



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

**For the Three Months Ended
March 31, 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 months ended March 31, 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 May 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 "Q1 2014" shall refer to the period from January 1, 2014 to March 31, 2014. References to "the comparative quarter" or "Q1 2013" shall refer to the period from January 1, 2013 to March 31, 2013. References to "the year" shall refer to the period from January 1, 2014 to December 31, 2014. 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 MARCH 31, 2014

Highlights

- Appointed Cristiano Melcher, a senior executive with more than 20 years in Brazil's resource, fertilizer and chemical sectors, as President and CEO effective February 1, 2014;
- Strengthened the management team by appointing Nelson Canato Jr. as Vice President of Operations effective March 17, 2014. Mr. Canato brings more than 25 years of fertilizer operations experience to MBAC; and
- Received firm purchase commitments for approximately 115,000 tonnes of SSP year to date;
- Subsequent to quarter end:
 - Completed a bought deal public offering, which included significant management and insider participation, for net proceeds of \$17,598 (C\$19,381);
 - Continued to make progress on strengthening the Company's working capital position and extension of the senior debt maturities; and
 - Produced over 21,000 tonnes of SSP in April, which represents MBAC's highest monthly production to date.

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 fertilizers and related products in the Brazilian and other Latin American markets. 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 mill, a beneficiation plant, a sulphuric acid plant, an SSP 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 expects to produce and sell excess sulphuric acid as a by-product of the SSP production process. During 2013, the Company finished construction 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).

The Company may consider pursuing additional fertilizer opportunities in the Brazilian and other Latin American markets, where strong agricultural fundamentals and unique opportunities are expected to provide attractive growth opportunities in the future.

OPERATIONS UPDATE

ITAFÓS ARRAIAS SSP OPERATIONS

The Itafós Arraias SSP Operations are located in the municipality of Arraias, in the state of Tocantins, Brazil. The production facility comprises a mill, a beneficiation plant, a sulphuric acid plant, an SSP plant and a granulation plant. The Itafós Arraias SSP Operations are estimated to have production capacity of approximately 500,000 tonnes of SSP per annum and its production is intended 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. The total SSP market size in Brazil is estimated to be approximately 6.0 million tonnes per year, of which over 1.0 million tonnes are estimated to be consumed in the Company’s target market area. The Itafós Arraias SSP Operations is the largest fully integrated SSP producing facility in this market, being among 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 P₂O₅ 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.

With the Company now in production of its finished product, the focus is on controlling production costs and maximizing sales. The Company’s sales efforts for 2014 are being advanced through negotiations with large fertilizer distributors, blenders, large farmers and grain traders within the region. The Company has received orders for approximately 115,000 tonnes of SSP to date, a portion of which has been paid in advance.

Effective March 17, 2014, the Company appointed Nelson Canato Jr. as Vice President of Operations to manage production facilities at the Itafós Arraias SSP Operations. After spending approximately one month reviewing the operations, Mr. Canato implemented several operational modifications that are improving the consistency of the operations.

The Company has witnessed substantial improvement in its management team and operations year to date and particularly in April after the recent equity financing which strengthened the Company's working capital position. In April 2014 total production reached over 21,000 tonnes of SSP which represents the highest monthly production to date. As a result, MBAC continues to target declaring commercial production during Q2 2014, at which time, revenues and expenses related to the Itafós Arraias SSP Operations will begin to be reflected on the Company's statement of operations, rather than capitalized to property, plant and equipment. Operations in Q1 2014 reflected early stage ramp-up issues as well as working capital constraints, which have since been improved.

The table below summarizes the operational performance for the Itafós Arraias SSP Operations during Q1 2014:

<i>(in tonnes unless otherwise stated)</i>	Q1 2014
Ore extracted	70,829
P ₂ O ₅ grade (%)	7.4
SSP pre-commercial production	13,608
SSP pre-commercial sales on deliveries	4,037
Pre-commercial net revenue ¹	\$ 710

The net revenue is net to the Company after freight, taxes and discounts provided for advanced payments. The average price that the Company expects to receive as result of committed sales to date is higher than the price realized during the quarter.

