MBAC FERTILIZER CORP.

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

For the Years Ended December 31, 2015 and 2014

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 audited consolidated financial statements of MBAC Fertilizer Corp. ("MBAC" or the "Company") for the year ended December 31, 2015 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 April 27, 2016. 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 "Q4 2015" shall refer to the period from October 1, 2015 to December 31, 2015. References to "the comparative quarter" or "Q4 2014" shall refer to the period from October 1, 2014 to December 31, 2014. References to "the year" 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, 2014 to December 31, 2014.

HIGHLIGHTS AND OVERALL PERFORMANCE

YEAR ENDED DECEMBER 31, 2015

Highlights

- Itafós Arraias SSP Operations continued in care/maintenance mode during 2015, without any production.
- In April 2016, the Company entered into a Support Agreement with Zaff, LLC (an investment fund active in the fertilizer industry). The Support Agreement provides for working capital funding support and a plan to recapitalize the Company. Under the agreement, the Company has agreed to pursue the completion of the recapitalization pursuant to a plan of compromise or arrangement under the Companies' Creditors Arrangement Act (Canada) and a parallel extrajudicial restructuring proceeding in Brazil under Brazil's bankruptcy law.
- Zaff, LLC has made senior secured bridge loans of $3.364 million to the Company during the year ended December 31, 2015, carrying an interest rate of 15% per annum. The proceeds of which have been used primarily to fund general/administrative expenses and preparatory expenses related to a possible restructuring.
- On April 14, 2016, the TSX announced that the Company's common shares and share purchase warrants would be delisted from the TSX effective May 13, 2016.

CORE BUSINESS

MBAC is a Canadian-based company, listed on the Toronto Stock Exchange ("TSX") under the symbol "MBC". The Company is focused on becoming a significant integrated producer of phosphate fertilizer and related products in the Brazilian market. The Company operated the Itafós Arraias Single Super Phosphate ("SSP") Operations that are 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 produced and sold excess sulphuric acid after the required amount is used in the SSP production process. The Company finished construction in 2013 and initiated production in 2014. In the beginning of 2015, to preserve working capital, the Company's Itafós Arraias SSP Operation was placed into care and maintenance.

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. 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 29 years (increased from 19 years after a management evaluation of the mineral resources). The Company has significant unexplored property in its land package.

In 2013, the Company began production and delivery of granulated SSP, meeting industry specifications. Despite lower than expected levels of working capital and severe cash constraints during 2014, the Company was able to produce 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. These financial constraints affected the Company's ability to purchase consumables and spare parts, causing interruptions and delays, leading to operational inefficiencies. In early 2015, the Company suspended production at its Itafós Arraias SSP Operations and placed the operations on care and maintenance. During 2015 and to-date, the Company has been involved in a strategic review process (see below). The Company expects to resume production, if and when its recapitalization transaction is successfully completed and its liquidity constraints are resolved.

The table below summarizes the operational performance for the Itafós Arraias SSP Operations for the years ended December 31, 2015 and December 31, 2014:

(in tonnes unless otherwise stated)	Year ended December 31, 2015	Year ended December 31, 2014
Ore extracted	0	531,279
P_2O_5 grade (%)	0	7.1%
SSP pre-commercial production	0	98,533
SSP pre-commercial sales on deliveries	0	91,508
Pre-commercial SSP net revenue[1]	$ 659	$ 16,364
Sulphuric acid pre-commercial total production	0	41,697
Sulphuric acid pre-commercial sales on deliveries	0	16,060
Pre-commercial sulphuric acid net revenue[1]	$ 0	$ 2,305

Given the ongoing recapitalization transaction and that the Company has no certainty of when, or if, the contemplated restructuring will be successfully completed, MBAC's previously disclosed production and sales guidance for 2016 and 2017 are no longer valid and should not be relied upon

In July 2015, the Company entered into exclusive discussions and negotiations with Zaff LLC (an investment fund active in the fertilizer industry, The offer, which involves a recapitalization of the Company, was non-binding and subject to a number of conditions, including debt settlement with MBAC's creditors and senior lenders, a board restructuring and settlement of the Company's current liabilities, which could include informal

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.*

settlements with creditors and, if deemed necessary, a formal plan for restructuring. While the transaction contemplated by the non-binding offer was not completed, Zaff extended senior secured bridge loans which were used to fund general and administrative expenses and preparatory expenses related to a possible restructuring. The bridge loans carries an interest rate of 15% per annum and will mature on the earlier of 180 days from the execution or termination date as agreed or such later date as Zaff and MBAC mutually agree. Extensions to the bridge loans were subsequently agreed to between the Company and the Offeror.

Subsequent to year-end, the Company entered into a support agreement with Zaff (the "Support Agreement"). The Support Agreement gives effect to a recapitalization of the Company (the "Recapitalization"). Under the agreement, the Company has agreed to pursue the completion of the Recapitalization pursuant to a plan of compromise under the Companies' Creditors Arrangement Act (Canada) and a parallel extrajudicial restructuring proceeding in Brazil under The Bankruptcy Law (11,101/2005), the "Brazilian Proceeding". Per the terms of the Support Agreement, Zaff will acquire substantially all of the outstanding secured and guaranteed debt of the Company and its Brazilian subsidiaries, as well as certain outstanding unsecured debts of the Company and of the Company's Brazilian subsidiaries that are not guaranteed by the Company. Under the Canadian restructuring unsecured creditors of the Company will receive either a percentage of their claim in cash or, in the alternative, a combination of (i) restructured debt of MBAC's primary operating subsidiary or (if elected by the applicable creditor) restructured debt of MBAC; and (ii) common shares of MBAC or (if elected by the applicable creditor) share purchase warrants of an MBAC subsidiary exercisable for common shares of MBAC. As a result of the Brazilian Proceeding, certain secured and unsecured creditors of the Brazilian subsidiaries of the Company will receive either cash or, in the alternative, a combination of (i) restructured debt of the respective MBAC Brazilian subsidiary; and (ii) common shares of MBAC or share purchase warrants. Upon completion of all transactions contemplated by the Support Agreement, the investment fund will receive securities representing a controlling interest in the common equity of reorganized MBAC in exchange for the acquired debt and the interim working capital financing that has been provided or will be provided to the Company. Subject to certain conditions, the investment company will fund the Company's funding requirements during the term of the Support Agreement, up to a maximum of $5 million. Additionally, MBAC will indirectly acquire all of the shares of GB Minerals Ltd. ("GBL") beneficially held by Zaff in return for common shares of MBAC at a ratio of 2.5 shares of MBAC for each share of GBL so acquired.

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 October 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's current focus remains entirely on the Itafós Arraias SSP Operations. MBAC also continues to review strategic alternatives 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.

