MBAC FERTILIZER CORP.

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

For the Three and Nine Months Ended September 30, 2016 and 2015

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of MBAC Fertilizer Corp. (the "Company") for the three and nine months ended September 30, 2016 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains "forward-looking information" that is subject to certain risk factors including those set out in the cautionary note and elsewhere in this MD&A and in the Company's current Annual Information Form. All figures are in thousands of United States dollars ("$" or "USD"), except price per tonne and earnings per share, or unless otherwise noted. References herein to C$ or CAD are to the Canadian dollar and R$ or BRL are to the Brazilian Real. This MD&A has been prepared as of November 11, 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 "Q3 2016" shall refer to the period from July 1, 2016 to September 30, 2016. References to "the comparative quarter" or "Q3 2015" shall refer to the period from July 1, 2015 to September 30, 2015. References to "the prior year" shall refer to the period from January 1, 2015 to December 31, 2015.

HIGHLIGHTS AND OVERALL PERFORMANCE

CORE BUSINESS

The Company is a company engaged in the mining, production and exploration of phosphate fertilizers. The Company is focused on becoming a significant integrated producer of phosphate based fertilizers and related products. The Company operates the Itafós Arraias Single Super Phosphate ("SSP") Operations, which consists of an integrated fertilizer producing facility located in central Brazil. The facility is comprised of a phosphate mine, a mill, a beneficiation plant, a sulphuric acid plant, an SSP acidulation plant. a granulation plant and related infrastructure (the "Itafós Arraias SSP Operations"). The Company's exploration portfolio includes a number of additional projects in Brazil, including the "Santana Project", a high-grade phosphate deposit located in close proximity to the largest fertilizer market of Mato Grosso State and animal feed market of Pará State, and the "Araxá Project", a high-grade rare earth elements, niobium and phosphate deposit located in close proximity to two operating mines, therefore benefiting from existing local infrastructure. As of October 27, 2016 the Company owns an approximate 31.3% indirect interest in GB Minerals Ltd. (TSXV:GBL) which owns the Farim Project, a high-grade phosphate deposit located in Guinea Bissau and an approximate 36.6% indirect interest in Stonegate Agricom Ltd. (TSX:ST) which owns the Paris Hills Project, a high-grade phosphate deposit located in Idaho, United States of America, and the Mantaro Project, a high-grade phosphate deposit located in Peru.

THREE MONTHS ENDED SEPTEMBER 30, 2016 AND SUBSEQUENT EVENTS

HIGHLIGHTS

- Itafós Arraias SSP Operations continued under care and maintenance during Q3 2016 without any production;
- Zaff LLC ("Zaff") made senior secured bridge loans of $2.9 million to MBAC Opportunities and Financing Inc. (a subsidiary of the Company) during Q3 2016 (total advanced up to September 30, 2016 was $8.9 million). Loans carry an interest rate of 15% per annum. The proceeds of these loans were used primarily to fund general/administrative expenses and preparatory expenses related to the restructuring of the Company described below;
- During Q3 2016, a review/analysis of the physical condition of the plant and its assets was performed. During that physical review/analysis of the plant, damaged assets at the plant site were noted. Based on an internal review, the Company estimated that as at September 30, 2016, the carrying value of Itafos and Araxa assets exceeded their recoverable value. $8.8 million was recorded as a disposal of property,

plant and equipment, and mineral properties. Also, \$5.8 million related to the Santana impairment phosphate project was recorded as impairment on the project.

- The recapitalization and restructuring process was initiated by the Company in August 2016 in accordance with the provisions of the Companies' Creditors Arrangement Act (Canada) in Canada (the "Canadian Restructuring"), received creditor approval and, subsequent to Q3, 2015, was sanctioned by the Ontario Superior Court of Justice (Commercial List) on October 3, 2016.