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 will also provide its customers with the ability to have micronutrients added to the SSP providing a broader product offering. Each of these initiatives is expected to provide the Company with additional margin.

Over the longer term, the Company's production ramp-up and sales growth are supported by strong market fundamentals and trends in Brazil. Fertilizer consumption has continued to be strong, driven by increased intensity of fertilizer application and increased planting area. Soybean prices are at relatively high levels, encouraging Brazilian farmers to maximize crop yield through the use of fertilizers and other agricultural inputs. Recent data from ANDA (the National Fertilizer Association in Brazil) shows that consumption of all fertilizers in Brazil for Q1 2014 was up by 10.6% compared to the same quarter last year and imports of fertilizer were up by 31.3% over the same quarter last year. 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 400,000 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.

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.

ITAFÓS TECHNICAL REPORT

The Company filed an updated technical report for the Itafós Arraias SSP Operations 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 Standards of Disclosure for Mineral Projects NI 43-101 (“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 ₂ O 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 filed a technical report for the Santana Phosphate Project entitled “Feasibility Study – Santana Phosphate Project Pará State, Brazil,” dated and effective as of November 28, 2013, prepared by Bradley Ackroyd of AMSL, Carlos Guzman 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 development of the Santana Phosphate Project, the Company will focus on minimizing risks of the project by applying lessons learned from the Itafós Arraias SSP Operations retaining an Engineering, Procurement and Construction Management (EPCM) contractor for the Santana Phosphate Project to provide additional independent oversight at the project, which should assist in mitigating the risk of cost overruns and time delays.

Apart from applying the lessons learnt 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 will not be required; and the high grade mineral deposit will allow for a smaller beneficiation plant and lower volumes of ore and waste will be mined.

MBAC has submitted to the Pará State Environment Agency the Environmental Assessment Report for the development of the Santana Phosphate Project for which approval is now pending public hearings. The approval of the Environmental Assessment Report 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.

Although the Company remains focused on the Itafós Arraias SSP Operations, MBAC has been able to advance the Santana Phosphate Project without significant investment. The Company is undertaking additional engineering studies and continues to review financing strategies for this project with the goal of pursuing an optimal and efficient capital structure and limiting dilution to shareholders. These strategic initiatives are expected to impact in the timelines and the project economics described 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”). The Company is expected to meet with BNDES and FINEP in the near future to define a joint support plan where the funding structure is expected to be defined, including further pre-conditions to be met and expected timelines.

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. During the prior year, MBAC retained a financial advisor to review 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 quarters presented:

STATEMENT OF OPERATIONS

	Three months ended	
	March 31, 2014	March 31, 2013
Sales	\$ -	\$ -
Cost of sales	-	-
	-	-
Selling, general and administrative expenses	2,110	3,892
Exploration and evaluation expenditures	24	199
Operating loss	(2,134)	(4,091)
Unrealized foreign exchange gain	10,977	3,325
Realized foreign exchange loss	(1,680)	(64)
Other (expense) income	(893)	4,705
Finance income (expense)	187	(388)
Income before income taxes	6,457	3,487
Current income tax expense	-	495
Deferred income tax expense	402	486
	402	981
Net income	\$ 6,055	\$ 2,506
Adjusted net loss ² :		
Share-based payment expense	345	229
Loss (gain) on disposition of long-term assets	50	(4,696)
Amortization of deferred transaction costs	409	-
Unrealized loss (gain) on derivative instruments	(1,309)	159
Unrealized foreign exchange gain	(10,977)	(3,325)
Adjusted net loss ³	\$ (5,427)	\$ (5,127)
Basic and diluted net income per share	\$ 0.04	\$ 0.02
Adjusted basic and diluted net loss per share	\$ (0.04)	\$ (0.04)

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 income did not have an income tax effect.

