Q3 2014 (Q3 2013 – loss of $2,303) was primarily comprised of unrealized losses resulting from the revaluation of long-term debt denominated in foreign currency of $6,856 (Q3 2013 – $211), unrealized losses on the revaluation of deferred income denominated in foreign currency of $561 (Q3 2013 – $15) and the revaluation of intercompany loans between the Company's subsidiaries of $4,860

2 *A cautionary note regarding non-IFRS measures is included in the "Non-IFRS Measures" section of this MD&A, including a discussion and definition of Adjusted net loss and Adjusted net loss per share.*

3 *Adjustments to net loss did not have an income tax effect.*

(Q3 2013 – $2,210). The unrealized loss on the intercompany loans is recorded for accounting purposes and does not alter the economic impact for the consolidated Company.

Finance expense

Finance expense of $3,251 for Q3 2014 (Q3 2013 – $235) was primarily comprised of interest expense of $704 (Q3 2013 – $343) and an unrealized loss on derivatives of $2,346 (Q3 2013 – gain of $648) relating to cross currency interest rate swap arrangements in connection with the Mizuho Loan and Votorantim Working Capital Loans.

Deferred income tax expense

The deferred income tax expense of $434 for Q3 2014 (Q3 2013 – $433) was due to unrealizable withholding tax credits related to intercompany loans.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

Selling, general and administrative ("SG&A") expenses

Included within SG&A were restructuring costs of $1,090 for the nine months ended September 30, 2014 (nine months ended September 30, 2013 – $Nil), as discussed above. Excluding the impact of restructuring costs, SG&A expenses for the nine months ended September 30, 2014 decreased by $3,219 compared with SG&A expenses for the nine months ended September 30, 2013, consistent with other cost-containment initiatives implemented by management during 2014. The decrease was primarily related to decreases of $2,487 in payroll expenses and $707 in professional fees.

Unrealized foreign exchange loss

The unrealized foreign exchange loss of $748 for the nine months ended September 30, 2014 (nine months ended September 30, 2013 – loss of $9,611) was primarily comprised of the unrealized losses resulting from the revaluation of long-term debt denominated in foreign currency of $1,692 (nine months ended September 30, 2013 – $4,401) and unrealized losses on the revaluation of deferred income denominated in foreign currency of $213 (nine months ended September 30, 2013 – $648), offset by unrealized gains on intercompany loans between the Company's subsidiaries of $1,261 (nine months ended September 30, 2013 – loss of $4,121). The unrealized gain on the intercompany loans is recorded for accounting purposes and does not alter the economic impact for the consolidated Company.

Other income (expense)

Other expense of $3,708 for the nine months ended September 30, 2014 (nine months ended September 30, 2013 – income of $4,047) was primarily comprised of the loss of $2,025 on derecognition of the CELTINS note receivable, taxes and penalties related to the deferral of payment of taxes payable of $1,263 and contingencies expense of $418. Other income in the comparative period was primarily related to the gain on sale of the Company's interest in a non-material area of exploration ground.

Finance expense

Finance expense of $4,603 for the nine months ended September 30, 2014 (nine months ended September 30, 2013 – $3,446) was primarily comprised of interest expense of $2,072 (nine months ended September 30, 2013 – $710), amortization of deferred transaction costs of $1,187 (nine months ended September 30, 2013 – $143) and other financial expenses of $1,952 (nine months ended September 30, 2013 – $931) primarily related to fees on the prepayment of the Itaú Mezzanine Loans, financial expenses incurred on intercompany transactions and fees paid on amendments to loan agreements, offset by interest income of $426 (nine months ended September 30, 2013 – $259) and an unrealized gain on derivatives of $162 (nine months ended September 30, 2013 – loss of $1,921) relating to cross currency interest rate swap arrangements in connection with the Mizuho Loan and Votorantim Working Capital Loans.

Deferred income tax expense

The deferred income tax expense of $1,275 for the nine months ended September 30, 2014 (nine months ended September 30, 2013 – $1,392) was due to unrealizable withholding tax credits related to intercompany loans.

FINANCIAL CONDITION

The following selected financial data is derived from the unaudited condensed interim consolidated financial statements for the periods presented:

BALANCE SHEET

		September 30, 2014		December 31, 2013
Current				
Cash and cash equivalents	$	–	$	661
Restricted cash		1,675		9,072
Inventories		7,440		8,068
Other current assets		3,772		6,186
Non-current				
Restricted cash		–		14,572
Other long-term assets		27,063		34,495
Property, plant and equipment		407,174		373,965
Mineral properties		65,293		64,238
Total Assets	$	512,417	$	511,257
Current				
Bank indebtedness	$	578	$	–
Accounts payable and accrued liabilities		32,090		28,834
Deferred revenue		3,744		1,824
Debt		254,039		252,510
Non-current				
Other long-term liabilities		12,888		8,759
Deferred income		5,000		5,000
Total Liabilities		308,339		296,927
Shareholders' Equity		204,078		214,330
Total Liabilities and Shareholders' Equity	$	512,417	$	511,257

Assets

Total assets were $512,417 as at September 30, 2014 (December 31, 2013 – $511,257). Total assets included restricted cash of $1,675 (December 31, 2013 – $23,644) (see below).

The movement in significant assets is described below:

Restricted Cash

The Company had restricted cash of $1,675 (December 31, 2013 – $23,644), of which $Nil (December 31, 2013 – $14,572) was classified as long-term, comprising primarily of debt service reserve accounts. The balance of restricted cash as at prior year end related to a combination of debt service reserve accounts and cash collateral accounts restricted to repayment of debt. During Q2 2014, in order to save on future interest costs, the Company withdrew the balance of $15,452 in its cash collateral accounts to make principal, interest and fee payments on the Itaú Mezzanine Loans of $14,950 (see "Liquidity and Capital Resources" section of this MD&A) and used the remaining proceeds of $502 for working capital purposes.