- Upon implementation of the Canadian Restructuring on October 27, 2016:
    - the Company has 52,154,038 issued and outstanding common shares (shares had been consolidated at a ratio of one (1) post-consolidation common share for each 100 pre-consolidation common shares immediately prior to implementation of the Canadian Restructuring);
    - there was significant dilution to the holdings of then existing shareholders which resulted in Zaff holding approximately 96.25% of the issued and outstanding common shares of the Company;
    - all existing options, warrants and equity claims against the Company and MBAC Opportunities and Financing Inc. were cancelled;
    - all the secured and unsecured debt owed by the Company and MBAC Opportunities and Financing Inc. (including the outstanding Banco Modal S.A. ("Modal") working capital loans and Zaff working capital loans) were either repaid, cancelled, or exchanged for common shares in the Company and/or debentures, in accordance with the Canadian Restructuring;
    - the convertible debentures (further described in the Liquidity and Capital Resources section below) were indirectly acquired by the Company from Zaff in exchange for common shares of the Company;
    - the Company ceased to be a Canadian entity and continued as a company under the laws of the Cayman Islands;
    - the Company acquired from Zaff, in exchange for shares in the Company, an approximate 31.3% indirect interest in GB Minerals Ltd. (TSXV:GBL), which owns the Farim Project (a high-grade phosphate deposit located in Guinea Bissau) and an approximate 36.6% indirect interest in Stonegate Agricom Ltd. (TSX:ST), which owns the Paris Hills Project (a high-grade phosphate deposit located in Idaho, United States of America), and the Mantaro Project (a high-grade phosphate deposit located in Peru). Refer to companies public filings on SEDAR at www.sedar.com.; and
    - the Company will continue to receive administrative and financial support from Zaff as the Itafos plant is being recommissioned.

- On November 7, 2016, trading in the Company's securities (which had been suspended since April 2016) resumed. The Company continues to be listed on the TSXV under the symbol "MBC".

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 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 and would be among one of the largest SSP producing facilities in Brazil. Based on the 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 5.07%. The mine has a life of approximately 29 years (increased form 19 years after a management evaluation of the mineral resources). The Company has significant unexplored property in its land package.

In May 2016, following the announcement by the Company in April 2016 of a proposed recapitalization and restructuring transaction, the Company's Brazilian subsidiaries (i.e., Itafós Mineracao S.A., MBAC Fertilizantes

S.A. and MBAC Desenvolvimento S.A., collectively, the "Brazilian Restructuring Entities") initiated a restructuring transaction to be implemented under an extrajudicial restructuring proceeding in Brazil (the "Brazilian Restructuring" and, together with the Canadian Restructuring, the "Company Restructuring") seeking to implement a reorganization plan (the "Brazilian Plan") entered into by and among the Company, the Brazilian Restructuring Entities, Zaff and its affiliates. The Company is an intervener in the Brazilian Restructuring.

On May 16, 2016, the Brazilian Court issued a decision which, among other things, granted a 180 day stay period and directed the publication of a public announcement to notify the Brazilian Restructuring Entities' unsecured creditors of the deadline to object to the Brazilian Proceedings. Certain objections were filed in connection with the Brazilian Proceedings. Those objections were rejected by the Brazilian Court, which on August 29, 2016 confirmed the Brazilian Plan. Generally, and pursuant to applicable bankruptcy laws in Brazil, such appeals neither stay the proceedings nor prevent the implementation of the Brazilian Plan. It is anticipated that the Brazilian Plan will be implemented in the fourth quarter of 2016.

As a result of the Brazilian Proceedings, certain unsecured creditors of the Brazilian Restructuring Entities will receive either a combination of (i) restructured debt ("**Brazilian Debentures**") of the respective Brazilian Restructuring Entity; and (ii) warrants of the respective Brazilian Restructuring Entity ("**Warrants**") or, in the alternative, cash. Brazilian Debentures and Warrants are convertible into preferred shares of the applicable Brazilian Restructuring Entity, which preferred shares may then be exchanged for Common Shares.

As part of the Restructuring process, the Company intends to potentially restart the Itafòs operations in Q1 2017. During Q3 2016, a review of Itafós's physical condition was performed, and during that physical review/ analysis, it was noted that certain property, plant and equipment assets were damaged at the plant site. Based on an internal review, the Company estimated that as at September 30, 2016 the carrying value of these damaged assets at Itafòs exceeded their recoverable value by approximately $6.9 million, which was recorded as a disposal on the unaudited condensed interim consolidated statement of operations.

ITAFÓS TECHNICAL REPORT

The Company's technical report for the Itafós Arraias SSP Operations is titled "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 "Itafós Technical Report"). The 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 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 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 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, forming the Santana Project.

