

MbAC Fertilizer Corp.

(formerly Sandwell Mining Ltd.)

**Unaudited Interim Consolidated Financial Statements for
the Three and Six Months Ended
January 31, 2010**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

March 10, 2010

MBAC FERTILIZER CORP. (formerly Sandwell Mining Ltd.)

Interim Consolidated Balance Sheets

(In thousands of Canadian dollars)

	January 31, 2010 (Unaudited)	July 31, 2009 (Audited)
Assets		
Current		
Cash	\$ 82,312	\$ 40,703
Accounts receivable	556	72
Inventories (Note 3)	1,011	1,372
Other current assets	444	202
	84,323	42,349
Pyrite asset (Note 4)	11,910	11,910
Investments (Note 5)	179	284
Property, plant and equipment (Note 6)	57,337	51,016
	\$ 153,749	\$ 105,559
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 2,740	\$ 1,499
Deferred revenue	218	433
Current portion of finance lease obligations (Note 6)	23	47
	2,981	1,979
Long-term finance lease obligation (Note 6)	7	13
Future income taxes (Note 7)	15,664	15,983
Asset retirement obligation	49	50
	18,701	18,025
Shareholders' Equity		
Share capital (Note 8)	139,736	86,226
Contributed surplus	11,270	1,979
Accumulated other comprehensive income	930	1,268
Deficit	(16,888)	(1,939)
	135,048	87,534
	\$ 153,749	\$ 105,559

Commitments (Note 10)

ON BEHALF OF THE BOARD:

"Peter Marrone"
Peter Marrone
Chairman

"Antenor Silva"
Antenor Silva
President

The accompanying notes are an integral part of these consolidated financial statements.

MBAC FERTILIZER CORP. (formerly Sandwell Mining Ltd.)**Interim Consolidated Statements of Operations***(In thousands of Canadian dollars except for per share amounts; unaudited)*

	Three months ended		Six months ended	
	January 31		January 31	
	2010	2009	2010	2009
Sales	\$ 388	\$ 477	\$ 1,355	\$ 718
Cost of sales				
Cost of goods sold, before depreciation	755	826	1,401	772
Depreciation	27	22	84	51
	782	848	1,485	823
Gross profit (loss)	(394)	(371)	(130)	(105)
Operating expenses				
Depreciation	27	16	41	34
Selling, general and administrative expenses (Note 1)	3,859	599	5,468	869
Stock-based compensation (Note 9)	3,468	-	9,270	-
	7,354	615	14,779	903
Operating loss	(7,748)	(986)	(14,909)	(1,008)
Foreign exchange gain (loss)	(1,248)	(3)	(750)	60
Interest income	26	235	57	521
Gain on disposal of property, plant and equipment	99	-	120	-
Loss before income taxes	(8,871)	(754)	(15,482)	(427)
Current income taxes (Note 7)	13	24	54	36
Future income tax recovery (Note 7)	(18)	(13)	(43)	(43)
	(5)	11	11	(7)
Net loss	\$ (8,866)	\$ (765)	\$ (15,493)	\$ (420)
Basic and diluted loss per share (Note 8(e))	\$ (0.15)	\$ (0.05)	\$ (0.28)	\$ (0.04)

The accompanying notes are an integral part of these consolidated financial statements.

MBAC FERTILIZER CORP. *(formerly Sandwell Mining Ltd.)***Interim Consolidated Statements of Comprehensive Income***(In thousands of Canadian dollars; unaudited)*

	Three months ended		Six months ended	
	January 31		January 31	
	2010	2009	2010	2009
Net loss	\$ (8,866)	\$ (765)	\$ (15,493)	\$ (420)
Other comprehensive income				
Unrealized gain (loss) on available-for-sale investment <i>(Note 5)</i>	(128)	-	21	-
Unrealized loss on translation of self-sustaining foreign operations	(1,063)	(2,407)	(359)	(1,073)
	(1,191)	(2,407)	(338)	(1,073)
Comprehensive loss	\$ (10,057)	\$ (3,172)	\$ (15,831)	\$ (1,493)

The accompanying notes are an integral part of these consolidated financial statements.

MBAC FERTILIZER CORP. (formerly Sandwell Mining Ltd.)

Consolidated Statements of Shareholders' Equity

(In thousands of Canadian dollars except for number of shares; unaudited)

	Six months ended	From incorporation on July 9, 2008 to
	January 31, 2010	July 31, 2009
	(Unaudited)	(Audited)
Common shares (in shares)		
Balance, beginning	11,856,256	100
Common shares issued to the founders	-	1,543,066
Shares issued as equity financing, net of costs (Note 8(c))	4,538,500	6,550,117
Shares issued for the acquisition of subsidiary	-	2,517,634
Conversion of founders' special warrants (Note 8(b))	462,375	1,849,444
Shares purchased for cancellation	-	(609,105)
Shares issued as compensation	65,000	5,000
Balance, FinCO prior to reverse takeover (Note 1)	16,922,131	11,856,256
Pursuant the acquisition of FinCO (Note 1)	(16,922,131)	-
Outstanding shares of the Company prior to acquisition (Note 1)	31,607,361	-
Exchange of shares on reverse takeover (Note 1)	1,057,633,188	-
Share consolidation under amalgamation agreement (Note 1)	(1,016,624,545)	-
Stock options exercised	39,999	-
	72,656,003	11,856,256
Common shares		
Balance, beginning	\$ 86,226	\$ -
Common shares issued to the founders	-	3,995
Shares issued as equity financing, net of costs (Note 8(c))	53,519	61,463
Shares issued for the acquisition of subsidiary	-	25,176
Shares purchased for cancellation	-	(4,428)
Reverse takeover transaction costs	(356)	-
Shares issued as compensation	261	20
Stock options exercised	86	-
	139,736	86,226
Contributed surplus		
Balance, beginning	1,979	-
Purchase of shares for cancellation	-	1,979
Stock-based compensation expense for the period (Note 9)	9,270	-
Options assumed on reverse takeover (Note 1)	48	-
Transfer of stock-based compensation on the exercise of stock options (Note 9)	(27)	-
	11,270	1,979
Deficit		
Balance, beginning	(1,939)	-
Net loss	(15,493)	(1,939)
Reverse takeover transfer of legal parent share capital	544	-
Deficit, ending	(16,888)	(1,939)
Accumulated other comprehensive income	930	1,268
	(15,958)	(671)
Total shareholders' equity	\$ 135,048	\$ 87,534