Inventories

Inventories were comprised of raw materials of $3,741 (December 31, 2013 – $3,855), work in process of $806 (December 31, 2013 – $1,931), finished goods of $1,449 (December 31, 2013 – $892) and spare parts and supplies of $1,444 (December 31, 2013 – $1,390).

Other current and long-term assets

Other current and long-term assets were primarily comprised of advances to suppliers and tax credits accumulated primarily on purchases of property, plant and equipment.

Other long-term assets were primarily comprised of tax credits. Tax credits consist of Brazilian state and federal taxes accumulated primarily on purchases of property, plant and equipment and can be applied to offset certain value added taxes and other taxes payable in future periods. As at September 30, 2014, the Company had tax credits of $26,057 (December 31, 2013 – $26,898) of which $302 (December 31, 2013 – $1,067) was included in "Other current assets". The Company offset $69 of long-term tax credits against long-term taxes payable as at September 30, 2014. Tax credits are offset against taxes payable only if the Company has a legally enforceable right to set off payables with credits.

During Q2 2014, the Company entered into a credit arrangement with Banco Modal S.A. ("Modal") whereby Modal agreed to advance $6,898 (R$15,311) to the Company in exchange for future cash receipts from the CELTINS note receivable. The terms of the credit arrangement align the principal and interest repayments required to be made by the Company to Modal with the expected receivables from CELTINS. To ensure the timely fulfillment of all obligations under the credit arrangement, the Company and Modal entered into a separate agreement to assign all credit rights from the CELTINS note receivable to Modal. The arrangement between the Company and Modal transfers all the risks and rewards associated with the CELTINS note receivable to Modal and therefore the Company derecognized the CELTINS note receivable during Q2 2014. The Company received cash proceeds of $6,675 (R$14,816), net of certain financing costs of $223 (R$495) which were recorded in "Other financial expense" during Q2 2014. The Company recognized a loss of $2,025 (R$4,491) on derecognition of the CELTINS note receivable which was recorded in "Other (expense) income" during Q2 2014 on the condensed interim consolidated statement of operations.

Property, plant and equipment

During the three and nine months ended September 30, 2014, property, plant and equipment increased by $25,627 and $66,772, respectively (Q3 2013 – $23,070; nine months ended September 30, 2013 – $131,848), substantially all of which was related to capitalized borrowing costs, capitalized depreciation and capitalized other operational costs prior to reaching commercial production at the Itafós Arraias SSP Operations. The increase in net book value of $33,209 during the nine-month period included a negative foreign exchange impact of $16,154.

Mineral properties

During the three and nine months ended September 30, 2014, MBAC invested $1,216 and $4,168 in exploration and development activities, respectively (Q3 2013 – $1,659; nine months ended September 30, 2013 – $7,844), primarily related to the Santana Phosphate Project. The increase in net book value of $1,055 during the nine-month period included a negative foreign exchange impact of $2,485.

Accumulated depreciation and depletion

Depreciation and depletion of property, plant and equipment and mineral properties for the three and nine months ended September 30, 2014 was $6,396 and $17,718, respectively (Q3 2013 – $5,292; nine months ended September 30, 2013 – $6,669). For the three and nine months ended September 30, 2014, $4,852 and $13,957 of depreciation and depletion was capitalized back to property, plant and equipment during the pre-commercial production period, respectively.

Liabilities

Total liabilities as at September 30, 2014 were comprised of current liabilities of $290,451 (December 31, 2013 – $283,168) and long-term liabilities of $17,888 (December 31, 2013 – $13,759).

The movement in significant liabilities is discussed below:

Accounts payable and accrued liabilities

Total accounts payable and accrued liabilities were primarily comprised of trade payables and accruals of $22,220 (December 31, 2013 – $19,174), payroll related liabilities of $6,310 (December 31, 2013 – $5,295), taxes payable of $1,557 (December 31, 2013 – $2,975) other current liabilities of $1,568 (December 31, 2013 – $1,390) and restructuring provision of $435 (December 31, 2013 – $Nil). Overall, accounts payable and accrued liabilities have increased during the nine-month period due to cash constraints and the ramp-up of operations at the Itafós Arraias SSP Operations.

Deferred revenue

The total deferred revenue of $3,744 (December 31, 2013 – $1,824) was related to proceeds received in advance for sales of SSP. During the nine months ended September 30, 2014, the Company received proceeds in advance in the amount of $14,503 and earned revenue of $12,547 on deliveries. The movement during the nine-month period included a foreign exchange impact of $36.

Other long-term liabilities

Other long-term liabilities of $12,888 (December 31, 2013 – $8,759) were comprised of withholding taxes payable on intercompany loans between the Company's subsidiaries of $4,763 (December 31, 2013 – $3,699), a provision for environmental restoration of $955 (December 31, 2013 – $1,335), a derivative liability of $2,193 (December 31, 2013 – $2,389), long-term taxes payable of $4,841 (December 31, 2013 – $785) and a restructuring provision of $136 (December 31, 2013 – $Nil).

Current and long-term debt

The overall increase of $1,529 in debt since December 31, 2013 was comprised of borrowings of $38,844, interest accruals of $22,769 and amortization of deferred financing fees of $3,536, offset by principal, interest and fee payments of $56,993 and foreign exchange impact of $6,627. See "Liquidity and Capital Resources" section below for discussion on new borrowings during the nine months ended September 30, 2014.

While undergoing an active negotiation process during Q3 2014 to execute debt extension agreements with the Company's senior lenders, the Company was not in compliance with some of the requirements set in its loan agreements which existed as at September 30, 2014. As a result, the Company has presented all its debt as current for Q3 2014.

However, subsequent to quarter end, the Company executed debt extension agreements with senior lenders, permitting the Company to defer the repayment of principal and interest on the project finance debt and certain working capital loans by up to two years. Additionally, as at September 30, 2014, the Company had sufficient funds in the debt service reserve accounts as requested by the senior lenders during the debt extension negotiation process. Under the terms of the executed debt extension agreements, the Company will not be required to be replenish these debt service reserve accounts until 2016 (see "Liquidity and Capital Resources" section below).