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. MBAC also continues to review strategic alternatives to identify suitable strategic partners for the potential sale 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 audited consolidated financial statements of MBAC for the years presented:

STATEMENT OF OPERATIONS

	12 months ended December 31, 2015	12 months ended December 31, 2014	12 months ended December 31, 2013
Selling, general and administrative expenses	27,490	8,352	11,393
Exploration and evaluation expenditures	–	135	418
Operating loss	(27,490)	(8,487)	(11,811)
Unrealized foreign exchange loss	(43,696)	(10,377)	(15,507)
Realized foreign exchange loss	(120)	(1,692)	(801)
Other income (expense)	(7,828)	704	4,353
Finance expense	(37,226)	(6,901)	(6,513)
Loss before income taxes	(116,360)	(26,753)	(30,279)
Current and deferred income tax expense	1,257	1,761	1,914
Net loss	$ (117,617)	$ (28,514)	$ (32,193)
Other comprehensive income	(28,851)	(20,643)	15,209
Adjusted net loss[2]	$ (146,468)	$ (49,157)	$ (16,984)
Basic and diluted net loss per share	$ (0.65)	$ (0.16)	$ (0.22)
Adjusted basic and diluted net loss per share	$ (0.80)	$ (0.27)	$ (0.12)

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.*

FOR THE YEAR ENDED DECEMBER 31, 2015

Sales and Cost of sales

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. In 2015, the Itafós operations were placed in care and maintenance mode and minimal revenue was earned..

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

The selling, general and administrative expenses of $27,490 (year ended December 31, 2014 – $8,352) were primarily comprised of Itafos idle production costs of $21,878 expensed through the statement of operations. In 2014, all production costs were capitalized to property, plant and equipment.

Foreign exchange loss

The functional currency of the Brazilian subsidiaries of the Company is BRL. The functional currency of all other entities is CAD and the Company's presentation currency is USD. The total foreign exchange loss of $43,816 for the year (year ended December 31, 2014 – $12,069) was primarily comprised of the unrealized foreign exchange loss of $43,696 (year ended December 31, 2014 – $10,377) on BRL denominated intercompany loans and unrealized foreign exchange loss on foreign currency denominated debt.

Other income (expense)

Other expense of $7,828 for the year ended December 31, 2015 (year ended December 31, 2014 – income of $704) was primarily comprised of $7,769 estimated losses on outstanding legal claims and non-operational charges for the Brazilian companies, primarily related to penalties and interest on taxes payable.

Finance expense

Finance expense of $37,226 for the year ended December 31, 2015 (year ended December 31, 2014 – $6,901) was primarily comprised of interest expense of $32,766 (year ended December 31, 2014 – $2,733), amortization of deferred transaction costs of $4,180 (year ended December 31, 2014 – $1,557) and other financial expenses of $297 (year ended December 31, 2014 – $2,506) was primarily related to financial taxes and fees paid on amendments to loan agreements and financial expenses incurred on intercompany transactions.

Deferred income tax expense

The current and deferred income tax expense of $1,257 (year ended December 31, 2014 – $1,761) was primarily comprised of $1,171 (year ended December 31, 2014 – $1,663) due to withholding tax related to intercompany loans.

FINANCIAL CONDITION

The following selected financial data is derived from the audited consolidated financial statements for the periods presented.

BALANCE SHEET

		December 31, 2015		December 31, 2014
Current				
Cash and cash equivalents	$	25	$	–
Restricted cash		146		1,409
Inventories		1,320		4,529
Other current assets		1,745		2,329
Non-current				
Restricted cash		–		–
Other long-term assets		15,558		24,329
Property, plant and equipment		246,714		390,443
Mineral properties		42,921		60,669
Total Assets	$	308,429	$	483,708
Current				
Bank Indebtedness	$	–	$	1,619
Accounts payable and accrued liabilities		32,397		32,073
Deferred revenue		–		1,515
Current debt		232,995		254,788
Non-current				
Other long-term liabilities		5,561		10,122
Deferred gain on disposal of mineral property		–		–
Long-term debt		–		–
Total Liabilities		270,953		300,117
Shareholders' Equity		37,476		183,591
Total Liabilities and Shareholders' Equity	$	308,429	$	483,708

Assets

Total assets were $308,429 as at December 31, 2015 (December 31, 2014 – $483,708). Total assets included restricted cash of $146 (December 31, 2014 – $1,409) (see below).

The movement in significant assets is described below:

Restricted Cash

The Company had restricted cash of $146 (December 31, 2014 – $1,409). During 2015, the Company's senior lenders released certain funds from the debt service accounts to meet certain capital needs with the balance being retained as restricted cash.

Inventories

Inventories were comprised of raw materials of $648 (December 31, 2014 – $2,482), work in process of $49 (December 31, 2014 – $423), finished goods of $Nil (December 31, 2014 – $303) and spare parts and supplies of $863 (December 31, 2014 – $1,321). The decrease in inventory during 2015 was as a result of no production and inventory allowance of $240 during 2015 (December 31, 2014 – $Nil)

Other 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 are 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 and potentially reimburse certain value added taxes and other taxes payable in future periods. As at December 31, 2015, the Company had tax credits of $15,556 (December 31, 2014 – $23,628) of which $326 (December 31, 2014 – $251) was included in "Other current assets".

Property, plant and equipment

During the year, property, plant and equipment increased by $258 (year ended December 31, 2014 – increase of $88,669), substantially all of which was related to machinery/equipment purchased early in the year at the Itafós Arraias SSP Operations. The decrease during the year in net book value of $143,729 (December 31, 2014 – increase of $16,478) included a negative foreign exchange impact of $137,197.

Mineral properties

During the year, MBAC invested $2,320 in development activities consisting mainly of interest associated with the Santana property (year ended December 31, 2014 – $4,585) which was capitalized to "Mineral properties". The decrease in net book value of $17,748 during the year (December 31, 2014 – decrease of $3,539) was net of a negative foreign exchange impact of $19,838.

Accumulated depreciation and depletion

Depreciation and depletion of property, plant and equipment and mineral properties for the year was $18,696 (December 31, 2014 – $22,845).

Liabilities

Total liabilities as at December 31, 2015 were comprised of current liabilities of $265,392 (December 31, 2014 – $289,995) and long-term liabilities of $5,561 (December 31, 2014 – $10,122). 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 $20,124 (December 31, 2014 – $22,112), payroll and related tax liabilities of $6,751 (December 31, 2014 – $6,564), taxes payable of $2,157 (December 31, 2014 – $1,830), other provision for legal claims of $3,310 (December 31, 2014 – $1,251) and restructuring provision of $55 (December 31, 2014 – $316).

Deferred revenue

The total deferred revenue of $Nil (December 31, 2014 – $1,515) was related to proceeds received in advance for sales of SSP.