FOR THE THREE MONTHS ENDED MARCH 31, 2014

Sales and Cost of sales

Revenue is primarily earned from the Itafós Arraias SSP Operations. Prior to reaching commercial production, the Company capitalizes all costs incurred related to the Itafós Arraias SSP Operations to property, plant and equipment and revenues during this period are offset against costs capitalized.

Selling, general and administrative (“SG&A”) expenses

SG&A expenses for Q1 2014 decreased by \$1,782 compared with SG&A expenses for Q1 2013. This was primarily due to a decrease of \$1,494 in payroll expenses and a decrease of \$314 in professional fees. These decreases were partially offset by an increase of \$116 in share-based payment expenses.

Unrealized foreign exchange gain

The unrealized foreign exchange gain of \$10,977 for Q1 2014 (Q1 2013 – \$3,325) was primarily comprised of the unrealized gains resulting from the revaluation of long-term debt denominated in foreign currency and intercompany loans between the Company’s subsidiaries. The unrealized gains on the intercompany loans are recorded for accounting purposes and do not create an economic impact for the consolidated Company.

Other (expense) income

Other expense of \$893 for Q1 2014 (Q1 2013 – income of \$4,705) was primarily comprised of taxes and penalties related to the deferral of payment of payroll taxes payable and contingencies expense. Other income in the comparative quarter was primarily related to the gain on sale of the Company’s interest in a non-material area of exploration ground.

Finance income (expense)

Finance income of \$187 for Q1 2014 (Q1 2013 – expense of \$388) was primarily comprised of an unrealized gain on derivatives of \$1,309 (Q1 2013 – loss of \$159) relating to cross currency interest rate swap arrangements in connection with the Mizuho Loan and Votorantim Working Capital Loans, offset by interest expense of \$624 (Q1 2013 – \$128), amortization of deferred transaction costs of \$409 (Q1 2013 – \$Nil) and other financial expenses of \$262 (Q1 2013 – \$144) primarily related to financial expenses incurred related to intercompany transactions.

Deferred income tax expense

The deferred income tax expense of \$402 for Q1 2014 (Q1 2013 – \$486) was primarily 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

	March 31, 2014	December 31, 2013
Current		
Cash and cash equivalents	\$ -	\$ 661
Restricted cash	6,779	9,072
Inventories	10,475	8,068
Other current assets	4,953	6,186
Non-current		
Restricted cash	15,530	14,572
Other long-term assets	35,677	34,495
Property, plant and equipment	407,108	373,965
Mineral properties	68,539	64,238
Total Assets	\$ 549,061	\$ 511,257
Current		
Bank indebtedness	\$ 1,119	\$ -
Accounts payable and accrued liabilities	32,058	28,834
Deferred revenue	8,056	1,824
Debt	270,994	252,510
Non-current		
Other long-term liabilities	8,427	8,759
Deferred income	5,000	5,000
Total Liabilities	325,654	296,927
Shareholders' Equity	223,407	214,330
Total Liabilities and Shareholders' Equity	\$ 549,061	\$ 511,257

Assets

Total assets were \$549,061 as at March 31, 2014 (December 31, 2013 – \$511,257). Total assets included restricted cash of \$22,309 (December 31, 2013 – \$23,644), of which \$15,530 (December 31, 2013 – \$14,572) was classified as long-term. Restricted cash is comprised of debt service reserve accounts and cash collateral accounts restricted to the repayment of debt.

The movement in significant assets is described below:

Inventories

Inventories were comprised of raw materials of \$3,227 (December 31, 2013 – \$3,855), work in process of \$2,848 (December 31, 2013 – \$1,931), finished goods of \$2,905 (December 31, 2013 – \$892) and spare parts and supplies of \$1,495 (December 31, 2013 – \$1,390). The increase during the quarter was a result of the ramp-up of the Itafós Arraias SSP Operations.

Other long-term assets

Other long-term assets were primarily comprised of tax credits accumulated primarily on purchases of property, plant and equipment, a note receivable in respect of a financing arrangement with the Tocantins State Electric Company ("CELTINS"), whereby the Company had agreed to fund the construction of a power line required for the operation of its production facility at the Itafós Arraias SSP Operations and a finance lease receivable.

