

**TSX:MBC OTCQX:MBCFF Shares Outstanding:152,029,492 Fully Diluted:169,049,330**

TORONTO, Nov. 12, 2013 /CNW/ - **MBAC Fertilizer Corp.** ("MBAC" or the "Company") (**TSX: MBC) (OTCQX:MBCFF)**

announces highlights of its quarterly results and provides a general corporate update including an update on its Itafós Arraias Single Super Phosphate ("SSP") Operations ("Itafós" or the "Itafós Operations") and its active projects.

The Financial Statements and Management Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2013 are available on [www.sedar.com](http://www.sedar.com).

"We began production at our flagship Itafós Operations and started deliveries of SSP to our customers, continued to see improvements in operations and continue to improve our working capital position", said Peter Marrone, Chairman of MBAC.

**Highlights include:**

- Completed construction of Itafós;
- Started production and delivery of granulated SSP that meets industry specifications;
- The Company has produced approximately 18,000 tonnes of SSP and delivered approximately 12,000 tonnes of SSP to date;
- Invested US\$24.9 million in property, plant and equipment and exploration activities;
- Deferred the repayment terms by up to twelve months with certain lenders of the Company as part of the Company's continuing efforts to improve liquidity; and
- Executed and received disbursements from unsecured loan facilities for approximately U

S\$63.5 million  
from Banco Itaú BBA ("Itaú") of which  
US\$20.5 million  
was placed in escrow as cash collateral for future principal and interest payments.

## **CORPORATE UPDATE**

Over the last several months the Company has undertaken a continuing evaluation of its needs and management strengths and the alignment of those strengths and needs.

In April 2013, the Company underwent a significant refocusing of the operational management team. Carlos Braga, Vice President, Technical Services, assumed responsibility, and was instrumental, for the final stages of construction and the transition to operations at Itafós. Carlos Braga has assumed responsibility for the ongoing operational efforts at Itafós under the oversight of Antenor Silva

As part of its efforts, the Company has also recently hired a new General Manager for the Itafós Operations. He has over 28 years of experience managing fertilizer operations in Brazil for large integrated phosphate fertilizer companies. During this time he has developed significant expertise in beneficiation processes. His previous responsibilities included running mining and beneficiation operations, managing a mixing plant and leading mineral process development and new project groups.

As part of the Company's focus on sales, Roberto Barretto, who has been managing the sales and marketing efforts, has been promoted to the role of Senior Sales Manager with a focus on strategic alliances, off-take arrangements and will continue his efforts to build our sales and marketing platform. Mr. Barretto has been an integral member of the sales team since joining MBAC in 2012. Prior to joining MBAC, Roberto Barretto had worked for a leading integrated fertilizer producer for over 12 years primarily as Sales Manager in Itafós' target region. Mr. Barretto will work under the direction of the Company's CEO, Antenor Silva

Roberto Busato Belger, formerly President and COO, has decided to leave the Company. Roberto was instrumental in helping to develop our sales and marketing platform, strategic relationships and developing the team at MBAC that will now assume these relationships. Mr. Belger was responsible for managing the construction of Itafós until March 2013.

Antenor Silva, Vice Chairman and CEO stated, "On behalf of the Board, I would like to thank Roberto for his contributions to MBAC during his time with the Company. Roberto was instrumental in helping to develop our sales and marketing platform and strategic relationships for which we are grateful."

Peter Marrone, Chairman of MBAC stated, "During his tenure at MBAC, Roberto worked closely with management to build strategic relationships, off-take agreements and other similar arrangements. I would like to thank Roberto for his contributions to MBAC, and sincerely wish him every success in his future endeavors."

As part of an effort to maximize sales beginning in 2014, the Company is active in discussions with a number of industry participants relating to strategic alliances, off-take agreements and other similar arrangements.

## Financial results for the three months ended September 30, 2013

During the quarter, the Company began production and delivery of granulated SSP meeting industry specifications. Prior to reaching commercial production, the Company capitalizes all costs related to Itafós' property, plant and equipment. Proceeds from sales during this period are offset against capitalized costs. MBAC was a pre-commercial stage company in Q3 2013; as a result, the Company did not generate material revenue during the quarter and incurred a net loss of US\$6.6 million, or US\$0.04 basic and diluted loss per share, for the quarter primarily comprised of unrealized foreign exchange loss and general and administrative expenses. Adjusted net loss<sup>1</sup> was US\$4.5 million or US\$0.03

basic and diluted adjusted net loss per share in the third quarter. The Company expects to generate positive cash flow from operations in the upcoming periods as it ramps up production towards its nominal capacity.