The Company's technical report for the Santana Project is titled "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 in Brazil remains entirely on the Itafós Arraias SSP Operations. The Company Restructuring is expected to impact the timelines and the project economics described in the Santana Feasibility Study. Given the early stage of the Santana Project, fluctuations in commodity prices and time since the Feasibility Study was prepared, the realizable value of the project may differ significantly from the NPV calculated in the Santana Feasibility Study.

As part of the Restructuring process, the Company intends to review their development Brazilian projects in 2017. These projects are in the early feasibility study stage.

After a subsequent internal review, the Company estimated that as at September 30, 2016, the carrying value of Santana capitalized development costs exceeded their recoverable value by approximately $5.8 million, of which $5.6 million was recorded as an impairment of mineral properties and $0.2 million was recorded as an impairment of property, plant and equipment. The Santana phosphate project was written down to its recoverable amount of approximately $11 million, which was determined by reference to and after calculating the weighted average enterprise value multiples of phosphate companies with comparable size, stage of development, ore grade and content.

ARAXÁ PROJECT

The Company, through one of its subsidiaries, is the beneficial holder of four exploration claims, totalling 214 hectares, of a rare earth elements, niobium and phosphate deposit located in the southwestern part of Minas Gerais State, Brazil form the Araxá Project.

During 2012, the Company announced the results of an initial preliminary economic assessment, based on the technical report titled "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. 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 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, 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, fluctuations in commodity prices and time since the Amended Araxá PEA was prepared, the realizable value of the project may differ significantly from the NPV calculated in the Amended Araxá PEA. The Company has determined that although the Araxá Project has great potential, it is considered a non-core project given the Company's focus on agricultural inputs. The foregoing factors will impact the timelines and the project economics described in the Amended Araxá PEA.

The Araxa project write-down of $1.8 million is related to capitalized costs for feasibility studies which are not expected to have economic benefits in the future. The Company maintained a cost base of approximately $0.1 million on the financial statements related to the mineral rights of Araxa.

FINANCIAL INFORMATION

The following selected financial data is derived from the audited consolidated financial statements of MBAC for the quarters presented:

CONDENSED INTERIM STATEMENTS OF OPERATIONS

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Selling, general and administrative expenses	1,981	755	4,098	3,109
Operations care and maintenance expenses	6,280	4,715	15,078	17,549
Disposal of property, plant and equipment and mineral properties	8,781	–	8,781	–
Impairment of property, plant and equipment and mineral properties	5,882	–	5,882	–
Operating loss	(22,924)	(5,470)	(33,839)	(20,658)
Unrealized foreign exchange gain (loss)	(1,923)	(26,565)	22,352	(44,214)
Realized foreign exchange loss	–	–	–	(120)
Other income (expense)	91	(2,811)	(238)	(5,721)
Finance expense	(21,682)	(11,091)	(47,696)	(30,544)
Loss before income taxes	(46,438)	(49,937)	(59,421)	(101,257)
Deferred income tax expense	305	281	834	938
	305	281	834	938
Net loss	$ (46,743)	$ (46,218)	$ (60,255)	$ (102,195)
Adjusted net loss[1]:				
Share-based payment expense (recovery)	4	89	(208)	271
Loss on disposition of long-term assets	(299)	39	–	352
Impairment of property, plant and equipment and mineral properties	14,663	–	14,663	–
Provision for inventory obsolescence	1,100	–	1,100	–
Amortization of deferred transaction costs	295	810	595	2,701
Unrealized foreign exchange loss (gain)	1,923	26,566	(22,352)	44,214
Adjusted net loss[2]	$ (29,057)	$ (18,714)	$ (66,457)	$ (54,657)
Basic and diluted net loss per share	$ (0.26)	$ (0.25)	$ (0.33)	$ (0.56)
Adjusted basic and diluted net loss per share	$ (0.16)	$ (0.10)	$ (0.37)	$ (0.30)

or the Three MONTHS Ended September 30, 2016

1 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.

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

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

SG&A expenses for Q3 2016 of $1.98 million increased by $1.22 million compared to Q3 2015. The increase was primarily related to professional services expenses relating to CCAA.