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 March 31, 2014, the Company had tax credits of \$27,473 (December 31, 2013 – \$26,898) of which \$39 (December 31, 2013 – \$1,067) was included in “Other current assets”. During Q1 2014, the Company offset \$1,248 of long-term tax credits against long-term taxes payable. Tax credits are offset against taxes payable only if the Company has a legally enforceable right to set off payables with credits.

Property, plant and equipment

During the quarter, MBAC invested \$19,965 in property, plant and equipment (Q1 2013 – \$66,607), substantially all of which was related to capitalized borrowing and other costs prior to reaching commercial production at the Itafós Arraias SSP Operations. The increase in net book value of \$33,143 during the quarter included a foreign exchange impact of \$18,401.

Mineral properties

During the quarter, MBAC invested \$1,403 in exploration and development activities (Q1 2013 – \$3,480) which was capitalized to “Mineral properties,” primarily related to the Santana Phosphate Project. The increase in net book value of \$4,301 during the quarter included a foreign exchange impact of \$3,001.

Accumulated depreciation and depletion

Depreciation and depletion of property, plant and equipment and mineral properties for the quarter was \$5,246 (Q1 2013 – \$683), \$4,253 of which was capitalized back to property, plant and equipment during the pre-commercial production period.

Liabilities

Total liabilities as at March 31, 2014 were comprised of current liabilities of \$312,227 (December 31, 2013 – \$283,168) and long-term liabilities of \$13,427 (December 31, 2013 – \$13,759).

The movement in significant liabilities is described below:

Accounts payable and accrued liabilities

Total accounts payable and accrued liabilities were primarily comprised of trade payables and accruals of \$22,008 (December 31, 2013 – \$19,174), payroll liabilities of \$6,161 (December 31, 2013 – \$5,295), taxes payable of \$1,939 (December 31, 2013 – \$2,975) and other liabilities of \$1,950 (December 31, 2013 – \$1,390). Overall, accounts payable and accrued liabilities increased due to cash constraints and the ramp-up of operations at the Itafós Arraias SSP Operations.

Deferred revenue

The total deferred revenue of \$8,056 (December 31, 2013 – \$1,824) was related to proceeds received in advance for sales of SSP. During the quarter, the Company received proceeds in advance in the amount of \$6,099 and recognized revenue of \$246 on deliveries. The movement during the quarter included a foreign exchange impact of \$379.

Deferred income

During 2013, the Company executed a sale of its interest in a non-material area of exploration ground. The agreement to the sale transaction of such asset provides for certain indemnification provisions in favour of the buyer with potential maximum exposure of \$5,000 for the Company. As at March 31, 2014, the Company had recognized this maximum exposure related to these indemnification provisions.

Other long-term liabilities

Other long-term liabilities of \$8,427 (December 31, 2013 – \$8,759) were comprised of withholding taxes payable on intercompany loans between the Company’s subsidiaries of \$4,298 (December 31, 2013 – \$3,699), a provision for environmental restoration of \$1,188 (December 31, 2013 – \$1,335), fair value of the derivative liabilities of \$1,148 (December 31, 2013 – \$2,389) and other long-term liabilities of \$1,793 (December 31, 2013 – \$1,336).

Debt

The overall increase of \$18,484 in debt since December 31, 2013 was comprised of borrowings of \$16,467, interest accruals of \$7,452, amortization of deferred financing fees of \$1,080 and foreign exchange impact of \$7,778, offset by principal, interest and fee payments of \$14,293. See “Liquidity and Capital Resources” section below for discussion on new borrowings during the quarter.

Under the terms of the Company’s project financing loan agreements, the Company is required to maintain amounts needed for future months of debt servicing (principal and interest) in separate debt service reserve accounts (“Project Financing Debt Service Reserve Accounts”). As at March 31, 2014, the Company had insufficient cash and cash equivalents to deposit funds and maintain the minimum balance required in the Project Financing Debt Service Reserve Accounts.