## Financial results for the nine months ended September 30, 2013

During the nine months ended September 30, 2013 the Company incurred a net loss of US\$21.2 million

, or

US\$0.15

basic and diluted loss per share, primarily comprised of unrealized foreign exchange loss, general and administrative expenses. Adjusted net loss was

US\$13.6 million

or

US\$0.10

basic and diluted adjusted net loss per share in the first nine months of 2013.

## ITAFÓS OPERATIONS UPDATE

The Company continues to ramp-up operations and will continue to refine production processes and plant functioning to optimize efficiencies of operations. The table below summarizes the operational highlights for the Itafós Operations during the three and nine months ended September 30, 2013:

(in tonnes)	The three months ended September 30, 2013	Nine months ended September 30, 2013	
Ore extracted	91,008	147,255	
P <sup>2</sup>		O <sup>5</sup>	grade (
SSP pre-commercial stage production	3,353	3,353	
SSP sold	782	782	
Pre-commercial stage net revenue	US\$	157,000	US\$
Average net selling price per tonne	US\$	200	US\$

To date, the Company has produced approximately 18,000 tonnes of SSP and delivered approximately 12,000 tonnes of SSP.

The global phosphate price environment was weak during the last quarter which impacted the Brazilian market. The Itafós target region was also impacted by high inventory levels and stronger competition from imported product. The net sales price received by the Company was approximately US\$200 per tonne after deducting taxes, royalties, freight and any discounts. In October, the average net selling price was US\$207 per tonne. The Company has started to see the price firming in Q4 2013, and expects this trend to continue in

2014. Reduced costs for inputs such as sulphur, ammonia and reagents used in the beneficiation process will help reduce the impact on margins.

With the Company now in production of its finished product, the focus is on optimizing efficiencies at the operations, controlling production costs and maximizing sales. Product sales efforts are focused on 2014 through negotiations with large fertilizer distributors, blenders, mixers and grain traders within the region, and the Company is currently in discussions with prospective purchasers for the 2014 season.

\_\_\_\_\_ <sup>1</sup>Adjusted for the exclusion of certain non-cash and non-recurring items. Please refer to Q3 2013 MD&A filed on [www.sedar.com](http://www.sedar.com) for a full reconciliation of the Non-IFRS measures.

## **PROJECT UPDATES**

### Santana Phosphate Project

While the Company's focus remains on the Itafós Operations, MBAC continues to advance its two active projects: the high-grade Santana Phosphate Project ("Santana Project"); and the Araxá Rare Earth/Niobium/Phosphate Project ("Araxá").

On October 17, 2013, the Company announced the results of the Feasibility Study for its 100% owned Santana Project (the "Santana FS") located in the southeast of Pará State close to the border of Mato Grosso State in Brazil. The following is a summary of the base case assumptions and economics of the project, as contained in the Santana FS:

#### *Base case assumptions<sup>2</sup>*

- Estimated production and sales of 500,000 tonnes per annum of SSP;
- SSP selling price in 2016 of US\$345 per tonne<sup>3</sup>; and
- Production expected to start in 2016.

*Summary of the project economics*

- IRR of 19.9%;
- NPV of US\$396 million, using 10% discount rate;
- Mineral reserves of 45.5 million tonnes (Mt) with an average grade of 12.9% P<sub>2</sub>O<sub>5</sub> (3% cut off);
- Mine life of 32 years;
- Operating cost SSP (2017) - US\$113 per tonne;
- Total expected capital cost US\$426.7 million (includes US\$50.0 million in contingencies); and
- Payback period of five years from start of operation in 2016.

*Other highlights*

- Significant resource expansion potential;
- Indicated and inferred mineral resources stated on the Santana FS are as follows:

<i>Material type</i>	Indicated Tonnage(million tonnes)	P	Inferred 2
Soil	1.5	10.7	
Saprolite	58.9	12.1	
Fresh rock	-	-	
	60.4	12.0	

<sup>2</sup> The Santana FS was prepared using a BRL/USD foreign exchange rate of 2.84:1 (forward average 2013 - 2016). Accordingly, since the project capital costs, revenues and expenses are substantially denominated in BRL, a change in the BRL/USD foreign exchange rate will impact the project economics presented in the Santana FS.

