

TORONTO, ON--(Marketwired - August 04, 2016) - [MBAC Fertilizer Corp.](#) (TSX VENTURE: MBC) (MBAC or the Company) announces that the Company and its wholly-owned subsidiary, MBAC Opportunities and Financing Inc. (together with MBAC, the Applicants), have filed this morning an application for protection under the *Companies' Creditors Arrangement Act* (the CCAA) with the Superior Court of Justice in Ontario in connection with the implementation of a transaction on similar terms to those described in its previously announced support agreement with Zaff LLC to effect a recapitalization of the Company (the Recapitalization) that will significantly reduce debt and increase financial flexibility. The terms of the Recapitalization are described in an amended and restated support agreement (the A&R Support Agreement) between the Company and Zaff LLC (Zaff).

As part of the CCAA Proceeding, the Applicants are seeking the appointment of Ernst & Young Inc. as monitor to monitor the business and affairs of the Applicants during the CCAA process.

The operations of MBAC and its subsidiaries are intended to continue as usual and obligations to employees and suppliers during the restructuring process are expected to be met in the ordinary course. MBAC management will remain responsible for the day-to-day operations of the Company.

Under the A&R Support Agreement, the Company has agreed to pursue the completion of the Recapitalization pursuant to a plan of compromise or arrangement under the CCAA (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 is the owner of substantially all outstanding secured and guaranteed funded debt of the Company and its Brazilian subsidiaries (other than guaranteed funded debts of Itáfos Minerao Ltda. 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 a combination of (i) restructured debt of MBAC; and (ii) common shares of MBAC or, in the alternative, 5.5% of their claim in cash. Creditors may also elect to receive the lesser of the full value of their claim against MBAC or \$10,000 in full satisfaction of such claims against MBAC.
- As a result of the Brazilian Proceeding, certain unsecured creditors of the Brazilian subsidiaries of the Company will receive either a combination of (i) restructured debt of the respective MBAC Brazilian subsidiary; and (ii) warrants convertible into common shares of MBAC or, in the alternative, cash.
- Upon completion of all transactions contemplated by the Support Agreement, Zaff will receive securities representing up to approximately 73.8% of the common equity of reorganized MBAC in exchange for the compromise of the Acquired Debt and the separate settlement of secured 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) and [Stonegate Agricom Ltd.](#) (Stonegate) 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 and 1 share of MBAC for each 1.5 shares of Stonegate so acquired. This is expected to result in the acquisition by Zaff of an additional 20.1% of the common shares of the Company.
- Subject to certain conditions, Zaff will fund MBAC's and its subsidiaries' funding requirements during the term of the A&R Support Agreement, up to a maximum of US\$4 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.

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, and the continuation of the Company into the Cayman Islands.

It is expected that holders of common shares of MBAC on the date the Recapitalization is completed will hold approximately 3.3% of the issued and outstanding common shares of MBAC. 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 A&R Support Agreement, and the Company can give no assurances that the Recapitalization will be completed. The A&R Support Agreement may also be terminated by either MBAC or Zaff in certain circumstances. Subject to the satisfaction of all necessary conditions, it is anticipated that the closing of the Recapitalization will occur by the end of October 2016.

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

In connection with the Recapitalization, on May 4, 2016, Itaf's Minerao S.A., MBAC Fertilizantes S.A. and MBAC Desenvolvimento S.A. (collectively, the Brazilian Restructuring Entities), each a wholly-owned subsidiary of MBAC, filed an out-of-court consolidated restructuring procedure with the court of Arraias, State of Tocantins (the Brazilian Court) under applicable restructuring law in Brazil (the Brazil Proceeding). MBAC is an intervener in the Brazil Proceeding. 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 to object to the Brazil Proceeding within 30 days from the 20th day after the publication of the public announcement. The public notification to the Brazilian Restructuring Entities' unsecured creditors was made on June 1, 2016 and creditors were therefore entitled to file objections to the Brazil Proceedings until August 2, 2016.

Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. These forward-looking statements include, but are not limited to, statements concerning the implementation of the CCAA Proceeding, the Recapitalization and the Company's future financial condition. Forward-looking statements can be identified by the use of words, such as "are expected", "is forecast", "is targeted", "approximately" 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. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward-looking statements.

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 that 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 implementation and impact of the Recapitalization; the failure of the courts or other regulatory authorities to grant the protection sought by the Company under CCAA Proceeding in Canada and/or proceedings under other applicable jurisdictions (including the Brazil Proceeding); failure of the Company to complete the Recapitalization or otherwise reach an agreement with its creditors to restructure the Company's capital structure; any negative impact on the Company's current operations as a result of the Recapitalization; the cancellation or extensive dilution of the Company's equity securities as a result of the Recapitalization; the Company's ability to satisfy the conditions for trading on the TSX Venture Exchange; 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 Company's ability to maintain relationships with suppliers, customers, employees, stockholders and other third parties in light of the current liquidity situation and the CCAA Proceeding; 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. The implementation of the Recapitalization is subject to a number of conditions and other risks and uncertainties including, without limitation, court and any required regulatory approvals. Accordingly, there can be no assurance that the Recapitalization will occur, or that it will occur on the terms and conditions contemplated. The Recapitalization could be modified, restructured or terminated.

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 Itaf'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. MBAC's exploration portfolio includes a number of additional 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 Par  State.

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