Shareholders' Equity

	September 30, 2014	December 31, 2013
Share capital	$ 324,083	$ 328,865
Contributed surplus	18,330	18,492
Warrant reserve	10,655	5,542
Accumulated other comprehensive loss	(17,388)	(26,673)
Deficit	(131,602)	(111,896)
	$ 204,078	$ 214,330

The above noted change in share capital and warrant reserve was primarily due to the issuance of 29,578,000 units of the Company (each "Unit" comprised of one common share of the Company and one common share purchase warrant of the Company ("Warrant")) for proceeds of $17,444 (C$19,211), net of transaction costs. The decrease of $4,782 in share capital during the nine-month period included a negative foreign exchange impact of $16,744. For commentary on movement in accumulated other comprehensive loss, see the "Foreign Exchange" section of this MD&A.

CASH FLOW INFORMATION

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Cash flows from (used in) operating activities	$ 1,442	$ (11,216)	$ 1,651	$ (15,599)
Cash flows used in investing activities	(12,885)	(11,644)	(24,147)	(111,865)
Cash flows from financing activities	12,317	37,765	21,185	137,811
Foreign currency effect on cash	(194)	1,182	72	(797)
Increase (decrease) in cash	$ 680	$ 16,067	$ (1,239)	$ 9,550

Three months ended September 30, 2014

Operating activities

During the quarter, operating activities generated $1,442 (Q3 2013 – used $11,216) of cash. Changes in non-cash working capital items provided $5,043 of cash (Q3 2013 – used $7,426) and the cash operating loss used $3,601 of cash (Q3 2013 – $3,790).

Investing activities

During the quarter, investing activities used $12,885 (Q3 2013 – $11,644) of cash, comprised primarily of payments related to property, plant and equipment acquisitions and capitalized operational costs totalling $11,997 (Q3 2013 – $10,614) and exploration, evaluation and mine development expenditures of $889 (Q3 2013 – $1,684).

Financing activities

During the quarter, the Company generated $12,317 (Q3 2013 – $37,765) from financing activities, comprised primarily of net cash proceeds from debt financing of $13,685 (Q3 2013 – $98,966), offset by repayment of principal of $166 (Q3 2013 – $23,474) and payment of interest and fees on debt of $2,759 (Q3 2013 – $17,959). In addition, there was a decrease in restricted cash of $1,557 (Q3 2013 – increase $19,768) related to the release of funds by certain lenders.

Nine months ended September 30, 2014

Operating activities

Cash flows from operating activities amounted to $1,651 (nine months ended September 30, 2013 – used $15,599). Changes in non-cash working capital items provided $13,795 of cash (nine months ended September 30, 2013 – used $3,700) and the cash operating loss used $12,144 of cash (nine months ended September 30, 2013 – $11,899).

Investing activities

During the nine-month period, investing activities used $24,147 (nine months ended September 30, 2013 – $111,865) of cash, comprised primarily of payments related to property, plant and equipment acquisitions and capitalized operational costs totalling $29,861 (nine months ended September 30, 2013 – $114,521) and exploration, evaluation and mine development expenditures of $2,422 (nine months ended September 30, 2013 – $7,937), offset by the change in CELTINS note receivable of $7,971 (nine months ended September 30, 2013 – $614).

Financing activities

During the nine-month period, the Company generated $21,185 (nine months ended September 30, 2013 – $137,811) from financing activities, comprised primarily of net cash proceeds from the issuance of common shares and warrants of $17,444 (nine months ended September 30, 2013 – generated $80,609 through the issuance of common shares), proceeds from debt financing of $38,844 (nine months ended September 30, 2013 – $123,849), offset by repayment of principal of $36,757 (nine months ended September 30, 2013 – $23,583) and payment of interest and fees on debt of $20,969 (nine months ended September 30, 2013 – $23,902). In addition, there was a decrease in restricted cash of $22,623 (nine months ended September 30, 2013 – increase of $19,162) related to payment of principal and interest on debt and the release of funds by certain lenders.

SUMMARY OF QUARTERLY RESULTS

	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net sales	$ –	$ –	$ –	$ –
Net income (loss) – total	$ (18,744)	$ (7,017)	$ 6,055	$ (10,951)
Basic and diluted earnings (loss) – per share	$ (0.10)	$ (0.04)	$ 0.04	$ (0.08)
Adjusted basic and diluted loss – per share	$ (0.01)	$ (0.05)	$ (0.04)	$ (0.02)
Total assets	$ 512,417	$ 553,279	$ 549,061	$ 511,257

	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Net sales	$ –	$ –	$ –	$ 1,130
Net income (loss) – total	$ (6,580)	$ (17,168)	$ 2,506	$ (1,929)
Basic and diluted earnings (loss) – per share	$ (0.04)	$ (0.12)	$ 0.02	$ (0.02)
Adjusted basic and diluted loss – per share	$ (0.03)	$ (0.03)	$ (0.04)	$ (0.01)
Total assets	$ 536,741	$ 470,806	$ 459,494	$ 383,925

NON-IFRS MEASURES

The Company has included certain non-IFRS measures including “Adjusted net loss” and “Adjusted net loss per share” to supplement its financial statements, which are presented in accordance with IFRS. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The presentation of adjusted non-IFRS measures are not meant to be a substitute for net income (loss) or net income (loss) per share presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. Adjusted net loss and Adjusted net loss per share are calculated as net income (loss) excluding (a) share-based payment expense, (b) restructuring costs (c) gains and losses on the disposition of long-term assets, (d) amortization of deferred transaction costs, (e) unrealized gains and losses on derivative instruments, and (f) unrealized foreign exchange gains and losses. Management believes that the presentation of Adjusted net loss and Adjusted net loss per share provide useful information to investors because they exclude certain non-cash and other non-recurring items and are a better indication of the Company’s results from operations. The items excluded from the computation of Adjusted net loss and Adjusted net loss per share, which are otherwise included in the determination of net income (loss) and net income (loss) per share prepared in accordance with IFRS, are items that the Company does not consider to be meaningful in evaluating the Company’s past financial performance or the future prospects and may hinder a comparison of its period-to-period results.