Operations care and maintenance expenses

The Operations care and maintenance expenses of $6.28 million for the quarter ended September 30, 2016 (Q3 2015 – $4.71 million) was primarily comprised of depreciation expense and operational salaries and wages for the quarter.

Impairment and disposal of property, plant and equipment and mineral properties

Impairment and disposal of property, plant and equipment and mineral properties of $14.66 million for the quarter ended September 30, 2016 (Q3 2015 – $Nil) was primarily on the property, plant and equipment and mineral properties assets which had a carrying value greater than their fair value less costs to sell. These charges are related to disposal at Itafós of certain machinery equipment, software, building assets, and capitalized costs of approximately $6.9 million, impairment of Santana related to certain fixed assets and capitalized development costs of approximately $5.8 million, and disposal at Araxa related to capitalized development costs of approximately $1.9 million, which did not have a future economic benefit to the Company.

Unrealized foreign exchange gain (loss)

The unrealized foreign exchange loss of $1.92 million for the quarter ended September 30, 2016 (Q3 2015 – $26.6 million) was primarily comprised of foreign exchange conversion on BRL denominated intercompany loans and foreign currency denominated debt.

Finance expense

Finance expense of $21.68 million for the quarter ended September 30, 2016 (Q3 2015 – $11.09 million) was primarily comprised of interest expense on long-term debt, amortization of deferred financing charges, and interest and penalties on overdue trade payables.

Deferred income tax expense

The deferred income tax expense of $305 thousand for the quarter ended September 30, 2016 (Q3 2015 – $281 thousand) was primarily due to unrealizable withholding tax credits related to intercompany loans.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

SG&A expenses

SG&A expenses for the nine months ended September 30, 2016 increased by $989 thousand to $4.0 million compared to the nine months ended September 30, 2015. This increase was primarily due to higher professional services fees related to re-start-up of the Company. That increase was partially offset by a recovery of $208 thousand as a result of expiry of outstanding stock options for the nine months ended September 30, 2016 (compared to an expense of $271 thousand for the nine months ended September 30, 2015).

Operations care and maintenance expenses

The operations care and maintenance expenses of $15.07 million for the nine months ended September 30, 2016 (nine months ended September 30, 2015 – $17.54 million) was primarily comprised of depreciation expense, operational salaries and wages for the period.

Impairment of property, plant and equipment and mineral properties

Impairment and disposal of property, plant and equipment and mineral properties of $14.66 million for the quarter ended September 30, 2016 (Q3 2015 – $Nil) was primarily on the property, plant and equipment and mineral properties assets which had a carrying value greater than their fair value less costs to sell. These charges are related to disposal at Itafós for certain machinery equipment, software, building assets, and capitalized costs of approximately $6.9 million, impairment of Santana related to certain fixed assets and capitalized development costs of approximately $5.8 million, and disposal at Araxa related to capitalized development costs of approximately $1.9 million, which did not have a future economic benefit to the Company.

Unrealized foreign exchange gain (loss)

The unrealized foreign exchange gain of $22.35 million for the nine months ended September 30, 2016 (nine months ended September 30, 2015 – loss of $44.21 million) was primarily comprised of foreign exchange revaluation on BRL denominated intercompany loans and foreign currency denominated debt.

Finance expense

Finance expense of $47.70 million for the nine months ended September 30, 2016 (nine months ended September 30, 2015 – $30.54 million) was primarily comprised of interest expense on long-term debt, accelerated amortization of deferred financing charges due to purchase of loans by Zaff or its subsidiaries, and interest/ penalties on overdue trade payables.

Deferred income tax expense

The deferred income tax expense of $834 thousand for the nine months ended September 30, 2016 (nine months ended September 30, 2015 – $938 thousand) was primarily due to unrealizable withholding tax credits related to intercompany loans.