Other long-term liabilities

Other long-term liabilities of $5,561 (December 31, 2014 – $10,122) were comprised of withholding taxes payable on intercompany loans between the Company's subsidiaries of $4,242 (December 31, 2014 – $4,756), long-term taxes payable of $661 (December 31, 2014 – $4,375, a provision for environmental restoration of $658 (December 31, 2014 – $866), and a restructuring provision of $Nil (December 31, 2014 – $125).

Current and long-term debt

The overall decrease of $21,793 in debt since December 31, 2014 was comprised of additional borrowings of $17,291, accrued interest of $34,780 and amortization of deferred financing fees of $4,180, offset by principal, interest and fee payments of $3,821, repayments of $5,446, and foreign exchange impact of $68,777. See "Liquidity and Capital Resources" section below for discussion on new borrowings during the year ended December 31, 2015.

In October 2014, 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.

As at December 31, 2015 and 2014, the Company was not in compliance with certain debt covenants associated with its Project Financing Loans and therefore has presented all its debt as current due to these loans being repayable on demand.

Shareholders' Equity

	December 31, 2015	December 31, 2014
Share capital	$ 262,235	$ 312,868
Contributed surplus	15,315	17,879
Warrant reserve	8,621	10,286
Accumulated other comprehensive loss	9,332	(17,032)
Deficit	(258,027)	(140,410)
	$ 37,476	$ 183,591

The above noted change in share capital, contributed surplus and warrant reserve was primarily due to the negative foreign exchange impact of $55,215 (December 31, 2014 – $30,284). For commentary on movement in accumulated other comprehensive loss, see the "Foreign Exchange" section of this MD&A.

CASH FLOW INFORMATION

	December 31, 2015	December 31, 2014
Cash flows from operating activities	$ (7,124)	$ 2,746
Cash flows used in investing activities	(258)	(32,655)
Cash flows from financing activities	9,026	27,541
Foreign currency effect on cash	-	88
Decrease in cash	$ 1,644	$ (2,280)

Year ended December 31, 2015

Operating activities

Cash flows used from operating activities amounted to $7,124 (year ended December 31, 2014 –provided $2,746). Changes of non-cash working capital items $9,203 (year ended December 31, 2014 -$17,856) consisted primarily of $10,101 of A/P and accrued liabilities (year ended December 31, 2014 – $7,056) and the cash operating loss used $16,327 (year ended December 31, 2014 – $15,110).

Investing activities

During year, investing activities used $258 (year ended December 31, 2014 – $32,655) of cash, comprised primarily of payments related to property, plant and equipment acquisitions of $258 (year ended December 31, 2014 – $38,779) and exploration, evaluation and mine development expenditures of $Nil (year ended December 31, 2014 – $2,207, offset by the change in CELTINS note receivable of $7,971).

Financing activities

During the year, the Company generated $9,026 (year ended December 31, 2014 – $27,541) from proceeds from debt financing of $17,291 (year ended December 31, 2014 – $55,799), offset by repayment of principal of $5,446 (year ended December 31, 2014 – $39,960) and payment of interest and fees on debt of $3,821 (year ended December 31, 2014 – $28,486). In addition, there was a change in restricted cash of $1,002 (year ended December 31, 2014 – $22,744) related to payment of principal and interest on debt and the release of funds by certain lenders.

LIQUIDITY AND CAPITAL RESOURCES

Bank indebtedness as at December 31, 2015 was $Nil (December 2014 – $1,619). Cash and cash equivalents as of December 31, 2015 was $25 (December 31, 2014 – cash and cash equivalents of $Nil) and total restricted cash as at December 31, 2015 was $146 (December 31, 2014 – $1,409).

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.

Primarily in response to market conditions and as a means to preserve working capital during the strategic review process described below, the Company's Itafós Arraias SSP Operation was put into care and maintenance mode in the beginning of 2015. During a major part of 2015, the Company conducted a strategic review process to help find a definitive solution to the Company's working capital constraints and liquidity requirements. Options that were considered in the course of the strategic review process included, but were not limited to, securing a strategic partner, the sale of the Company or its assets as well as other potential value-maximizing transactions. In July 2015, the Company entered into a non-binding offer with Zaff, an investment fund active in the fertilizer industry. Concurrent with that non-binding offer, Zaff extended to the Company a senior secured bridge loan. The Company has drawn down on the bridge loan during 2015 for working capital needs during the process. The bridge loan has been the primary source of funding during 2015 for the Company and it has limited other financial resources. Although MBAC believes that a long-term solution will be achieved in due course with the Support Agreement that was agreed to with Zaff subsequent to year-end, the Company's ability to continue as a going concern is dependent on obtaining additional working capital funding in the immediate term. Given the significant working deficit and long term debt balances that are in default, the Company will more than likely be required to undertake a restructuring and refinancing transaction, such as a recapitalization. Subsequent to year-end, the Company agreed to enter into court approved restructuring processes in Canada and Brazil. If the recapitalization is successful, there would be significant dilution to the holdings of existing shareholders. 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.

Debt Extension

In October 2014, the Company executed debt extension agreements with its senior lenders whereby MBAC was permitted to defer the repayment of principal and interest amounts for a period of up to two years. 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. The Company will not be required to replenish the debt service reserve accounts until 2016. Subsequent to the 2014 year-end, the senior lenders released certain funds from the debt service reserve accounts to meet certain working capital needs. As at December 31, 2015 and 2014, the Company was not in compliance with certain debt covenants associated with its Project Financing Loans and therefore has presented all its debt as current due to these loans being repayable on demand.

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 (the "Itaú Nassau Loan"). This loan, denominated in USD, had a fixed interest rate of 4.66% p.a. and was originally scheduled to mature on March 7, 2014. During 2014, the Company extended this loan by virtue of settling the loan and immediately entering into a new loan with Itaú with similar terms maturing in March 2015; principal and interest were originally due at maturity. During 2015, the Company extended the maturity date of this loan to March 2015 by virtue of settling the loan and immediately entering into a new loan with Itaú with similar terms. Subsequent to the 2014 year end, this loan agreement was amended to extend the maturity date of the Itaú Nassau Loan to August 2015. The Company was not able to settle this loan.

This loan had an original principal balance of $1.8 million (R$7.0 million) and was originally scheduled to mature in January 2014. The Company extended the maturity date of the loan during 2015. During October 2014, as part of the debt extension, the Company amended the loan agreement again. The interest payable at the time of extension was capitalized to the principal and the maturity date was extended to September 2016.

During 2015, the Company executed and received disbursements on new working capital loans. The proceeds of these loans were used to effectively refinance certain debt obligations and bank indebtedness. This loan agreement was amended extending its maturity to July 2015. The Company was not able to settle this loan. Negotiations with the lender are continuing in connection with the Company's proposed strategic transaction.