LIQUIDITY AND CAPITAL RESOURCES

Bank indebtedness as at September 30, 2014 was $578 (December 31, 2013 – cash and cash equivalents of $661) and total restricted cash as at September 30, 2014 was $1,675 (December 31, 2013 – $23,644).

Factors that could impact MBAC’s liquidity are monitored regularly and include operating margins, seasonality, working capital requirements, currency fluctuation, capital costs and exploration expenditures.

The Company completed construction at the Itafós Arraias SSP Operations in 2013, and is now producing granulated SSP meeting industry specifications and making deliveries to customers. While the focus remains on ramping up operations towards achieving commercial production, controlling production costs and maximizing sales, achieving these goals has been delayed due to severe financial constraints, creating an additional funding requirement to finance the working capital and debt service needs. These financial constraints affected the

Company in purchasing consumables, as well as impacted the purchase of spare parts causing interruptions and delays, leading to operational inefficiencies which resulted in a slower than expected ramp-up and reduced production output. During Q3 2014, the Company received disbursements from a working capital loan which allowed the Company to resume continuous production. Subsequent to Q3 2014, the Company executed debt extension agreements to defer principal and interest payments on its project finance debt and certain working capital loans by up to two years and obtained disbursements from additional working capital loan facilities. The Company has been attempting to address its liquidity issues through various strategic efforts to date. The Company also continues to actively seek additional financing to address its immediate liquidity issues. MBAC has determined that its working capital needs for the next twelve months exceeds the amounts available under its credit agreements. Subsequent to quarter end, the Company has commenced discussions with a financial advisor, in collaboration with the Company's senior lenders, to find a definitive solution for the Company's capital constraints, which may include sale of assets or other strategic arrangements. While the Company has had a successful track record in raising capital to date, there can be no assurance that it will be able to do so in the future. These conditions indicate material uncertainty that may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. The Company's primary sources of funding to this point have been the issuance of equity securities, debt and the sale of assets. MBAC has limited other financial resources. See the "Cautionary Note Regarding Forward-Looking Information" below.

Bought Deal Public Offering

On April 17, 2014, the Company completed a bought deal equity public offering and issued 29,578,000 units of the Company (each "Unit" comprised of one common share of the Company and one common share purchase warrant of the Company ("Warrant")) for aggregate proceeds of $18,800 (C$20,705) less transaction costs of $1,356 (C$1,494). As part of the bought deal equity public offering, directors and officers acquired a total of 5,447,750 Units of the Company for consideration of $3,463 (C$3,813). Each Warrant will entitle the holder to purchase one common share of the Company at an exercise price of C$1.00 per share at any time prior to April 17, 2019.

Itaú Mezzanine Loans

During Q2 2014, the Company entered into an arrangement with Itaú whereby the Company was permitted to withdraw amounts held in its cash collateral accounts and use the proceeds to make principal prepayments and settle interest accrued as at the withdrawal date on the Itaú Mezzanine Loans. The arrangement allows the Company to save on future interest costs as the interest earned on the cash collateral accounts was at a lower rate than the interest incurred on the outstanding loan balances.

During June 2014, the Company withdrew $4,476 from its cash collateral accounts related to the USD denominated loan agreement and made principal prepayments of $3,776 and interest payments of $151. The Company incurred certain financing costs of $470 associated with this transaction, which were recorded in "Other financial expense" during Q2 2014. The schedule of payments was also amended and the next principal and interest payments related to the USD tranche of the Itaú Mezzanine Loans are due in April 2017.

During June 2014, the Company withdrew $10,976 (R$24,521) from its cash collateral accounts related to the BRL denominated loan agreement and made principal prepayments of $8,952 (R$20,000) and interest payments of $1,358 (R$3,034). The Company incurred certain financing costs of $243 (R$542) associated with this transaction, which were recorded in "Other financial expense" during Q2 2014. The schedule of payments was also amended and the next principal and interest payments related to the BRL tranche of the Itaú Mezzanine Loans are due in April 2016.

Itaú Working Capital Loans

The Company executed and received disbursements from a working capital loan with Itaú in the amount of $10.0 million in 2013. This loan, denominated in USD, had a fixed interest rate of 4.66% p.a. and originally was scheduled to mature on March 7, 2014. During Q1 2014, the Company extended this loan by virtue of settling the loan and immediately entering into a new loan with Itaú with similar terms and for the same amount maturing in March 2015; principal and interest are due at maturity. Subsequent to quarter end, the lender agreed to extend the maturity date of this loan to 2018 (see "Subsequent Event" discussion below).

During Q3 2014, the Company executed and received disbursements from two working capital loans with Itaú in the amount of $1.7 million (R$4.3 million) and $1.2 million (R$2.9 million). These loans have an interest rate of 4.5% per month + DI and were originally scheduled to mature on November 25, 2014 and January 9, 2015, respectively. Subsequent to quarter end, the maturity dates of these loans were extended to November 16, 2020 and September 15, 2016, respectively. The purpose of these loans was for the Company to effectively refinance certain debt obligations and overdraft balances.

Modal Working Capital Loan

During Q2 2014, the Company settled the two existing Modal working capital loans and entered into a new working capital loan with Modal for $6.3 million (R$15.4 million). This loan, denominated in BRL, has an interest rate of 0.6% per month + DI and matures on October 24, 2014. Principal is due at maturity and interest is payable monthly beginning in May 2014. Subsequent to quarter end, the Company extended the maturity date of this loan to March 2015.