FINANCIAL CONDITION

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

BALANCE SHEET

	September 30, 2016	December 31, 2015
Current		
Cash and cash equivalents	$ 290	$ 25
Restricted cash	–	146
Accounts Receivable	74	3
Inventories	494	1,320
Other current assets	1,607	1,742
Non-current		
Other long-term assets	18,249	15,558
Property, plant and equipment	279,051	246,714
Mineral properties	45,848	42,921
Total Assets	$ 345,613	$ 308,429
Current		
Accounts payable and accrued liabilities	38,599	32,397
Debt	326,074	232,995
Non-current		
Other long-term liabilities	7,553	5,561
Total Liabilities	372,226	270,953
Shareholders' (Deficit) Equity	(26,613)	37,476
Total Liabilities and Shareholders' (Deficit) Equity	$ 345,613	$ 308,429

Assets

Total assets were $345.61 million as at September 30, 2016 (December 31, 2015 – $308.42 million). The movement in significant assets is described below:

Other long-term assets

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/potentially reimburse certain value added taxes and other taxes payable in future periods. As at September 30, 2016, the Company had tax credits of $18.24 million (December 31, 2015 – $15.55 million), of which $401 thousand (December 31, 2015 – $325 thousand) were included in "Other current assets".

Property, plant and equipment

During the nine months ended September 30, 2016, property, plant and equipment increased by $32.3 million (nine months ended September 30, 2015 – decreased by $138.59 million), which was primarily related to foreign exchange impact of $52.79 million, partially offset by depreciation of $13.28 million and impairment of $7.17 million.

Mineral properties

For the nine months ended September 30, 2016, mineral properties increased by $2.92 million (nine months ended September 30, 2015 – decreased by $10.38 million), primarily related to foreign exchange impact of $9.40 million, partially offset by impairment of certain capitalized development costs of $7.49 million. The remaining increase of $0.7 million was substantially comprised of capitalized fees and interest expenses on debt related to the Santana Project. For the nine months ended September 30, 2016, the Company did not invest any amount as development expenditures at the Itafós Arraias SSP Operations or at the Araxá Project.

Accumulated depreciation and depletion

Depreciation and depletion of property, plant and equipment and mineral properties for the nine months ended September 30, 2016 was $13.29 million (nine months ended September 30, 2015 – $14.63 million). During 2016, depreciation expense related to the Itafós Arraias SSP Operations was recorded as "Operations care and maintenance expenses" in the consolidated statement of operations.

Liabilities

Total liabilities as at September 30, 2016 were comprised of current liabilities of $364.67 million (December 31, 2015 – $265.39 million) and long-term liabilities of $7.55 million (December 31, 2015 – $5.56 million). 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 $23.89 million (December 31, 2015 – $20.12 million), payroll and related tax liabilities of $8.19 million (December 31, 2015 – $6.75 million), taxes payable of $2.56 million (December 31, 2015 – $2.15 million), other provision for legal claims of $3.89 million (December 31, 2015 – $3.31 million) and restructuring provision of $58 thousand (December 31, 2015 – $55 thousand). Overall, accounts payable and accrued liabilities have increased during the nine months ended September 30, 2016 by $6.20 million primarily due to impact of foreign exchange, partially offset by settlement of payables.

Debt

The overall increase of $93.07 million in debt since December 31, 2015 was primarily comprised of foreign exchange impact of $47.76 million and interest accruals of $39.38 million and new borrowings of $5.50 million. See "Liquidity and Capital Resources" section below for discussion on new borrowings during the quarter ended September 30, 2016.

As at September 30, 2016 and December 31, 2015, the Company was not in compliance with certain debt covenants associated with its project financing and other loans and therefore has presented all its debt as current as there are cross-default provisions in our senior debt agreements.

Shareholders' Equity

	September 30, 2016	December 31, 2015
Share capital	$ 276,717	$ 262,235
Contributed surplus	15,951	15,315
Warrant reserve	9,097	8,621
Accumulated other comprehensive loss	(10,096)	9,332
Deficit	(318,282)	(258,027)
	$ (26,613)	$ 37,476

The change in share capital and warrant reserve was due to foreign exchange impact. For commentary on movement in accumulated other comprehensive loss, see the "Foreign Exchange" section of this MD&A.

CASH FLOW INFORMATION

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September30, 2015
Cash flows used in operating activities	$ (2,164)	$ (148)	$ (4,790)	$ (5,116)
Cash flows provided by (used in) investing activities	62	97	(238)	18
Cash flows from financing activities	2,363	–	5,377	6,586
Foreign currency effect on cash	(39)	737	(84)	833
Increase in cash	$ 222	$ 686	$ 265	$ 2,321

THREE MONTHS ENDED SEPTEMBER 30, 2016

Operating activities

Cash flows used in operating activities amounted to $2.16 million during Q3 2016 (Q3 2015 – $148 thousand) primarily due to higher SG&A expenses and operational care/maintenance expenses compared to Q3 2015.