As part of the debt extension agreement discussed above, Itaú agreed to provide the Company with new loans to cover the debt service needs on the Itaú Loans and other working capital needs. Itaú provided a credit facility in the amount of $14.6 million (R$38.8 million), of which $9.7 million (R$38.2 million) had been disbursed as at December 31, 2015.

Votorantim Working Capital Loans

During 2013, the Company executed and received disbursements from a working capital loan with Votorantim in the amount of $8.1 million (R$21.4 million); the loan was originally comprised of 24 individual tranches; the maturity dates of the tranches were staggered by one month, with the first tranches scheduled to mature in October 2014. In 2013, the Company entered into hedging arrangements in order to convert the amounts disbursed under the original loans into USD. During 2014, as part of the debt extension, the Company settled the hedging arrangements by virtue of settling the 24 individual loans and immediately entering into a new loan for the same total principal amount. The Company extended the maturity date of this new loan to June 2018. The new loan has an interest rate of DI + 4.5%, interest is payable semi-annually beginning in March 2015 and quarterly commencing in September 2016. Principal is payable monthly beginning in September 2016.

During 2014, the Company executed and received disbursements from an additional working capital loan from Votorantim in the amount of $1.3 million (R$5.0 million). The loan has an interest rate of DI + 4.50% p.a. and matures on April 20, 2015; principal and interest are due at maturity. The proceeds of this loan was primarily used to purchase supplies, spare parts and phosphate rock (concentrate) from third parties. The Company was not able to settle this loan; however, the Company continues to work and negotiate a potential maturity extension with the lender.

As part of the debt extension agreement discussed above, Votorantim agreed to provide the Company with new loans to cover the debt service needs on the Votorantim Loans and other working capital needs. Votorantim provided a credit facility in the amount of $5.6 million, of which $3.7 million (R$14.6 million) had been disbursed as at December 31, 2015. The credit facility has an interest rate of DI + 4.5% p.a. and matures in November 2020. Interest is payable quarterly beginning on November 15, 2014 and monthly beginning on September 15, 2016. Principal is due monthly beginning on September 15, 2016.

Modal Working Capital Loan

During 2015, the Company settled its two existing Modal working capital loans and entered into a new working capital loan with Modal for $6.1 million (R$16.2 million). This loan had an interest rate of 0.75% per month + DI and matures on March 2, 2015. Principal is due at maturity and interest was payable monthly beginning in May 2014. The Company extended the maturity date of the loan to August 10, 2015, and the interests were capitalized. At December,31, 2015 the loan amount is $4.5 million (R$17.9 million). The Company was not able to settle this loan.

Santander Working Capital Loan

During 2015, the Company executed a working capital loan with Banco Santander ("Santander") for $17.4 million (the "Santander Working Capital Loan"), of which $10.6 million was disbursed during the year. This loan has an interest rate of LIBOR + 3.473% p.a. and matures on August 21, 2015. Principal is due at maturity and interest is payable semi-annually beginning in February 2015. The maturity date of the loan was extendable by one year; conditional on the disbursement of the remaining $6.8 million, which was conditional upon satisfying certain operational conditions as at December 31, 2015. The Company did not satisfy these operational conditions as at December 31, 2015 (discussed above) and as a result, MBAC will not be able to obtain the second disbursement under the Santander Working Capital Loan or extend its maturity date. The Company was not able to settle this loan.

Alpha LLC (Zaff LLC) Working Capital Loan

At the end of July 2015 the Company, through its wholly owned subsidiary MBAC Opportunities and Financing Inc. received a senior secured loan from Alpha Infrastructure LLC (now known as Zaff LLC), amounting to $1.75 million. The loan carries an interest rate of 15% per annum, and its proceeds are intended to be used primarily to prepare the plant for a potential resumption of operations and to fund general and administrative expenses related thereto. In November 2015, the Company received a second loan of $0.15 million to fund legal expenses. In December 2015, the Company received a third loan amounting to $0.9 million to fund general and administrative expenses. Zaff LLC has also purchased the MBAC loans payable to IFC from IFC. No terms were amended as part of this assignment.

Santana BNDES Loan

During 2014, the Company executed a credit facility with BNDES for $6.7 million (R$17.9 million) (the "Santana BNDES Loan"). As at December 31, 2014, $3.4 million (R$9.0 million) had been withdrawn and $3.3 million (R$8.9 million) remained available under this credit facility. All proceeds were used for development work at the Santana Phosphate Project. Interests due during 2015, were paid through working capital loans provided by Itaú. In November 19, 2015, the BNDES loan was fully paid in advance using a working capital loan provided by Itaú

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"). Both the Votorantim Swap Agreement and the Votorantim Working Capital Swap Agreements were settled during 2014 as part of the debt extension agreements executed with senior lenders (see above). At the time of settlement, 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). These cross currency swap agreements resulted in the recognition of derivative instruments. The settlement of the derivative instruments resulted in a loss for the year ended December 31, 2014 of $535 due to the change in the fair value of the derivative instruments from December 31, 2013. The loss was recognized in "Finance expense" on the consolidated statements of operations. As at December 31, 2015, the Company is not a party to any derivative agreements.

Subsequent Events

On April 5, 2016, the Company entered into the support agreement with Zaff, an investment fund active in the fertilizer industry, which has previously provided bridge financing to the Company, to give effect to a recapitalization of the Company. Under the agreement, the Company has agreed to pursue the completion of the Recapitalization pursuant to a plan of compromise under the Companies' Creditors Arrangement Act (Canada) (and a parallel extrajudicial restructuring proceeding in Brazil under The Bankruptcy Law 11,101/2005 (the "Brazil Proceeding"). Per the terms of the Support Agreement, the investment fund will acquire substantially all of the outstanding secured and guaranteed debt of the Company and its Brazilian subsidiaries, as well as certain outstanding unsecured debts of the Company and of the Company's Brazilian subsidiaries that are not guaranteed by the Company. Under the Canadian restructuring unsecured creditors of the Company will receive either a percentage of their claim in cash or, in the alternative, a combination of (i) restructured debt of MBAC's primary operating subsidiary or (if elected by the applicable creditor) restructured debt of MBAC; and (ii) common shares of MBAC or (if elected by the applicable creditor) share purchase warrants of an MBAC subsidiary exercisable for common shares of MBAC. As a result of the Brazilian Proceeding, certain secured and unsecured creditors of the Brazilian subsidiaries of the Company will receive either cash or, in the alternative, a combination of (i) restructured debt of the respective MBAC Brazilian subsidiary; and (ii) common shares of MBAC or share purchase warrants. Upon completion of all transactions contemplated by the Support Agreement, the investment fund will receive securities representing up a controlling share of the common equity of reorganized MBAC in exchange for the acquired Debt and the interim working capital financing that has been provided or will be provided to the Company. Subject to certain conditions, the investment company will fund the Company's funding requirements during the term of the Support Agreement, up to a maximum of $5 million. Additionally, MBAC will indirectly acquire all of the shares of GBL beneficially held by Zaff in return for common shares of MBAC at a ratio of 2.5 shares of MBAC for each share of GBL so acquired.