<sup>3</sup> The SSP price was based on the 2013 price for an SSP grade of 0-19-0 provided by a leading independent authority in the fertilizer industry. This price forecast is FOB Rondonópolis, a fertilizer hub distribution center in Mato Grosso State, plus adjustments for logistics from the project to the target region.

The Company has worked closely with its technical consultants and has had the benefit of its recent experience in planning and constructing the Itafós Operations in benchmarking the estimated Santana Phosphate Project capital costs against those experienced at the Itafós Operations. The Santana Phosphate Project is expected to benefit from certain factors as compared to the Itafós Operations. For example, the Santana Phosphate Project utilizes a more compact operational footprint, which together with design improvements, should reduce

the cost of construction materials, the nearby river removes the need to construct a water dam, and the high grade of the ore deposit allows for a smaller beneficiation plant which ought to further reduce capital costs.

The Company will retain an Engineering, Procurement and Construction Management contractor for the Santana Phosphate Project to provide additional independent oversight at the project during construction, which should assist in mitigating the risk of cost overruns and time delays.

The Company signed a mandate letter with the International Finance Corporation ("IFC") to provide financing services and has pre-approved financing for the Santana Project in the amount of US\$ 75 million, subject to certain conditions, that can be funded as either debt or equity. The Company has also engaged Itaú as its financial advisor to assist with the financing with the Santana Project. The mandate with IFC is subject to customary conditions precedent including satisfactory due diligence, agreement on final terms and conditions and credit approvals. MBAC has worked closely with both of these financial institutions as part of the Itafós financing.

The Company's focus with respect to the Santana Project includes minimizing the time of financing, building the facility, applying lessons learned from the Itafós Operations with respect to budgeting and maintaining competitive production costs. The Company continues to review financing strategies for this project with a goal of pursuing an optimal and efficient capital structure and limiting the dilution to shareholders. These strategies include, among other things, the sale of a minority position in the project and utilizing quasi-equity structures.

### Araxá Project

The Araxá Rare Earth/Niobium/Phosphate Project (the "Araxá Project") is located in the Minas Gerais State. The Araxá Project is strategically located in the Brazilian fertilizer cluster, which has excellent existing infrastructure and is adjacent to the world's richest niobium mine.

A successful Phase 2 of the pilot plant was conducted from January to October 2013 and approximately 175 kilograms of Rare Earth Oxides ("REO") concentrate was produced. The results confirmed the initial work developed at lab scale which served as the base case for the

Amended Araxá Preliminary Economic Assessment dated  
January 25, 2013

(the "Araxá PEA"). During Phase 2, high purity niobium and tantalum oxides (>99.5%) were produced at bench scale from the Nb

<sup>2</sup>  
O

<sup>5</sup>  
concentrate stream produced in the pilot plant. The pilot plant is being decommissioned and the MBAC team has started preparing the pilot plant Phase 2 report. The next and final stage of the pilot plant is the separation of the rare earth elements into their pure individual oxides from the bulk REO concentrate produced during Phase 2; this stage is estimated to begin in Q1 2014.

The Mineral Production National Department ("DNPM") of Brazil provided its approval for the Araxá Mineral Extraction - Economic Plan. The Company is in the early stages of obtaining preliminary environmental licenses.

The Company continues to pursue the potential sale of all or a portion of this asset as it has been deemed non-core to the operations of the Company.

## **CONFERENCE CALL**

The Company will hold a conference call to discuss its 2013 third quarter financial results on  
Wednesday, November 13, 2013

at  
10:00 am ET  
. All interested parties can join the conference call by dialing 1-888-231-8191 or 647-427-7450. Please dial in 15 minutes prior to the start of the call to secure a line. The conference call will be archived for replay until midnight  
November 20, 2013.

To access the archived conference call, please dial 1-855-859-2056 and enter the encore code: 88396460.

The corporate presentation and audio of the conference call will be available via webcast at:  
<http://event.on24.com/r.htm?e=701891&s=1&k=36CD590B811D2A1DA1B7038E67312846>

. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. An archived replay of the webcast will be available on the Company's website.