Investing activities

During Q3 2016, investing activities provided $62 thousand (Q3 2015 – $97 thousand) of cash.

Financing activities

During the quarter, the Company generated $2.36 million (Q3 2015 – $Nil) from financing activities, comprised primarily of proceeds from new borrowings from Zaff.

NINE MONTHS ENDED SEPTEMBER 30, 2016

Operating activities

Cash flows used in operating activities amounted to $4.79 million for the nine months ended September 30, 2016 (nine months ended September 30, 2015 – $5.11 million). Changes in non-cash working capital items provided $1.5 million of cash (nine months ended September 30, 2015 – $16.09 million) and cash of $6.33 million (nine months ended September 30, 2015 – $21.20 million) was used to fund the operating loss.

Investing activities

During the nine months ended September 30, 2016, investing activities generated $238 thousand (nine months ended September 30, 2015 – provided $18 thousand) of cash.

Financing activities

During the nine months ended September 30, 2016, the Company generated $5.37 million (nine months ended September 30, 2015 – $6.58 million) from financing activities, comprised primarily of proceeds from new borrowings.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents as at September 30, 2016 were $290 thousand (December 31, 2015 – $25 thousand) and total restricted cash as at September 30, 2016 was $Nil (December 31, 2015 – $146 thousand).

MBAC's Q3 2016 unaudited condensed interim consolidated financial statements have been prepared on a basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future, will be able to realize its assets and discharge its liabilities in the normal course of business. As of September 30, 2016, the Company had initiated the Restructuring Process (as defined below) and the Company's current liabilities exceeded its current assets. The Company had no sources of operating cash flow and does not have sufficient cash on-hand to fund overhead administration expenditures or future operations. Additionally, the Company was not in compliance with certain debt covenants associated with its project financing loans, resulting in all debt being classified as current due to the ability of the lenders to request repayment of the debt on demand.

In May 2016, following the announcement by the Company in April 2016 of a proposed recapitalization and restructuring transaction, the Company initiated a restructuring transaction to be implemented under an Extrajudicial Restructuring Proceeding in Brazil (the "Brazilian Restructuring"). In August 2016, the Company initiated a recapitalization and restructuring process in accordance with the provisions of the Companies' Creditors Arrangement Act (Canada) in Canada (the "Canadian Restructuring" and, together with the Brazilian Restructuring, the "Restructuring Process"). Subsequent to quarter end, the Company has implemented the Canadian Restructuring, resulting in Zaff holding approximately 96.25% of the issued and outstanding common shares of the Company. At date of issuance of this report, the Company has yet to finalize the future funding of the operations and re-commencement of production at Itafós Arraias SSP Operations. These circumstances indicate the existence of 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 appropriateness of the use of accounting principles applicable to a going concern.

Factors that could impact the Company's liquidity are monitored regularly and include operating margins, working capital requirements, currency fluctuation, capital costs and exploration expenditures.

Zaff LLC (formerly known as Alpha Infrastructure LLC) Working Capital Loan

During Q3 2016, the Company obtained additional working capital loans from Zaff of $2.9 million bearing an interest rate of 15% per annum.

Brazilian Convertible Debentures

The FINAME loan, Itau loan, Mizuho loan, Votorantim loan, Itau Mezzanine working capital loan, Votorantim working capital loan, and the Santana BNDES working capital loans indirectly purchased by Zaff during Q2 2016, were subsequently exchanged for convertible debentures issued by the Brazilian companies in favor of Zaff or its subsidiaries as follows: Itafós Mineraçao S.A. - $190 million, MBAC Fertilizantes S.A. - $3 million, and MBAC Desenvolvimento S.A. - $44 million for a total of $237 million (together the "**Convertible Debentures**"). These Convertible Debentures carry substantially the same interest rates as the legacy loans that the Brazilian companies had with the previous lenders. The Convertible Debentures have a maturity of 10 years, and are convertible at the option of the creditor at any point starting 2 years after issuance into shares at a price of R$1.00 per share. Certain events of default outlined in the convertible debentures agreement can trigger a potential early conversion as well. The interest is payable on a monthly basis, but comes with a grace period of 10 months of non-payment for both principal and interest. The conversion features of the Convertible Debentures allow for conversion into equity instruments based on the principal loan value. As of September 30, 2016, the Company remained in default of applicable debt covenants, and therefore the Convertible Debentures were callable on demand.