On April 14, 2016, the TSX announced that the Company's common shares and share purchase warrants would be delisted from the TSX effective May 13, 2016.

SUMMARY OF QUARTERLY RESULTS

	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Net sales	$ –	$ –	$ –	$ –
Net income (loss)	$ (15,431)	$ (46,218)	$ (12,764)	$ (43,204)
Basic and diluted earnings (loss) per share	$ (0.09)	$ (0.25)	$ (0.07)	$ (0.24)
Adjusted basic and diluted loss per share	$ (0.52)	$ (0.10)	$ (0.05)	$ (0.13)
Total assets	$ 308,429	$ 314,429	$ 401,105	$ 398,370

	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Net sales	$ –	$ –	$ –	$ –
Net income (loss)	$ (8,808)	$ (18,744)	$ (7,017)	$ 6,055
Basic and diluted earnings (loss) per share	$ (0.06)	$ (0.10)	$ (0.04)	$ 0.04
Adjusted basic and diluted loss per share	$ (0.17)	$ (0.01)	$ (0.05)	$ (0.04)
Total assets	$ 483,708	$ 512,417	$ 553,279	$ 549,061

FOURTH QUARTER

The table below summarizes the operational highlights for the Itafós Arraias SSP Operations during Q4 2015:

(in tonnes unless otherwise stated)	Three months ended December 31, 2015	Three months ended December 31, 2014
Ore extracted	0	112,035
P_2O_5 grade (%)	0.0%	6.7%
SSP pre-commercial production	0	11,632
SSP pre-commercial sales on deliveries	0	14,925
Pre-commercial SSP net revenue[3]	$ 0	$ 2,506
Sulphuric acid pre-commercial total production	0	3,017
Sulphuric acid pre-commercial sales on deliveries	0	3,667
Pre-commercial sulphuric acid net revenue[4]	$ 0	$ 520

OTHER HIGHLIGHTS OF THE FOURTH QUARTER:

The Company invested $104 in property, plant and equipment (Q4 2014 – $21,898) during the fourth quarter. The decrease in total assets during the fourth quarter of $749 was primarily a result of the negative foreign exchange impact. During Q4 2014, with the commencement of the strategic review process (discussed above), the Company evaluated the temporary suspension of its operations. In Q1 2015, the Company suspended production at its Itafós Arraias SSP Operations and has since not had any production to date. In support of its strategic review process and its objective to preserve working capital, MBAC has put its Itafós Arraias SSP

3 *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.*

Operations in care and maintenance mode. The Company expects to resume production if and when its strategic review process is successfully completed and its liquidity constraints are resolved.

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) realized and 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.

STOCK-BASED INCENTIVE PLANS

The Company has established a stock option plan (the "Stock Option Plan") designed to provide a long-term incentive to eligible participants, comprised of employees, officers, directors and consultants of the Company. The maximum number of share purchase options that may be granted is equal to 10% of the issued and outstanding common shares at the date of grant. The total share purchase options available for grant as at year end were 18,160,749 from which 4,521,000 share purchase options had been granted and remained outstanding for exercise. Any options granted that expire or otherwise terminate in accordance with the terms of the Stock Option Plan without having been exercised will again be available for re-granting. During the year ended December 31, 2014, the Company granted 1,950,000 share purchase options under the Stock Option Plan with a total estimated fair value of $778. During the year ended December 31, 2015, the Company did not grant any share purchase options. The authority to issue new stock option was terminated at the annual general and special meeting of shareholders held on June 30, 2015.

The vesting of share purchase options is at the discretion of the Board of Directors. Also, share purchase options granted under the Stock Option Plan cannot have an exercise price that is less than the trading price of the common shares on the day immediately preceding the grant date, and are exercisable for a period to be determined by the Board.

The Company recognized a total of $353 in share-based payment expense for the year (year ended December 31, 2014 – $974) and a corresponding increase in contributed surplus. The following is a summary of the outstanding share purchase options to acquire common shares as at the year end and the changes thereof during the year:

	Number of options	Weighted average exercise price

Outstanding, as at December 31, 2014	4,729,000	C$	1.70
Granted	–		–
Exercised	–		–
Forfeited	(208,000)		2.02
Outstanding, as at December 31, 2015	4,521,000	C$	1.69
Exercisable, as at December 31, 2015	3,404,329	C$	2.49

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 prefered shares issued or outstanding.

Share capital as at December 31, 2015 was $262,235 (December 31, 2014 – $312,868). As at December 31, 2015, MBAC had 181,607,492 common shares (December 31, 2014 – 181,607,492) issued and outstanding. Subsequent to year end 2,250,000 options were forfeited.

The following common shares and stock options of the Company were outstanding as at April 27, 2016:

	Expiry date	Exercise price	Securities outstanding	Common shares on exercise
Common shares	–	–	181,607,492	–
Stock options	Feb 14, 2017 to Feb 21, 2019	C$0.98 to C$2.99	4,521,000	4,521,000
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 positive.

The Company's primary focus remains at the Itafós Arraias SSP Operations. Continuity of this vision and implementation is now dependant on the outcome and the associated timing of the recently announced support agreement with Zaff, LLC. During Q1 2015, the Company suspended production at its Itafós Arraias SSP Operations and had no production in 2015. Depending on the outcome of the strategic review process and funding working capital requirements, the Company intends to resume operations at the Itafós Arraias SSP Operations.

The Company's action plan nevertheless remains as specified below, subject to the successful completion of the strategic review process:

- Timing and implementation of the reorganization processes in Canada and Brazil.
- 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 positive 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 if and 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).