**About MBAC** MBAC is focused on becoming a significant integrated producer of phosphate fertilizers and related products in the Brazilian and Latin American markets. MBAC has an experienced team with significant experience in the business of fertilizer operations, management, marketing and finance within Brazil. MBAC owns and operates the Itafós Operations which consists of an integrated fertilizer producing facility comprised of a phosphate mine, a mill, a beneficiation plant, a sulphuric acid plant, an SSP plant and a granulation plant and related infrastructure located in central Brazil

. The Itafós Operations are estimated to have production capacity of approximately 500,000 tonnes of SSP per annum. MBAC's exploration portfolio includes a number of additional exciting phosphate projects, which are also located in Brazil

. The Santana Phosphate Project is 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. The Company continues to search for additional fertilizer opportunities in the Brazilian and other Latin-American markets, where strong agricultural fundamentals and unique opportunities are expected to provide attractive growth opportunities in the near future. Further information on MBAC can be found on the Company's website at

[www.mbacfert.com](http://www.mbacfert.com)

and on SEDAR at

[www.sedar.com](http://www.sedar.com)

**FORWARD LOOKING STATEMENTS** *This press release contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements related to activities, events or developments that the Company expects or anticipates will or may occur in the future, including, without limitation, statements related to the Company's business strategy, objectives and goals; that the Company will continue refining production processes and plant functioning to optimize efficiencies of operations, the expectation regarding SSP prices increases and for reduced costs of sulphur, ammonia and reagents used in the beneficiation; the Company's goal of becoming a significant integrated producer of fertilizers, the realization of the Itafós Operations estimated capacity of 500,000 tonnes per year of SSP and the production of 450,000 tonnes in 2014, the Company's ability to ramp up operations, control production costs and maximize sales; the expectation regarding the development and financing of the Santana Project, as well as expectations in relation to certain beneficial factors in comparison to Itafós, as well as the forecast economics of the Santana Project, the expectation that the Company will begin the final stage of the Araxá pilot plant in Q1 2014, the expectation regarding the*

*potential sale of an interest in the Santana and Araxá projects, as well as in relation to realization of the goals regarding financing strategies and respective structure. Forward-looking statements are often identified by the use of words such as "plans", "planning", "planned", "expects" or "looking forward", "does not expect", "continues", "scheduled", "estimates", "forecasts", "intends", "potential", "anticipates", "does not anticipate", or "belief", or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements are based on a number of factors and assumptions made by management and considered reasonable at the time such statements are made, and forward-looking statements involve known and unknown risks, uncertainties and other factors may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Such risk factors include, among others, the non-completion of SSP delivery meeting purchase orders; that SSP prices will not increase and costs of sulphur, ammonia and reagents used in the beneficiation will not be lower and therefore not reduce the impact on margins; the Company's goal of becoming a significant integrated producer of fertilizers, the realization of the Itafós Operations estimated capacity of 500,000 tonnes per year of SSP and the production of 450,000 tonnes in 2014, the Company's ability to ramp up operations, control production costs and maximize sales, and that sales efforts will not be successful, the expectation regarding the development and financing of the Santana Project, as well as risks that certain factors in Santana may not benefit compared to Itafós, begin the final stage of the Araxá pilot plant in Q1 2014, the risks that the potential sale of an interest in the Santana and Araxá projects may not be realized; the risk that the goals regarding financing strategies and respective structure may not be realized, as well as those factors disclosed in the Company's current Annual Information Form and Management's Discussion and Analysis, as well as other public disclosure documents, available on SEDAR at [www.sedar.com](http://www.sedar.com). Although MBAC has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate. The forward-looking statements contained herein are presented for the purposes of assisting investors in understanding the Company's plan, objectives and goals and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking statements.*

## **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 International Financial Reporting Standards ("IFRS"). The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company.*

*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 loss or net 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 loss excluding (a) share-based payment expense, (b) gains and losses on the disposition of long-term assets, (c) amortization of deferred transaction costs, (d) unrealized gains and losses on derivative instruments, and (e) unrealized foreign exchange gains and losses. Management believes that the presentation of Adjusted net loss and Adjusted net loss per share provide useful information to investors because they exclude certain non-cash and other non-recurring items and are a better indication of the Company's results from operations.*

SOURCE MBAC Fertilizer Corp.