During the quarter, the Company obtained waivers from all of its senior lenders under its senior debt whereby each lender has waived its right to require immediate repayment of amounts owing by the Company to such lender under its debt service reserve accounts.

IFRS contains a specific requirement that liabilities be presented as current in the event that the Company does not have the unconditional right to defer settlement of these balances for at least twelve months as at the end of the reporting period. Accordingly, due to the cross-default provisions in the Company’s loan agreements, under IFRS requirements, the Company has presented the loan balances with these lenders as current liabilities as at March 31, 2014 for reporting purposes.

Subsequent to quarter end, the Company deposited funds into the Project Financing Debt Service Reserve Accounts sufficient to cover the interest portion of debt service required to be maintained under the loan agreements. While in view of the debt re-profiling (see “Liquidity and Capital Resources” section below), and in consideration of the sensitive cash position of the Company, IFC and Mizuho agreed that the debt principal amounts would not be required to be maintained in deposit in the Debt Service Reserve Accounts – IFC has provided a waiver in that respect effective until September 15, 2014 and Mizuho has agreed in principle to provide a waiver effective until June 30, 2014. Currently, the Company is fully compliant under the Votorantim Loans and Itaú Loans with respect to the requirements to deposit funds into the Debt Service Reserve Accounts for these respective loans.

Shareholders’ Equity

	March 31, 2014	December 31, 2013
Share capital	\$ 316,413	\$ 328,865
Contributed surplus	18,136	18,492
Warrant reserve	5,333	5,542
Accumulated other comprehensive loss	(10,634)	(26,673)
Deficit	(105,841)	(111,896)
	\$ 223,407	\$ 214,330

The above noted decrease in share capital was due to foreign exchange impact of \$12,452. For commentary on movement in accumulated other comprehensive loss, see the “Foreign Exchange” section of this MD&A.

CASH FLOW INFORMATION

	Three months ended	
	March 31, 2014	March 31, 2013
Cash flows from (used in) operating activities	\$ 2,965	\$ (4,074)
Cash flows used in investing activities	(8,856)	(45,043)
Cash flows from financing activities	4,341	47,771
Foreign currency effect on cash	(230)	(740)
Decrease in cash	\$ (1,780)	\$ (2,086)

Three months ended March 31, 2014

Operating activities

Cash flows from operating activities during the quarter were \$2,965 (Q1 2013 – used \$4,074). Changes in non-cash working capital items provided \$7,633 of cash (Q1 2013 – \$555) and the cash operating loss used \$4,668 of cash (Q1 2013 – \$4,629) during the quarter.

Investing activities

During the quarter, the Company invested \$8,856 (Q1 2013 – \$45,043), comprised primarily of payments related to investments in property, plant and equipment totalling \$8,773 (Q1 2013 – \$51,288), and exploration, evaluation and mine development expenditures of \$741 (Q1 2013 – \$3,695).

Financing activities

During the quarter, the Company generated \$4,341 (Q1 2013 – \$47,771) from financing activities, comprised primarily of net cash proceeds from debt financing of \$16,467 (Q1 2013 – \$18,626), offset by repayment of principal of \$8,566 (Q1 2013 – \$55) and payment of interest and fees on debt of \$5,727 (Q1 2013 – \$2,361). In addition, there was a decrease in restricted cash of \$2,167 (Q1 2013 – \$952) related to payment of interest on debt. During the quarter, the Company did not issue any common shares (Q1 2013 – generated \$32,513 through the issuance of common shares).

