

TORONTO, ON--(Marketwired - April 05, 2016) - [MBAC Fertilizer Corp.](#) ("MBAC" or the "Company") (TSX: MBC) today announced that it has entered into a support agreement (the "Support Agreement") with Zaff LLC ("Zaff"), the 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 (the "Recapitalization").

The Recapitalization has been approved by the Board of Directors of the Company (the "Board"). In doing so, the Board has determined that the Recapitalization offers substantial benefits to the Company and is in the best interest of the Company and its stakeholders. Among other things, upon implementation, the Recapitalization is expected to result in a significant reduction of debt and increased financial flexibility.

An extensive review process by the Company has shown that the Recapitalization is the best and only available alternative for the Company at this time that preserves value for the shareholders of MBAC and for the creditors of MBAC that do not also have claims against MBAC's subsidiaries.

Anthony Cina, Chairman of the Special Committee to the Board stated "This Recapitalization represents a significant step in the Company's recovery from unsustainable financial distress. Upon completion of the Recapitalization, the Company will emerge with a substantially restructured and unlevered balance sheet and the beginnings of a global diversified phosphate platform. Throughout the strategic process, we diligently endeavoured to rescue and maximize any residual shareholder value, while protecting the interests of creditors and other stakeholders alike, including those of our employees, who are important partners in the future of Itafos. The Recapitalization will put MBAC in a position to pursue the next phase of our strategic plan, which is to finance and develop a global integrated phosphate producer. We are delighted to have forged a partnership with Zaff, who early on in the process appreciated the interests of MBAC shareholders, creditors and stakeholders. We aligned our interests early on, and, all considered, were able to deliver a workable solution to a very difficult situation. We are exceptionally pleased with this outcome."

Under the Support 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) (the "CCAA Proceeding") and a parallel extrajudicial restructuring proceeding in Brazil under The Bankruptcy Law (11,101/2005) (the "Brazilian Proceeding").

The Recapitalization contemplates the following key elements:

- Zaff will acquire, directly or indirectly, substantially all outstanding secured and guaranteed funded debt of the Company and its Brazilian subsidiaries (other than guaranteed funded debts of Itafos Minera  o S.A. to Banco Modal S.A.), as well as certain outstanding unsecured debts of the Company and of the Company's Brazilian subsidiaries that are not guaranteed by the Company (collectively, the "Acquired Debt"), which claims, together with the claims of other secured and unsecured creditors of MBAC and its subsidiaries, will be compromised through the CCAA Proceeding and the Brazilian Proceeding.
- As a result of the CCAA Proceeding, unsecured creditors of the Company will receive either 5.5% 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) warrants of an MBAC subsidiary exercisable for common shares of MBAC ("Warrants").
- As a result of the Brazilian Proceeding, Banco Modal S.A. and certain 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 (if elected by the applicable creditor) Warrants.
- Upon completion of all transactions contemplated by the Support Agreement, Zaff will receive securities representing up to approximately 77.92% of the common equity of reorganized MBAC (on a fully diluted basis after conversion of the Warrants) in exchange for the compromise of the Acquired Debt and the interim working capital financing that has been provided or will be provided by Zaff to the Company or its subsidiaries pursuant to the CCAA Proceeding and the Brazilian Proceeding.
- In connection with implementation of the CCAA plan, 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.
- Subject to certain conditions, Zaff will fund MBAC's and its subsidiaries' funding requirements during the term of the Support Agreement, up to a maximum of US\$5 million, with any additional amounts to be agreed by Zaff and MBAC, which will include funding of the costs of the CCAA Proceeding and the Brazilian Proceeding.
- MBAC will use its best efforts to the extent possible under applicable laws to maintain a listing on a Canadian stock exchange and its status as a reporting issuer under Canadian securities laws.

In connection with entering into the Support Agreement and as a condition to implementation of the CCAA Proceeding, Mr. Rafael Rangel has been appointed as Interim Chief Financial Officer of MBAC. Other changes contemplated in connection with implementation of the CCAA plan include a reconstituted board of MBAC, the size and composition of which will be satisfactory to Zaff.

It is expected that holders of common shares of MBAC on the date the Recapitalization is completed will hold approximately at least 3.6% of the issued and outstanding common shares of MBAC (on a fully diluted basis after accounting for, among other things, the issuance of shares of the Company, assuming all parties receiving securities convertible into shares of the Company under the Recapitalization elect to convert those securities into shares of the Company). It is expected that Zaff will hold approximately 93% of the issued and outstanding common shares of MBAC (on a fully diluted basis after accounting for, among other things, the issuance of shares of the Company, assuming all parties receiving securities convertible into shares of the Company under the Recapitalization elect to convert those securities into shares of the Company). All existing options, warrants or other rights to purchase common shares of MBAC at the completion of the Recapitalization will be cancelled.

The Recapitalization will be subject to governmental, court, regulatory, stakeholder and third party approvals, as applicable, as well as the satisfaction or waiver of all the conditions of the Support Agreement, and the Company can give no assurances that the Recapitalization will be completed. The Support Agreement may also be terminated by either MBAC or Zaff in certain circumstances.

It is anticipated that the closing of the Recapitalization will occur during the second half of 2016.

The Support Agreement will be filed by the Company on SEDAR and the description of the Support Agreement contained in this press release is qualified by the full text of the Support Agreement. Further details of the Recapitalization and the implementation process will be provided in due course as appropriate by MBAC.

## 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 concerning the Company's proposed recapitalization transaction involving the Company and its subsidiaries; the Company's beliefs regarding the benefits of a court supervised process under the CCAA Proceeding and the Brazilian Proceeding and the perceived benefits of that process on the Company's attempts to normalize its operations; the Company's intentions regarding the proposed closing of the Recapitalization. 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, but are not limited to, actions taken by creditors of the Company, shareholders, regulators, governmental agencies and other stakeholders to enforce their rights; the Company's ability to finalize a plan under the CCAA Proceeding and the Brazilian Proceeding on the terms contemplated, if at all; the Company's ability to complete the Recapitalization in the timeframe contemplated, if at all, which is subject to the satisfaction or waiver of conditions some of which are beyond the control of the Company, including the approval of the Court, the Company's creditors and other stakeholders and securities and other regulatory authorities; MBAC's and its subsidiaries' level of indebtedness; the Company's ability to generate sufficient cash flow from operations or obtain adequate financing to fund its capital expenditures and meeting working capital needs; the volatility of its stock price and the ability of the securities of MBAC to remain listed and trading on the Toronto Stock Exchange or other exchange; MBAC's ability to maintain relationships with suppliers, customers, employees, stockholders and other third parties in light of its current liquidity situation; regulatory and environmental risks associated with exploration, drilling and production activities; the risks of conducting operations in Brazil and the impact of pricing differentials, fluctuations in foreign currency exchange rates and political developments on the financial results of MBAC's operations; 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 plans, objectives and goals and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking statements. Except as required by law, MBAC disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained in this press release to reflect future results, events or developments.

## About MBAC

MBAC is focused on becoming a significant integrated producer of phosphate fertilizers and related products in the Brazilian market. 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 Itaí's Arraias SSP 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 ("Itaí's Operations"). The Itaí's 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 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.

## Contact

FOR FURTHER INFORMATION, PLEASE CONTACT:

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