Santander Working Capital Loan

During Q3 2014, the Company executed a working capital loan with Banco Santander ("Santander") for $17.4 million (the "Santander Loan"), of which $10.6 million was disbursed during Q3 2014. This loan has an interest rate of LIBOR + 3.473% p.a. and matures on August 21, 2015, extendable by one more year upon satisfying certain operational conditions. Principal is due at maturity and interest is payable semi-annually, with the first payment due in February 2015. The second disbursement of the remaining $6.8 million is conditional upon satisfying certain operational conditions.

CELTINS

During Q2 2014, the Company entered into a credit arrangement with Modal whereby Modal advanced $6,898 (R$15,311) to the Company in return for all credit rights from the CELTINS note receivable to Modal. The Company received cash proceeds of $6,675 (R$14,816), net of certain financing costs and recognized a loss of $2,025 (R$4,491) on derecognition of the CELTINS note receivable. See "Financial Condition" section of this MD&A.

Derivative Assets and Derivative Liabilities

As required by the Mizuho Loan, in 2013 the Company entered into a cross currency interest rate swap arrangement with Votorantim, for a notional amount of R$49.5 million (the "Votorantim Swap Agreement"). Also in 2013, the Company entered into additional cross currency interest rate swap arrangements with Votorantim, for a total notional amount of R$21.4 million (the "Votorantim Working Capital Swap Agreements"). As at September 30, 2014, the Votorantim Swap Agreement had an outstanding notional amount of R$26.7 million (December 31, 2013 – R$40.1 million) and the Votorantim Working Capital Swap Agreements had a total outstanding notional amount of R$21.4 million (December 31, 2013 – R$21.4 million). As at September 30, 2014, the Company recognized a derivative liability of $2,193 (December 31, 2013 – $2,389) equal to the fair value of these derivative instruments. The change in fair value of the derivative instruments resulted in a corresponding unrealized loss for the three months ended September 30, 2014 of $2,346 and an unrealized gain of $162 for the nine months ended September 30, 2014 (Q3 2013 – gain of $648; nine months ended September 30, 2013 – loss of $1,921), which was recognized in "Finance expense" on the unaudited condensed interim consolidated statements of operations. Both the Votorantim Swap Agreement and the Votorantim Working Capital Swap Agreements were settled subsequent to quarter end.

Subsequent Event – Debt Extension

The Company executed debt extension agreements with its senior lenders whereby MBAC will be permitted to defer the repayment of principal and interest amounts for a period of up to two years. With respect to the deferral of payments, IFC and Mizuho have provided a deferral of the repayment of principal and interest effective until September 15, 2016, while Itaú and Votorantim have agreed to provide the Company with new loans to cover the debt service needs on all but one sub credit of the Votorantim loans; effectively resulting in a grace period for principal and interest payments on their project finance loans until September 15, 2016. The interest on these new loans will be payable quarterly, beginning immediately. The senior debt extension also includes an extension of the current maturity dates of the existing working capital facilities previously provided by the senior lenders by approximately four years.

Current maturity dates of the various loans have been extended as follows:

	Principal Amounts	Amended Maturity	Original Maturity
New Tranche 1 – Project Finance	$139.8 million	November 15, 2020	Between November 2019 and March 2022
New Tranche 2 – Project Finance	$18.7 million	March15, 2018	September 15, 2016
New Tranche 1 – Working Capital Loans	$18.9[1] million	June 15, 2018	Between October 2014 and September 2015
New Tranche 2 – Working Capital Loans	$2.8 million	September 15, 2016	January 12, 2014

1 Includes a working capital loan with Itaú, for which subsequent to quarter end, the lender agreed to extend the maturity date to 2018; this extension is expected to be executed upon maturity of the original loan in March 2015 (see above).

Interest rates under the debt facilities will remain the same except for certain sub credits under the Itaú Loans and Votorantim Loans, which rates increased by 20 basis points. The Company currently has sufficient funds in the debt service reserve accounts, which will not be required to be replenished until 2016. In connection with the senior debt extension, the security package on the senior debt will be amended to add a first lien on the shares and mineral rights of MBAC Fertilizantes Ltda. (the subsidiary company that holds the Santana Phosphate Project in the State of Pará, Brazil), which is in addition to the assets of the Itafós Arraias SSP Operations that currently secure the senior debt.

Subsequent Event –New Working Capital Loans

The Company executed and received disbursements from new working capital loans of approximately $5.4 million (R$13.6 million). These funds were used primarily to purchase supplies, spare parts and phosphate rock (concentrate) from third parties.

CAPITALIZATION

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series. There are no preference shares issued or outstanding.

Share capital as at September 30, 2014 was $324,083 (December 31, 2013 – $328,865). As at September 30, 2014, MBAC had 181,607,492 common shares (December 31, 2013 – 152,029,492) issued and outstanding.

The following common shares, stock options and warrants of the Company were outstanding as at November 12, 2014:

	Expiry date	Exercise price	Securities outstanding	Common shares on exercise
Common shares	–	–	181,607,492	–
Stock options	Nov 20, 2014 to Dec 31, 2018	C$0.98 to C$3.75	8,390,614	8,390,614
Warrants	April 15, 2019 to April 17, 2019	C$1.00 to C$2.20	35,659,180	35,659,180

OUTLOOK AND STRATEGY

The Company's vision is to be a significant integrated producer of phosphate fertilizer and related products in the Brazilian market. The fundamentals of the Brazilian agribusiness sector continue to be very positive with Brazil continuing to see solid growth.

The Company's primary focus remains at the Itafós Arraias SSP Operations. The Company started production of SSP and is focused on increasing the efficiencies of the production plant, controlling production costs and increasing market share. The Company will prudently align its operations with the seasonality of SSP demand in MBAC's target region, with the objective of conserving cash. Production of higher volumes is expected to resume in the first half of 2015 when demand for SSP is expected to grow.

Sales efforts for 2015 with large fertilizer distributors, blenders, large farmers and grain traders within the region are underway. The Company expects to produce and sell between 95,000 tonnes and 105,000 tonnes of SSP in 2014 and between 325,000 tonnes and 350,000 tonnes in 2015.