Subsequent to period end, the Convertible Debentures were indirectly acquired by the Company in exchange for common shares issued by the Company.

SUMMARY OF QUARTERLY RESULTS

	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Net loss	$ (46,743)	$ (9,398)	$ (4,114)	$ (15,431)
Basic and diluted earnings (loss) per share	$ (0.26)	$ (0.05)	$ (0.02)	$ (0.09)
Adjusted basic and diluted loss per share	$ (0.16)	$ (0.13)	$ (0.08)	$ (0.52)
Total assets	$ 345,613	$ 371,121	$ 339,964	$ 308,429

	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Net loss	$ (46,218)	$ (12,764)	$ (43,204)	$ (8,808)
Basic and diluted loss per share	$ (0.25)	$ (0.07)	$ (0.24)	$ (0.05)
Adjusted basic and diluted loss per share	$ (0.10)	$ (0.05)	$ (0.13)	$ (0.02)
Total assets	$ 314,429	$ 401,105	$ 398,370	$ 483,708

NON-IFRS MEASURES

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

The presentation of adjusted non-IFRS measures are not meant to be a substitute for net income (loss) or net income (loss) per share presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. Adjusted net loss and Adjusted net loss per share are calculated as net income (loss) excluding (a) share-based payment expense, (b) gains and losses on the disposition of long-term assets, (c) amortization of deferred transaction costs, (d) provision for inventory obsolescence, and(e) unrealized and unrealized 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 as meaningful in evaluating the Company's past financial performance or the future prospects and may hinder a comparison of its period-to-period results.

CAPITALIZATION

Share capital as at September 30, 2016 was $276.7 million (December 31, 2015 – $262.2 million). As at September 30, 2016, the Company had 181,607,492 issued and outstanding common shares (December 31, 2015 – 181,607,492). As discussed above, all stock options and warrants previously outstanding were cancelled on October 27, 2016 and the outstanding common shares of the Company were consolidated at a ratio of one (1) post-consolidation common share for each 100 pre-consolidation common shares.

The following common shares and stock options of the Company were outstanding as at November 11, 2016:

	Expiry date	Exercise price	Securities outstanding	Common shares on exercise
Common shares	–	–	52,154,038	52,154,038
Canadian Convertible Debentures (1)	October 28, 2026	C$25.00	147,648	147,648

(1) Certain unsecured creditors of MBAC received a combination of common shares and restructured debt of MBAC Amalco (the amalgamated entity of the Company's two previous Canadian entities), in the form of debentures ("Canadian Convertible Debentures"). These debentures mature in ten (10) years and, with respect to the principal amount thereof only, are convertible into common shares at a price per share equal to the

greater of: (i) C$25.00; and (ii) if applicable, the closing market price of common shares on the TSXV for the most recent trading day preceding the eleventh business day following the date on which Common Shares commence trading on the TSXV, subject to TSXV approval.

OUTLOOK AND STRATEGY

The Company's vision is to be a significant integrated producer of phosphate fertilizer and related products. The fundamentals of the agribusiness sector in Brazil and other markets continue to be positive.

As previously mentioned, the Company's primary focus in Brazil remains on the Itafós Arraias SSP Operations. Continuity of this vision and implementation is dependant on the completion of the Brazilian Restructuring discussed above. Depending on the outcome of the Brazilian Restructuring and funding of working capital requirements, the Company intends to resume operations at the Itafós Arraias SSP Operations (which have been suspended since Q1 2015) in 2017.

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

- Timing and implementation of the reorganization process 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 the Company as a "Supplier of Choice" in its target region by leveraging competitive advantages with logistics, client proximity and the quality of our product;
- Future growth strategy will be undertaken by pursuing its attractive greenfield and brownfield project pipeline.

The Company continues to be very positive about the prospects for the Santana Project and believes that the Santana 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 continues to review strategic options and expects to pursue further advancement of the Santana Project with partnerships or at a time if and when the Itafós Arraias SSP Operations' cash flow becomes positive and steady.