CONTRACTUAL OBLIGATIONS

Except for the presentation of all debt as current as at December 31, 2015, the following table provides a breakdown with respect to the Company's contractual obligations and payment periods as at December 31, 2015:

	Total	Less than 1 year	1 -3 years	4 -5 years	Thereafter
Accounts payable and accrued liabilities	$ 32,397	$ 32,397	$ –	$ –	$ –
Debt repayments (principal portion)	211,506	211,506	–	–	–
Accrued interest payable on debt	21,489	21,489	–	–	–
Provision for environmental restoration	5,561	4,903	–	–	658
	$ 270,953	$ 270,295	$ –	$ –	$ 658

PHOSPHATE FERTILIZER MARKETS

According to the Ministry of Agriculture (MAPA), Brazilian agribusiness exports in 2015 totalled $88.2 billion, representing a decrease of approximately 8.8% compared to 2014, when exports reached $9608 billion. The trade balance was $75.2 billion surplus, a decrease of approximately 6.6% compared to 2014, when the trade surplus was a $80.1 billion. The five contributors of Brazilian agribusiness exports for 2015 were soy, meat, sugar (including ethanol), forest products and coffee. The latest survey of grains for 2015-2016 conducted by Brazil National Supply Company (CONAB) in March 2016 indicated that Brazil's annual soybean production is estimated to increase from 96.7 million tonnes in 2015 to 101.6 million tonnes in 2016, representing a growth of 5.0%. Total planted area for grains in Brazil for 2016 is estimated to reach 58.5 million hectares. Soybean crop is estimated to occupy the most area with 56.8% of total area, 3.6% higher than 2015. The figures, despite reductions in value caused primarily by reduced commodity prices, continue to demonstrate the strength in the Brazilian agribusiness sector and its competitiveness internationally. The Brazilian economy depends on agribusiness as a major revenue earner and contributor of surplus to the economy.

Crop financing will amount to $60 billion for the period 2015/16. The amount is 20% higher compared to last year in Brazilian Real terms, but about a 10% decline in U.S. dollar terms due to the dramatic Brazilian Real devaluation in the last 12 months. Considering that Brazil is going through an economic turmoil and most government agencies are facing budget cuts, the increase shows the importance of the agricultural sector for the Brazilian economy. This initiative makes credit lines available for Brazilian farmers to invest in food production and supplies. The money can be used for the purchases of fertilizers, equipment, and the improvement of infrastructure in rural properties. For this year, the most anticipated change within the plan was the interest rates of these subsided loans. Minister Abreu announced that interest rates for loans related to support costs of production would be at 7.75% annually for medium-sized producers. For large producers, the rate was set at 8.75% per year. Loans for infrastructure development will vary between 7% to 8.75%. Last year, the average interest rate was 6.5%. The increase is due to the fiscal adjustment of the federal government. Despite the increase compared to last year's plan, the rates are still highly subsidized for Brazilian farmers since Brazil Central Bank's lending rate is currently at 13.25%. These funds are provided by Governmental lending institutions to assist in the funding, investment, and marketing of the agricultural sector. agricultural production. According to Agriculture Minister Abreu in the next ten years, Brazil will increase crop production by 50 million tons and meat production by 8 million tons "without any pressure on resources natural such as land and water."

According to the National Association of Fertilizer Producers – Brazil (ANDA), total consumption of fertilizer in Brazil for 2015 was 30.2 million tonnes. This represents a decrease of 6.2% over the 32.2 million tonnes consumed in 2014. While this reduction was caused by relatively lower commodity prices, the devaluation of the Brazilian currency towards the end of the year is indicative of a recovery of farming profits, creating therefore conditions for resumption of fertilizer consumption growth.

The Company's primary product is SSP which is an excellent source of three plant nutrients – phosphorous, sulphur and calcium. The presence of these nutrients in SSP provides great benefit to the development of crops in regions where these nutrients are deficient, such as in Brazil's Cerrado region where the soils are very old. It is also the preferred fertilizer for development of new cropping areas such as Brazil's new agricultural frontier in central and northern Brazil. According to ANDA, during 2015, Brazil produced 4.78 million tonnes of SSP, as compared to 4.63 million tonnes of SSP in 2014 and imported 0.56 million tonnes and 0.61 million tonnes respectively in 2015 and 2014.

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:

	December 31, 2015	December 31, 2014
BRL weakening against USD	(49.0)%	(12.5)%
CAD weakening against USD	(19.3)%	(9.1)%
Unrealized and realized foreign exchange loss	$ (43,816)	$ (12,069)
Cumulative translation gain (loss)	$ 26,364	$ (9,641)

The functional currency of the Brazilian subsidiaries of the Company is BRL. The functional currency of all other entities is CAD and the Company's presentation currency is USD.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2015, 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 the year ended December 31, 2015 was negative 1.1% (year ended December 31, 2014 – negative 5.5%). A reconciliation of the Company's statutory rate to the effective tax rate is provided in Note 21 to the audited consolidated financial statements for the year ended December 31, 2015.

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 preparation of financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of the assets, liabilities, revenue and expenses reported each period. Each of these estimates varies with respect to the level of judgement involved and the potential impact on the Company's reported financial results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates are deemed critical if the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the consolidated financial statements of future periods.

CRITICAL JUDGEMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

Information about critical judgements and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the audited consolidated financial statements are as follows:

Ability to continue as a going concern

Significant judgements are used in the Company's assessment of its ability to continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations, which is described in Note 1 of the audited consolidated financial statements.

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of the value in use amount or the fair value less costs of disposal in the case of non-current assets and at objective evidence, significant or prolonged decline of the fair value on available for sale financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Determination of economic viability

Management has determined that costs associated with projects which have been capitalized have future economic benefits and are economically recoverable. In making this judgement, management assessed various sources of information including but not limited to the geologic and metallurgic information, the existence of economically recoverable reserves and resources, the ability of the Company to obtain the funding necessary to complete exploration and development activities and the future profitability, all of which are subject to significant risks and uncertainties.

Commencement of commercial production

The Company must make a judgement when determining whether a mine has reached an operating level that is consistent with the use intended by management. Assessing whether a mine has achieved commercial production requires management to make a judgement of a reasonable expectation of profitability, and must consider various qualitative factors including but not limited the completion of all major expenditures to bring the mine to the condition necessary for operations, the completion of a reasonable commissioning period for the mine plant and equipment, the achievement of a pre-determined percentage of design capacity, the consideration of whether mineral recoveries are near expected production levels, the capability to sustain an ongoing production or ore and the ability to produce a saleable product within necessary specifications.

KEY SOURCES OF ESTIMATION UNCERTAINTY IN THE APPLICATION OF ACCOUNTING POLICIES

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are included in the following notes:

Mineral reserves estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, based on certain prescribed standards, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and certain assumptions including economic assumptions such as metal prices and market conditions which could have a material effect in the future of the Company's financial position and results of operation.

A number of accounting estimates, as described in the relevant accounting policy notes above, are impacted by the reserve and resource estimate:

Mineral properties and exploration and evaluation expenditures
Impairment of non-current assets
Provision for environmental restoration and related accounts

Impairment of long-lived asssets

While assessing whether any indicators of impairment exist for mineral properties, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mineral properties. Internal sources of information include the manner in which property, plant and equipment are being used or are expected to be used and indications of economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mineral properties, costs to sell the mineral properties and the appropriate discount rate. Reductions in price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reduction in the amount of recoverable mineral reserves and resources and/or adverse current economics can result in a write-down of the carrying amounts to the Company's mineral properties.