The Company continues to follow its action plan as specified below:

- Putting the balance sheet on solid footing by ensuring a healthy working capital position, allowing the Company to achieve its operational goals;
- Optimizing the ramp-up by strengthening our team by bringing in experienced people with significant knowledge and background in operations and maintenance;
- Operational excellence by setting up a discipline to capture value throughout the whole organization in a structured and focused manner;
- Position MBAC as a "Supplier of Choice" in its target region by leveraging competitive advantages with logistics, client proximity and the quality of our product; and
- Future growth strategy will be undertaken by pursuing its attractive greenfield and brownfield project pipeline once we are comfortable that the Itafós Arraias SSP Operations are running at or above expectations.

In October 2013, MBAC completed the Santana Feasibility Study. The Company continues to be very excited about the prospects for this project and believes that the Santana Phosphate Project together with the Itafós Arraias SSP Operations have the potential to make MBAC the largest SSP producer in Northern Brazil and the second largest SSP producer in Brazil. MBAC continues to review strategic options and expects to pursue further advancement of the Santana Phosphate Project with partnerships or at a time when the Itafós Arraias SSP Operations' cash flow becomes positive and steady. The Santana Phosphate Project is strategically located near extensive farmland in the northern Mato Grosso State, one of the fastest growing agricultural frontiers in Brazil with extensive grain and soy growing operations. In addition, the Santana Phosphate Project is also located in Pará State, a key geographical area for animal feed supplement business, which may provide the opportunity for MBAC to produce DCP (an animal nutrient product) in the future. MBAC continues to review its strategic alternatives and work with its financial advisor to identify suitable strategic partners for the potential sale of the Santana Phosphate Project (see "Santana Phosphate Project" section of this MD&A).

MBAC is committed to strive for prudent and disciplined growth and continuous improvement of the shareholder value and returns on its various projects. The Company will also continue to focus on controlling costs and ensuring the effective management of capital expenditures. MBAC continues to consider and evaluate various strategic alternatives that would be expected to be accretive to shareholder value.

CONTRACTUAL OBLIGATIONS

Except for the presentation of all debt as current as at September 30, 2014 under IFRS requirements and not including the impact of the debt extension executed subsequent to quarter end (see "Liquidity and Capital Resources" section of this MD&A), the following table provides a breakdown with respect to the Company's contractual obligations and payment periods as at September 30, 2014:

	Total	Less than 1 year	1 -3 years	4 -5 years	Thereafter
Accounts payable and accrued liabilities	$ 32,090	$ 32,090	$ –	$ –	$ –
Debt repayments (principal portion) [1]	257,467	79,001	116,427	53,652	8,387
Accrued interest payable on debt[1]	9,286	6,789	2,497	–	–
Provision for environmental restoration	955	–	–	–	955
Capital commitments	159	159	–	–	–
Non-cancellable operating leases	798	315	163	160	160
Purchase obligations	17,054	13,040	3,705	309	–
	$ 317,809	$ 131,394	$ 122,792	$ 54,121	$ 9,502

1 See "Liquidity and Capital Resources" section of this MD&A for details on the debt extension executed subsequent to quarter end.

PHOSPHATE FERTILIZER MARKETS

According to the Instituto de Economia Agrícola, from January to September 2014 Brazilian agribusiness exports decreased by 2.7% compared to the same period last year, reaching $75.9 billion (43.7% of total Brazil exports). The surplus contribution of agribusiness sector to the Brazilian economy from January to September 2014 was $63.2 billion, 3.2% lower than the same period in 2013. The five contributors of Brazilian agribusiness exports from January to September 2014 were soy, meat, sugar (including ethanol), forest products and coffee. These five categories accounted for 81.2% of the Brazilian agribusiness sales. The latest survey of grains for 2014-2015 conducted by Brazil National Supply Company (Conab) in October 2014 indicated that Brazil's annual soybean production is estimated to increase from 86.1 million tonnes in 2014 to 92.4 million tonnes in 2015, representing a growth of 7.3%. Total planted area for grains in Brazil for 2015 is estimated to reach 58.3 million hectares. Soybean crop is estimated to occupy the most area with 31.8 million hectares, 5.5% higher than 2014.

According to ANDA, total consumption of fertilizer in Brazil from January to September 2014 was 23.7 million tonnes compared to 22.1 million tonnes and 21.1 million tonnes consumed in the same periods in 2013 and 2012, respectively. This represents an increase of 7.2% and 12.3% over 2013 and 2012, respectively.

The Di-ammonium phosphate ("DAP") price FOB Tampa, Florida is one of the benchmarks the fertilizer industry uses for phosphate pricing. The DAP price at the beginning of the year was approximately $407 per tonne increasing to upwards of $510 per tonne during Q3 2014 and coming down to approximately US$467 per tonne subsequent to Q3 2014. The Company believes that SSP prices are strongly correlated to DAP prices. Fertilizer consumption in Brazil and Latin American markets are generally favourable with the continued expectation of increased fertilizer application over the mid-to-long-term. Soybean prices declined during Q3 2014 due to the expectation that the U.S. would increase its Soybean production by 15.95% than the previous season. The Brazilian farmers continue to optimize crop yield through the use of fertilizers and other agricultural inputs. Demand is firm in the Company's target region; the Company believes the market for fertilizer will continue to strengthen over the next several months. Additionally, devaluation of BRL against USD is generally helps the farmers to offset the decrease in price of the commodities. Although fertilizer consumption in the Brazilian markets was generally favourable during the first nine months of 2014 the price of SSP has not recovered substantially from its lows in 2013. The pricing for phosphate fertilizers in Brazil is driven by "import parity" meaning that the cost of importing the final product or its inputs largely determines the local price. Prices for phosphate rock (FOB Morocco) have increased somewhat from approximately $100 per tonne at the beginning of 2014 to $115 per tonne at the end of Q3 2014, but are significantly lower than $128 per tonne and $185 per tonne at the same time in 2013 and 2012, respectively. The Company expects SSP prices to continue along the recovery path over the next 12 months.