SUMMARY OF QUARTERLY RESULTS

	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Net sales	\$ –	\$ –	\$ –	\$ –
Net income (loss) – total	\$ 6,055	\$ (10,951)	\$ (6,580)	\$ (17,168)
Basic and diluted earnings (loss) – per share	\$ 0.04	\$ (0.08)	\$ (0.04)	\$ (0.12)
Adjusted basic and diluted loss – per share	\$ (0.04)	\$ (0.02)	\$ (0.03)	\$ (0.03)
Total assets	\$ 549,061	\$ 511,257	\$ 536,741	\$ 470,806

	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Net sales	\$ –	\$ 1,130	\$ 3,010	\$ 1,511
Net income (loss) – total	\$ 2,506	\$ (1,929)	\$ (7,158)	\$ (12,315)
Basic and diluted earnings (loss) – per share	\$ 0.02	\$ (0.02)	\$ (0.06)	\$ (0.11)
Adjusted basic and diluted loss – per share	\$ (0.04)	\$ (0.01)	\$ (0.02)	\$ (0.05)
Total assets	\$ 459,494	\$ 383,925	\$ 376,507	\$ 306,768

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) gains and losses on the disposition of long-term assets, (c) amortization of deferred transaction costs, (d) unrealized gains and losses on derivative instruments, and (e) 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 March 31, 2014 was \$1,119 (December 31, 2013 – cash and cash equivalents of \$661) and total restricted cash as at March 31, 2014 was \$22,309 (December 31, 2013 – \$23,644) of which \$15,530 was classified as long-term. Additionally, as at March 31, 2014, the Company had insufficient cash and cash equivalents to deposit funds and maintain the minimum balance required in the Project Financing Debt Service Reserve Accounts (see “Financial Condition” section of this MD&A).

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.

During 2013, the Company completed construction at the Itafós Arraias SSP Operations and is now in production of granulated SSP, meeting industry specifications and making deliveries to customers. With the Company now in production of its finished product, the focus is on ramping up operations, controlling production costs and maximizing sales. These objectives together with the seasonality of the Brazilian agribusiness create a funding requirement to finance the working capital and debt service needs during this off-peak season. MBAC has determined that its current funding requirement to finance the working capital and debt service needs exceeds the amounts available under its credit agreements. MBAC continues to actively pursue a number of potential additional sources of financing, including any and all of the following: additional working capital facility currently being negotiated, re-profiling of existing debt obligations currently being negotiated, off-take and other agreements with key customers for receipt of cash in advance of delivery of SSP, sale of all or portion of certain assets, issuance of equity which occurred subsequent to quarter end and release of currently segregated funds under its debt agreements. 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. 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.

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 the quarter, 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. The new loan matures in March 2015 and principal and interest are due at maturity.

The Company executed and received disbursements from another working capital loan with Itaú in the amount of \$3.1 million (R\$7.0 million) in Q4 2013. This loan, denominated in BRL, has an interest rate of DI + 3.5% p.a. The maturity of this loan was extended subsequent to quarter end to May 16, 2014.

Modal Working Capital Loan

During the quarter, the Company executed and received disbursements from a working capital loan with Banco Modal S.A. (“Modal”) in the amount of \$4.5 million (R\$10.2 million) (the “Modal Working Capital Loan”). The Modal Working Capital Loan had an interest rate of 0.5% per month + DI and was settled subsequent to quarter end (see “Subsequent Events” below).

Debt financing initiatives

The Company has received several proposals for working capital and the overall debt restructuring. These proposals are in various stages of review and in some circumstances are subject to confirmatory due diligence.

The Company is continuing to advance discussions with its senior lenders regarding the extension of principal repayment terms on \$192.0 million of senior debt. The bank group remains supportive. Such extension will be subject to certain conditions including final credit committee approvals and the execution of definitive

documentation. The Company expects to receive final credit committee approvals from its lenders by the end of Q2 2014. The re-profiling of the repayment terms of its long-term debt will provide the Company with additional liquidity for the Itafós Arraias SSP Operations, and enable the Company to pursue its operational and strategic plans in an optimized manner.

Shareholder Working Capital Loan – Related Party Transaction

On March 28, 2014, the Company executed and received disbursements from a working capital loan with one of its shareholders, a related party, in the amount of \$1.0 million (the “Shareholder Working Capital Loan”). The Shareholder Working Capital Loan had an interest rate of 16% per annum and matured on April 17, 2014.