At year end, an impairment test was conducted on the Company's Itafós property due to the Company's market capitalization being below the carrying value of net assets. The recoverable amount of the Itafós cash generating unit (CGU) has been determined using a fair value less costs of disposal (FVLCD) model. This is a discounted cash flow model, representing management's estimate of the expected return that a market participant would obtain from the property based on operating the Itafós property in accordance with its best and intended use. In forming the model, data with respect to the mine's operating capability in accordance with the technical report issued on March 27, 2013 has been taken into consideration.

As a result of the test, it was determined that Itafós' FVLCD was greater than its carrying value of $258.8 million by $12.3 million as at December 31, 2015, and that no impairment charge was required to the property's carrying amount as at December 31, 2015. Some of the key assumptions incorporated into management's estimate are noted as follows:

Long-term SSP sales price:	*$205/ton*
Long-term Brazilian Real : US dollar exchange rate:	*R$3.99 : $1*
Weighted average cost of capital	*8.7% p.a.*
Conversion factor of indicated and inferred resources to mineable property	*95%*

A summary of the impact on the impairment charge for a change in the key assumptions, holding all other factors in the model constant, are noted as follows.

10% reduction in long-term SSP sales price:	*Impairment of approximately $75 million*
10% strengthening in long-term Brazilian Real against the US dollar:	*Impairment of approximately $31 million*
10% reduction in conversion of indicated and inferred resources:	*No Impairment*

At year end, an impairment test was also conducted on the Company's Santana property due to the Company's market capitalization being below the carrying value of net assets. The recoverable amount of the Santana CGU was also determined using a market approach. As a result of the test, it was determined that Santana's FVLCD was greater than its carrying value of $12 million as at December 31, 2015, and that no impairment charge was therefore required.

Income taxes

The Company is subject to income taxes in numerous jurisdictions. The calculation of income taxes requires judgement in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the realizability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The IASB has issued the following applicable standards, which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

The following is a description of the new standards:

(i) IFRS 7, Financial Instruments – Disclosure, has been amended to require additional disclosures on transition from IAS 39 to IFRS 9. The amendment to IFRS 7 is effective on adoption of IFRS 9.

(ii) IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

The final version of IFRS 9 was published in July 2014 and includes (i) a third measurement category for financial assets – fair value through OCI; (ii) a single, forward-looking "expected loss" impairment model; and (iii) a mandatory effective date for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

(iii) IFRS 15, Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18, Revenue, IAS 11, Construction Contracts and IFRIC 13, Customer Loyalty Programs. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2018, with earlier application permitted.

(iv) IFRS 16, Leases, was issued in January 2016. The standard requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16.

(v) Amendments to IAS 1, Presentation of financial statements, to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. Effective for years beginning after January 1, 2016.

RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

KEY MANAGEMENT COMPENSATION

Key management includes directors and officers of the Company. The compensation paid or payable to key management for employee services is shown below:

	December 31, 2015	December 31, 2014
Management compensation and directors fees	$ 1,505	$ 1,200
Other benefits	100	123
Share-based payments [1]	353	778
	$ 1,958	$ 2,101

[1] The share-based payments are based on the stock options expense for the current year.

In addition to the above, agreements are held with key members of management to receive certain benefits in the event of termination of employment totalling $503 (year ended December 31, 2014 - $496).

As at December 31, 2015, $417 (2014 - $Nil) was owing to certain directors of the company and included in accounts payable and accrued liabilities.

OTHER TRANSACTIONS

During the prior year, the Company incurred professional fees of $250 (year ended December 31, 2014 – $377) with Cassels Brock & Blackwell LLP, a law firm of which a former director of the Board is the chairman. These services were incurred in the normal course of operations for general legal matters, firm attendance at committee and board meetings and transaction costs related to public and private financings. All services were made on terms equivalent to those that prevail with arm's length transactions. Cassel director ceased to be a related party during Q4 2015.

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 loan had an interest rate of 16% per annum and was settled on April 17, 2014.

During the year, the Company obtained secured promissory notes totaling $2.79 million from Zaff. Subsequent to year-end, the Company entered into a support agreement with Zaff wherein the loans of $2.79 million (and subsequent loans, debt securities) may be converted into common shares in the Company. In addition, Zaff has placed one of its personnel as the Interim Chief Financial Officer of the Company.

During 2015, zero interest, non-secured loans with due dates of April 2017 were received from shareholders for a total amount of $138.

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

Exploration, development and mining of minerals involve numerous inherent risks. As such, an investment in the securities of the Company is subject to various risks. Although the Company assesses and minimizes these risks by applying high operating standards, including careful management and planning of its facilities, hiring qualified personnel and developing their skills through training and development programs, these risks cannot be eliminated. Such risks include changes in local laws governing the mining industry, a decline in fertilizer prices and the activity in the mining sector, uncertainties inherent in estimating mineral reserves and mineral resources and fluctuations in local currency against the United States Dollar.

In addition to the other information contained in this MD&A and the Company's other publicly filed disclosure documents, investors should give careful consideration to the following factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. Any of the matters highlighted in these risk factors could have a material adverse effect on the Company's business prospects or financial condition. Readers are also encouraged to read and consider the risk factors more particularly described in the Company's Annual Information Form for the year ended December 31, 2015.

UNCERTAINTY IN THE ESTIMATION OF MINERAL RESERVES AND MINERAL RESOURCES

The calculation of reserves, resources and corresponding grades being mined or dedicated to future production are imprecise and depend on geological interpretation and statistical inferences or assumptions drawn from drilling and sampling analysis, which might prove to be unpredictable. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Until resources are actually mined and processed, the quantity of resources and grades must be considered to be estimates only. Any material change in the quantity of reserves, resources, grade or stripping ratio may affect the economic viability of MBAC's properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests.

MINE DEVELOPMENT AND COMPLETION

Feasibility studies are used to determine the economic viability of a mineral deposit. Many factors are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating estimates and the estimate of future commodity and fertilizer prices. Capital and operating cost estimates are based on many factors, including anticipated tonnage and grades of ore to be mined, the configuration of the ore body, ground and mining conditions, expected recovery rates of the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties and, as a result, the Company cannot give any assurance that the estimates in the definitive feasibility study will be correct or that the project will produce profitable operating mine(s). If a mine is developed, actual operating results may differ from those anticipated in the definitive feasibility study. There can be no assurance that delays will not be experienced.

OPERATING AND POLITICAL RISKS

The Company holds mining properties in Brazil and is exposed to the laws governing the mining industry in that country. The government in Brazil is currently supportive of the mining industry but changes in government regulations including taxation, the repatriation of profits, restrictions on production, export controls, environmental compliance, expropriation of property, shifts in the political stability of the country and labour unrest could adversely affect the Company and its exploration and production initiatives in Brazil.