CONTRACTUAL OBLIGATIONS

Except for the presentation of all debt as current as at September 30, 2016 under IFRS requirements, the table below provides a breakdown of the Company's contractual obligations as at September 30, 2016:

	Total	Less than 1 year	1 -3 years	4 -5 years	Thereafter
Accounts payable and accrued liabilities	$ 38,599	$ 38,599	$ –	$ –	$ –
Debt repayments and interest	326,074	326,074	–	–	–
Provision for environmental restoration	601	–	–	–	601
	$ 365,274	$ 364,673	$ –	$ –	$ 601

Subsequent to Q3 these contractual obligations have been affected by the Canadian Restructuring and Brazilian Restructuring. Refer to Highlights and Operations update.

PHOSPHATE FERTILIZER MARKETS

Please refer to the Company's MD&A for the year ended December 31, 2015 for a commentary on the phosphate fertilizer markets, as they relate to the Company's target market regions in Brazil.

FOREIGN EXCHANGE

The Company's Brazilian operations are denominated in BRL, the functional currency of the Brazilian entities. The functional currency of all other entities as of September 30, 2016 is CAD. The presentation currency of the Company is USD. Accordingly, fluctuations in the exchange rates (BRL/USD and CAD/USD) may significantly impact the consolidated results of operations and the consolidated reported net assets. The effect of changes in currency fluctuations from the functional currency to the presentation currency on the operations' net assets is recorded in the Company's shareholders' equity as a cumulative translation adjustment.

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

	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
BRL (weakening) strengthening against USD	(1.4)%	(26.5)%	22.1%	(48.3)%
CAD (weakening) strengthening against USD	(0.8)%	(6.4)%	5.5%	(13.1)%
Unrealized and realized foreign exchange (loss) gain	$ (1,923)	$ (26,565)	$ 22,352	$ (44,334)
Cumulative translation gain (loss)	$ 135	$ (8,955)	$ (3,626)	$ (27,308)

The total foreign exchange loss of $1.9 million for the quarter ended September 30, 2016 was primarily comprised of unrealized foreign exchange losses on the Company's BRL denominated intercompany loans of R$156.2 million and foreign currency denominated external debt.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2016, the Company did not have any off-balance sheet arrangements.

INCOME TAXES

The Company's combined Canadian federal and provincial statutory tax rate was 26.5%. There are a number of factors that affect the Company'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 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 JUDGMENTS

The accounting policies and estimates that are critical to the understanding of the Company's business operations and results of operations are identified in the Company's audited consolidated financial statements for the year ended December 31, 2015 and notes thereto, as well as in the Company's MD&A for the year ended December 31, 2015. For the nine months ended September 30, 2016 there were no changes to the critical accounting policies, estimates and judgments from those found in the Company's MD&A for the year ended December 31, 2015.

CONTINGENCIES

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company 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 on the financial condition of the Company. The Company continues to monitor its legal contingencies for proper and accurate reporting.

RISKS AND UNCERTAINTIES

There were no material changes to the Company's exposure to risks and other uncertainties as described in the "Management's Discussion and Analysis" for the year ended December 31, 2015.

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 evaluated the design of the Company's disclosure controls and procedures as at September 30, 2016, 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, 2016 to September 30, 2016 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.

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 of phosphate fertilizer and related products;
- the Company's ability to continue as a going concern and complete the recapitalization;
- the Company's current estimate of mine life stipulated in the Itafós Technical Report and its potential increase;
- the Company's expectations related to resources and reserves stipulated in the 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 to successfully implement the Brazilian Plan and related transactions;
- the Company's expectations for future financing sources and use of funds;
- the Company's ability to carry out any 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 Project, together with the Itafós Arraias SSP Operations, have the potential to make the Company one of the largest SSP producers 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 Project in the future;
- the Company's expectation of the sufficiency of capital resources to fund all projected capital expenditures for the Santana Project;
- the Company's expectations in relation to the strategic initiatives in regards to the Santana 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 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 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 the Company;
- 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 the Company'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 and the ability to maintain a listing on a stock exchange;
- 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 Project;
- operating risks, political risks and credit risks;
- risks relating to the Company's equipment and supplies;
- risks relating to the successful implementation of the Company Restructuring; 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.