Subsequent Events

On April 17, 2014, the Company completed a bought deal 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 \$1,202 (C\$1,323). As part of the bought deal equity financing, 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.

The Company settled the two existing Modal working capital loans and entered into a new working capital loan with Modal for \$6.8 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.

The Company has entered into negotiations and expects to complete the securitization of the outstanding balance of the CELTINS receivable for total net proceeds of approximately \$6.7 million. In addition, the Company also received cash receipts on product sales of approximately \$4.5 million.

Derivative Liabilities

As required by the Mizuho Loan, in 2013 the Company entered into a cross currency interest rate swap arrangement with Banco Votorantim S.A. (“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 March 31, 2014, the Votorantim Swap Agreement had an outstanding notional amount of R\$33.4 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 March 31, 2014, the Company recognized a net derivative liability of \$1,148 (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 gain for Q1 2014 of \$1,309 (Q1 2013 – loss of \$159), which was recognized in “Finance income (expense)” on the unaudited condensed interim consolidated statements of operations.

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 March 31, 2014 was \$316,413 (December 31, 2013 – \$328,865). As at March 31, 2014, MBAC had 152,029,492 common shares (December 31, 2013 – 152,029,492) issued and outstanding.

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

	Expiry date	Exercise price	Securities outstanding	Common shares on exercise
Common shares	-	-	181,607,492	-
Stock options	Oct 1, 2014 to Dec 31, 2018	C\$0.98 to C\$3.75	13,339,658	13,339,658
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 and related products in Brazil and other Latin American markets. 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 expects to be in a position to declare commercial production in Q2 2014.

Product sales efforts have been significantly ramped up through negotiations with large fertilizer distributors, blenders, large farms and grain traders within the region. The Company expects to produce between 345,000 tonnes and 375,000 tonnes of SSP in 2014 and sell between 335,000 tonnes and 365,000 tonnes.

Cristiano Melcher joined the Company as President and CEO in Q1 2014. After undertaking a review of the operations, the Company has devised an Action Plan, comprised of the following elements:

- 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.

Although the Company remains focused on the Itafós Arraias SSP Operations, MBAC has been able to advance the Santana Phosphate Project without significant investment. 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. 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. The Company intends to advance the financing plan and undertake certain additional detailed engineering studies for the Santana Phosphate Project before a final construction decision is made. The Company continues to review financing strategies for this project with a goal of pursuing an optimal and efficient capital structure and limiting dilution to shareholders (see "Santana Phosphate Project" section of this MD&A).

In 2013, MBAC successfully completed running a pilot plant to produce a 98% bulk REO at the Araxá Project, located near the fertilizer cluster in Minas Gerais State. The next step to advance the Araxá Project would be to run a pilot plant to separate the rare earth oxide bulk concentrate into its separate rare earth oxide components. Depending on the results of the strategic process described below, the Company expects to be in a position to run the final pilot plant separating the rare earths in 2014. 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 continues to review strategic alternatives for this project.

MBAC is committed to 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 opportunities that would be accretive to shareholder value.

CONTRACTUAL OBLIGATIONS

Except for the presentation of all debt as current as at March 31, 2014 under IFRS requirements, the following table provides a breakdown with respect to the Company's contractual obligations and payment periods as at March 31, 2014:

	Total	Less than 1 year	1 -3 years	4 -5 years	Thereafter
Accounts payable and accrued liabilities	\$ 32,058	\$ 32,058	\$ -	\$ -	\$ -
Debt repayments (principal portion)	277,617	57,462	127,576	81,185	11,394
Accrued interest payable on debt	8,847	8,283	564	-	-
Provision for environmental restoration	1,188	-	-	-	1,188
Capital commitments	600	600	-	-	-
Non-cancellable operating leases	142	126	14	2	-
Purchase obligations	13,469	7,602	3,975	1,892	-
	\$ 333,921	\$ 106,131	\$ 132,129	\$ 83,079	\$ 12,582