To mitigate land title risks, the Company makes no commitments and does not undertake exploration without first determining that necessary property rights are in good standing. However, despite the Company's best efforts, land title may still be affected by undetected defects.

INCOME TAXES

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.

CURRENCY FLUCTUATIONS

Currency fluctuations may affect MBAC's capital costs and the costs that MBAC incurs in its operations. The appreciation of the Brazilian Real against the United States Dollar would increase the costs of phosphate production at such mining operations, which could materially and adversely affect MBAC's earnings and financial condition.

CREDIT RISKS

Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. For cash, cash equivalents and accounts receivable, credit risk is represented by the carrying amount on the balance sheet. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties, limiting the amount of exposure to each counterparty and monitoring the financial condition of counterparties.

EQUIPMENT AND SUPPLIES

The Company is dependent on various supplies and equipment to carry out its operations and exploration and development activities. The shortage of supplies, equipment and parts could have a material adverse effect on its ability to carry out its operations and therefore limit or increase the cost of operations, exploration and development and related activities. An increase in demand for services and equipment could cause operational, exploration, development or construction costs to increase materially, could result in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and could increase potential scheduling difficulties and costs due to the need to coordinate the availability of services or equipment. Any such material increase in costs would adversely affect the Company's results of operations and financial condition.

COMMODITY PRICES

The profitability of MBAC's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of MBAC. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on MBAC's business, financial condition and results of operations. Furthermore, reserve and/or resource calculations and life-of-mine plans using significantly lower mineral prices could result in material write-downs of MBAC's investment in mining properties and increased amortization, reclamation and closure charges. In addition to adversely affecting MBAC's resource estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

ENVIRONMENTAL RISKS AND HAZARDS

All phases of MBAC's operations are subject to environmental regulation in Brazil. These regulations mandate, among other things, water quality standards and land reclamation and regulate the generation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect MBAC's business, financial condition and results of operations.

Environmental hazards may also exist on the properties in which MBAC holds interests that are unknown to MBAC at present and that have been caused by previous or existing owners or operators of the properties. Government environmental approvals and permits are currently, or may in the future be, required in connection with MBAC's operations. To the extent that such approvals are required and not obtained, MBAC may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including MBAC, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on MBAC and cause increases in exploration expenses and, capital expenditures or abandonment or delays in development of new mining properties.

DEPENDENCE UPON KEY MANAGEMENT PERSONNEL AND EXECUTIVES

MBAC is dependent upon a number of key management personnel. The loss of the services of one or more of such key management personnel could have a material adverse effect on MBAC. MBAC's ability to manage its operating, development, exploration and financing activities will depend in a large part on the efforts of these individuals. MBAC faces intense competition for qualified personnel and there can be no assurance that MBAC will be able to attract and retain such personnel. MBAC has entered into employment agreements with certain of its key executives requiring sufficient notice of departure allowing for an adequate transition period.

FINANCING RISKS AND ABILITY TO CONTINUE AS A GOING CONCERN

The Company was ramping up production of granulated SSP at the Itafós Arraias SSP Operations in 2014 meeting industry specifications and making deliveries to customers. This production ramp-up was delayed and then stopped due to severe financial constraints resulting in additional funding requirement to finance the working capital and debt service needs. During 2015, MBAC has undergone strategic review process to help find a definitive solution to the Company's working capital constraints and liquidity requirements. Options under consideration in the strategic review process include, but are not limited to, securing a strategic partner, the sale of the Company or its assets as well as other potential value-maximizing transactions. Although MBAC believes that a long-term solution will be achieved in due course through the strategic process, the Company's ability to continue as a going concern is dependent on obtaining additional working capital funding in the immediate term. MBAC has determined that its working capital needs for the next twelve months exceeds the amounts available under its credit 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 price of phosphate and future expectations for such price may have a material impact on the market sentiment for investment in mining and mining exploration companies.

LEVERAGE AND DEBT RESTRICTIVE COVENANTS

Construction of the production facility at the Itafós Arraias SSP Operations has in part been financed by project finance from financial institutions which have representations, financial commitments, banking ratios and other covenants which must be satisfied as per the terms laid out in the respective loan agreements. MBAC did not satisfy certain covenants as at December 31, 2015 and has presented all of its debt as current. As such, the Company is exposed to potential events of default which could make all amounts due and payable immediately or expose MBAC to working capital needs which may not be able to be funded by proceeds from operations or from cash reserves. The degree to which the Company is leveraged could have important consequences including: MBAC's ability to obtain additional funding for working capital and capital expenditures may be limited; a significant portion of MBAC's operating cash flow may be dedicated to the payment of principal and interest on its debt, thereby reducing funds for future operations. This could, in turn, have a material adverse effect on the business, financial condition and results of operations of MBAC.

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. The system of disclosure controls and procedures includes, among other things, the Company's Code of Business Conduct and Ethics policies, the review and approval procedures of the Disclosure Committee and continuous review and monitoring procedures by senior management.

Both the President and Chief Executive Officer ("CEO") and the Interim Chief Financial Officer ("CFO") have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2015, pursuant to the requirements of National Instrument 52-109. There has been no change in the Company's disclosure controls and procedures during the period from January 1, 2015 to December 31, 2015 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. The Company's internal control over financial reporting includes:

- maintaining records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets of the Company;
- providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's financial statements in accordance with generally accepted accounting principles;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and

- providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on the Company's financial statements would be prevented or detected on a timely basis.

The Company has limited administrative staffing and in many instances, the implementation of internal controls relying on segregation of duties is not always possible. During 2015, the restructuring measures undertaken by management as well as the continuation of the strategic review process resulted in higher than normal staff reductions and turnover. The Company continues to rely 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. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

The CEO and CFO have reviewed and evaluated the effectiveness of the Company's internal control over financial reporting and concluded that the Company's internal controls over financial reporting were effective as of the end of the period covered by this MD&A and have concluded that they are effective at a reasonable assurance level.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the President and CEO and the Interim 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. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

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 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 resume exploration and evaluation efforts towards increasing the mine life at the Itafós Arraias SSP Operations and respective expansion strategy;
- 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 working capital constraints and liquidity requirements, including the sale of assets or other strategic arrangements;
- the Company's expectations to successfully conclude its Support Agreement and related transactions as outlined in the Subsequent Events disclosure.
- the Company's expectations for future financing sources and use of funds;
- the Company's ability to carry out its devised action plan;
- the Company's expectation to resume operations at the Itafós Arraias SSP Operations after the re-evaluation of its working capital position;
- 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 consumption of SSP in the Company's target area for Itafós Arraias SSP Operations will be sufficient to absorb competitively the entirety of the Company´s output and the Company's expectations 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 plans in connection with pursuing 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; and
- the Company's projections of future levels of taxable income.

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 and working capital loans;
- 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 current or pending litigation;
- 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.