FOREIGN EXCHANGE

MBAC's Brazilian operations are denominated in BRL, the functional currency of the Brazilian entities. The functional currency of all other entities is CAD. The presentation currency of the Company is USD. Accordingly, fluctuations in the exchange rates (BRL/USD and CAD/USD) may significantly impact the consolidated results of operations and the consolidated reported net assets. The effect of changes in currency fluctuations from the functional currency to the presentation currency on the operations' net assets is recorded in the Company's shareholders' equity as a cumulative translation adjustment.

The following is a summary of the changes in foreign exchange rates during the respective periods and the related impact on the financial statements.

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
BRL strengthening (weakening) against USD	(11.1)%	(0.7)%	(3.6)%	(8.6)%
CAD strengthening (weakening) against USD	(5.0)%	2.0%	(5.3)%	(3.6)%
Foreign exchange loss	$ (12,290)	$ (2,444)	$ (2,440)	$ (10,350)
Cumulative translation gain (loss)	$ (560)	$ (6,697)	$ 9,285	$ (7,450)

The total foreign exchange loss of $12,290 for Q3 2014 and $2,440 for the nine months ended September 30, 2014 was comprised of unrealized foreign exchange losses of $12,262 and $748, respectively, resulting primarily from the revaluation of long-term debt denominated in foreign currency of and intercompany loans between the Company's subsidiaries (see "Financial Information" section). The unrealized foreign exchange impact on the intercompany loans is recorded for accounting purposes and does not alter the economic impact for the Company.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2014, MBAC did not have any off-balance sheet arrangements.

INCOME TAXES

MBAC's combined Canadian federal and provincial statutory tax rate was 26.5%. There are a number of factors that affect MBAC's effective tax rate, including the rate differential and proportion of income earned in each jurisdiction, tax benefits that were not recognized, foreign currency gains and losses and changes in tax rates. As a result, MBAC's effective tax rate may fluctuate from period to period. The actual effective tax rate for Q3 2014 was negative 2.0% (Q3 2013 – negative 7.0%) and for the nine months ended September 30, 2014 was negative 6.9% (nine months ended September 30, 2013 – negative 7.0%). A reconciliation of the Company's statutory rate to the effective tax rate is provided in Note 15 to the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2014.

The interpretation of tax regulations and legislation and their application to the Company's business is complex and subject to change. Accordingly, the Company's ability to realize future income tax assets could significantly affect net income or cash flow in future periods.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies and estimates that are critical to the understanding of the Company's business operations and results of operations are identified in the Company's audited consolidated financial statements for the year ended December 31, 2013 and notes thereto, as well as in the Company's MD&A for the year ended December 31, 2013. For the nine months ended September 30, 2014 there were no changes to the critical accounting policies, estimates and judgements from those found in the Company's MD&A for the year ended December 31, 2013, except for the recent accounting pronouncements as noted in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2013.

CONTINGENCIES

Due to the size, complexity and nature of MBAC's operations, various legal and tax matters arise in the ordinary course of business. MBAC accrues for such items when a liability is both probable and the amount can be reasonably estimated. Based on the Company's knowledge and assessment of events, the Company does not believe that the outcome of any of the matters not recorded in the financial statements, individually or in aggregate, would have a material adverse effect. The Company continues to monitor its legal contingencies for proper and accurate reporting.

RISKS AND UNCERTAINTIES

There were no material changes to the Company's exposure to risks and other uncertainties as described in the "Management's Discussion and Analysis" for the year ended December 31, 2013, except the liquidity risk discussed in the "Liquidity and Capital Resources" section above.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its filings under Canadian securities legislation is recorded, processed, summarized and reported in a timely manner.

Both the President and Chief Executive Officer ("CEO") and the Vice President, Finance, Treasurer and Chief Financial Officer ("CFO") have evaluated the design of the Company's disclosure controls and procedures as at September 30, 2014, pursuant to the requirements of National Instrument 52-109, and have concluded that they are adequate. There has been no change in the Company's disclosure controls and procedures during the period from July 1, 2014 to September 30, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in the rules of the Canadian Securities Administrators. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with accounting principles generally accepted in Canada for external purposes.

Both the CEO and CFO have evaluated the design of the Company's internal controls over financial reporting as at September 30, 2014, pursuant to the requirements of National Instrument 52-109, and have concluded that they are adequate. During the year ended December 31, 2013 the Company added an internal audit function to review and report directly to the CFO on internal controls to reflect the ramp-up of operations at the Itafós Arraias SSP Operations. Management is in the process of designing and implementing internal controls over financial reporting that have been impacted by the ramp-up of operations and it is expected that such internal controls will be designed and implemented during fiscal 2014. For the three and nine months ended September 30, 2014, there have been no significant changes to the internal control over financial reporting or in other factors that could significantly affect internal controls.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the President and CEO and the Vice President, Finance and CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. The Company has very limited administrative staffing and in many instances, the implementation of internal controls relying on segregation of duties is not always possible. The Company relies on senior management review and approval to ensure that the controls are effective. The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations.