PHOSPHATE FERTILIZER MARKETS

According to the Instituto de Economia Agrícola, Brazilian agribusiness for Q1 2014 decreased by 1.7% as compared to the same period last year, reaching \$20.2 billion (40.8% of total Brazil exports). The surplus contribution of agribusiness sector to the Brazilian economy in the period was \$16.0 billion, 1.9% lower than Q1 2013. The five contributors of Brazilian agribusiness exports in Q1 2014 were: soy, meat, sugar (including ethanol), forest products and coffee. These five categories accounted for 77.6% of the Brazilian agribusiness sales. The latest survey of grains for 2013-2014 conducted by Brazil National Supply Company (Conab) in April 2014 indicated that Brazil's annual soybean production is estimated to increase from 81.5 million tonnes to 86.0 million tonnes in 2014, representing a growth of 5.6%. Total planted area for grains in Brazil in 2014 is estimated to reach 56.4 million hectares. Soybean crop is estimated to occupy the most area with 30.1 million hectares, 8.2% higher than 2013.

According to ANDA, total consumption of fertilizer in Brazil for Q1 2014 was 5.9 million tonnes compared to 5.4 million tonnes and 5.3 million tonnes consumed in the same periods in 2013 and 2012, respectively. This represents an increase of 10.6% and 12.8% 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 and increased to approximately \$500 per tonne by the end of Q1 2014. The beginning of 2014 has seen an increase in soybean prices due to concerns of tight grain inventory and lack of rain in the southeast Asia and southern Brazil. The Company believes that soybean prices have a significant impact on underlying fertilizer prices, particularly SSP, with higher soybean prices generally leading to higher SSP prices, all other things being equal. 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 continue to remain at relatively high prices and the BRL continues to weaken relative to the USD both encouraging Brazilian farmers 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 when the fertilizer season peaks in the third quarter. The Company expects SSP prices to rise further into 2014 as demand for the product increases.

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	
	March 31, 2014	March 31, 2013
BRL strengthening (weakening) against USD	4.6 %	1.5 %
CAD strengthening (weakening) against USD	(3.9)%	(2.1)%
Unrealized and realized foreign exchange gain	\$ 9,297	\$ 3,261
Cumulative translation gain	\$ 16,039	\$ 4,594

The total foreign exchange gain of \$9,297 for Q1 2014 was primarily comprised of unrealized foreign exchange gains of \$10,977 resulting primarily from the revaluation of long-term debt denominated in foreign currency and intercompany loans between the Company's subsidiaries. The unrealized foreign exchange gain on the intercompany loans are recorded for accounting purposes and do not create an economic impact for the Company.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 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 Q1 2014 was 6.2% (Q1 2013 – 28.1%). 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 Q1 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 Q1 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 therein.

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. 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 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 March 31, 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 January 1, 2014 to March 31, 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 March 31, 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 Q1 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 Guzmán, FAusIMM (229036), 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 of SSP and other phosphate fertilizers and related products in the Brazilian and other Latin American markets;
- 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, optimize efficiencies and control costs 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 close the financing initiatives being negotiated subsequent to quarter end;
- the Company’s production capacity expectations for SSP at the Itafós Arraias SSP Operations, including declaring commercial production in Q2 2014;
- the Company’s production expectations and respective timelines at the Itafós Arraias SSP Operations for both SSP and sulphuric acid;
- the Company’s SSP sales volume expectations and respective timelines at the Itafós Arraias SSP Operations;
- the Company’s expectations that a broader product 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 1.0 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 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 expectation to undertake certain additional detailed engineering studies for the Santana Phosphate Project before a final construction decision is made;
- the Company's expectation to undertake the next and final stage of the pilot plant at the Araxá Project during 2014;
- 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;
- the Company's expectations that it will be successful in its pursuit of additional sources of financing, including any and all of the following: sale of all or portion of certain assets, re-profiling of existing debt obligations, additional working capital facility, off-take and other agreements with key customers for receipt of cash in advance of delivery of SSP, and release of currently segregated funds under its debt agreements.

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

- fertilizer market strength and SSP prices;
- future agricultural 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 expansion; 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 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.