QUALIFIED PERSON

Unless otherwise indicated, the responsible qualified person, within the meaning of NI 43-101, who has reviewed and approved the scientific and technical information contained in this MD&A is Carlos Braga, Mining Engineer, RM (Chilean Mining Commission).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein may constitute forward-looking information, including any information as to the Company's strategy, vision, plans or future financial or operating performance. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "estimates", "intends", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

In particular, forward-looking information included in this MD&A includes, without limitation, statements with respect to:

- the Company's vision and goal to become a significant integrated producer phosphate fertilizer and related products in the Brazilian market;
- the Company's ability to continue as a going concern;
- the Company's current estimate of mine life stipulated in the Updated Itafós Technical Report and its potential increase;
- the Company's expectations related to resources and reserves stipulated in the Updated Itafós Technical Report;
- the Company's ability to continue engaging in exploration and evaluation efforts towards increasing the mine life at the Itafós Arraias SSP Operations and respective expansion strategy;
- the Company's expectation to refine production processes, plant functioning to optimize efficiencies and control costs and maximize plant availability as it ramps up operations at the Itafós Arraias SSP Operations;
- the Company's expectations for future financing sources and use of funds;
- the Company's expectation to extend the maturity date of one of the working capital loans to 2018;
- the Company's expectation that it will satisfy certain operational conditions in order to receive the second disbursement of the Santander Working Capital Loan;
- the Company's production capacity and sales expectations for SSP at the Itafós Arraias SSP Operations, including production of higher volumes in the first half of 2015;
- the Company's expectations that its financial advisor will work in collaboration with the Company's senior lenders to find a definitive solution for the Company's capital constraints, including the sale of assets or other strategic arrangements;
- the Company's expectations that the purchase of third party phosphate rock will allow the Company to immediately reduce production costs, accelerate production, generate positive cash flow in the near term as well as potentially exceed nominal capacity of 500,000 tonnes per year in the longer term;
- the Company's expectation that the cost containment initiatives implemented in Q3 2014 will reduce the Company's annual costs by approximately $4.0 million;
- the Company's SSP sales volume and production expectations and guidance for SSP and sulphuric acid and respective timelines at the Itafós Arraias SSP Operations;
- the Company's expectations that a broader product/packaging offering will provide the Company with additional margin;
- the Company's expectation that negotiations with large fertilizer distributors, blenders, large farmers and grain traders within the region will be successful;
- the Company's assessment of the continued potential of achieving attractive results from the Itafós Arraias SSP Operations;
- the Company's ability to carry out its devised action plan;
- the Company's expectations around the growth of Brazilian and global fertilizer markets in the foreseeable future and increase in fertilizer and phosphate prices;

- the Company's expectations that the Santana Phosphate Project, together with the Itafós Arraias SSP Operations, have the potential to make MBAC the largest SSP producer in Northern Brazil and the second largest SSP producer in Brazil;
- the Company's expectation that 1.2 million tonnes of SSP will be consumed in the Company's target area for Itafós Arraias SSP Operations and the Company's expectations of volume increases and of higher average selling price;
- the Company's expectations around the project design, economics, resource and reserve potential, technical feasibility, development timelines, the underlying assumptions as well as forecasted market conditions stipulated in the Santana Feasibility Study and the Amended Araxá PEA, as well as in relation to the advancement of those projects;
- the Company's ability to potentially produce DCP at the Santana Phosphate Project in the future;
- the Company's expectation of the sufficiency of capital resources to fund all projected capital expenditures for the Santana Phosphate Project;
- the Company's expectation that it will obtain funding for the Santana Phosphate Project through IFC Santana Financing;
- the Company's expectations around the Inova Support Program;
- the Company's expectations in relation to the strategic initiatives in regards to the Santana Phosphate Project and the Araxá Project;
- the Company's expectations that the timelines contemplated and the project economics in the Amended Araxá PEA and the Santana Feasibility Study may be impacted by the decision to retain a financial advisor to review the sale of an interest in the Araxá Project and the Santana Phosphate Project;
- the Company's projections of future levels of taxable income; and
- the Company's expectation that it will be able to implement viable solutions to address its liquidity issues; the failure of which may require the Company to pursue formal restructuring options in Canada and/or Brazil.

Conclusions, forecasts and projections are based on the following factors and assumptions, among others:

- fertilizer market strength and SSP prices;
- future agricultural imports and exports and fertilizer market in Brazil;
- general economic and industry growth rates;
- currency exchange rates;
- cash flows from the Itafós Arraias SSP Operations will support borrowing under the project financing facilities;
- the sufficiency of capital resources to fund all projected capital expenditures for the Santana Phosphate Project;
- sufficient mineral resources being confirmed at the Itafós Arraias SSP Operations to justify potential expansion in the future; and
- expert conclusions, assumptions and estimates contained in the Company's current technical reports filed on SEDAR, in the Santana Feasibility Study and in applicable industry reports relied upon.

The forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which are considered to be reasonable as at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include:

- exploration, development and operating risks;
- environmental risks and hazards;
- risks in connection with current global financial conditions;
- uncertainty with respect to the estimation of mineral reserves and mineral resources;
- uncertainty with respect to inferred mineral resources;
- fluctuations in commodity prices;
- infrastructure risks;
- the Company's ability to obtain all necessary permits;
- insurance and uninsured risks;
- risks relating to potential disputes to the Company's title to its properties;
- the possibility that the Company's concessions may be terminated in certain circumstances;
- competition with other companies possessing greater financial and technical resources than MBAC;
- risks relating to additional capital requirements;

- currency fluctuations;
- potential write-downs and impairments;
- litigation risks;
- risks relating to future acquisitions and the integration of these acquisitions into the Company's business structure;
- risks relating to a potential sale or disposition of certain assets by the Company;
- risks relating to governmental regulation of the mining industry;
- risks relating to the Company's foreign operations;
- risks relating to labour, employment and other workforce matters;
- risks relating to the transfer of cash and assets to and from MBAC's foreign subsidiaries;
- the Company's dependence upon key management personnel and executives;
- possible conflicts of interests of the Company's directors and executive officers;
- possible damage to the Company's reputation;
- risks relating to potential malicious acts of destruction to the Company's property;
- risks relating to weather and climate change;
- volatility with respect to the Company's stock price;
- uncertainty with respect to the commercial viability of phosphate ore deposits;
- uncertainty with respect to mine development and completion;
- uncertainty with respect to the accuracy of estimates and findings for the Itafós Arraias SSP Operations, the Araxá Project and the Santana Phosphate Project;
- operating risks, political risks and credit risks;
- risks relating to the Company's equipment and supplies; and
- uncertainty with respect to the Company's ability to obtain sufficient financing in order to continue as a going concern and continue its proposed business plan.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and the Company's plans and objectives and may not be appropriate for other purposes.