The accompanying notes are an integral part of these consolidated financial statements.

MBAC FERTILIZER CORP. (formerly Sandwell Mining Ltd.)

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars; unaudited)

	Three months ended		Six months ended	
	January 31		January 31	
	2010	2009	2010	2009
Cash provided by (used in):				
Operating activities				
Net loss	\$ (8,866)	\$ (765)	\$ (15,493)	\$ (420)
Add (deduct) items not affecting cash:				
Depreciation	54	38	125	85
Shares issued as compensation, including stock options	3,468	-	9,531	-
Future income tax recovery	(18)	(13)	(43)	(43)
(Gain) loss on disposal of property, plant and equipment	(99)	-	(120)	-
Foreign exchange (gain) loss	1,248	3	750	(60)
	(4,213)	(737)	(5,250)	(438)
Net change in non-cash working capital (Note 11(a))	1,508	18	769	1,689
	(2,705)	(719)	(4,481)	1,251
Investing activities				
Acquisition of subsidiary, including transaction costs of \$1,676 and net of cash acquired of \$35 (Note 2)	-	-	-	(5,636)
Purchase of pyrite asset	-	-	-	(11,910)
Acquisition of property, plant and equipment	(2,500)	(42)	(3,495)	(129)
Exploration expenditures	(2,642)	(337)	(4,353)	(337)
Proceeds on disposition of property, plant and equipment	66	-	128	-
	(5,076)	(379)	(7,720)	(18,012)
Financing activities				
Issuance of common shares, net of transaction costs	53,519	(56)	53,519	65,530
Shareholder loan for acquisition of subsidiary	-	-	-	3,995
Repayment of shareholder loan for acquisition of subsidiary	-	-	-	(3,995)
Repayment of finance lease obligation	(15)	(14)	(30)	(15)
Cash acquired with reverse takeover transaction (Note 1)	346	-	346	-
Cash received on stock options exercised	60	-	60	-
	53,910	(70)	53,895	65,515
Foreign currency effect on cash	(166)	(1)	(86)	35
Increase (decrease) in cash	45,963	(1,169)	41,609	48,789
Cash, beginning	36,349	49,958	40,703	-
Cash, ending	\$ 82,312	\$ 48,789	\$ 82,312	\$ 48,789

Supplementary cash flow information (Note 11)

The accompanying notes are an integral part of these consolidated financial statements.

MBAC FERTILIZER CORP. (formerly Sandwell Mining Ltd.)

Notes to the Interim Consolidated Financial Statements

Three and Six months ended January 31, 2010

(In thousands of Canadian Dollars unless otherwise noted; unaudited)

1. Basis of presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and include the assets, liabilities and operations of MBAC Fertilizer Corp. (formerly Sandwell Mining Ltd.) ("MBAC" or the "Company") and its wholly-owned subsidiaries. These unaudited interim consolidated financial statements do not contain all the information required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the period ended July 31, 2009. These interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

On December 24, 2009, the Company completed the acquisition of all of the outstanding common shares of MBAC Opportunities and Financing Inc. ("FinCO") in exchange for common shares of the Company. Pursuant to the terms of an amalgamation (the "Amalgamation Agreement"), the Company issued 1,057,633,188 common shares to acquire the 16,922,131 outstanding common shares of FinCO ("FinCO Shares"). The transaction constituted a reverse takeover transaction ("RTO") of Sandwell Mining Ltd. ("Sandwell") by FinCO for accounting purposes with FinCO as the acquirer. These consolidated financial statements reflect the continuation of the financial statements of FinCO, while the capital structure is that of the Company. Upon completion of the RTO, Sandwell changed its name to MBAC Fertilizer Corp., consolidated its issued and outstanding shares on the basis of one post-consolidation share for every 15 pre-consolidation shares held and continued out of the province of British Columbia pursuant to the Canada Business Corporation Act.

The acquisition of the FinCO Shares pursuant to the Amalgamation Agreement has been accounted for as a RTO transaction in accordance with guidance provided in Emerging Issues Committee ("EIC") Abstract No. 10. Sandwell did not qualify as a business for accounting purposes, and accordingly the transaction has been accounted for as an issuance of shares by FinCO for the net monetary assets of Sandwell of \$306 (including cash of \$346), accompanied by a recapitalization of Sandwell. The total transaction costs associated with the RTO were \$809 of which \$463 has been recorded as general and administrative expense.

Further to the RTO, the interim consolidated financial statements of MBAC for the six months ended January 31, 2010 reflect the assets, liabilities and results of operations of FinCO, the legal subsidiary, prior to the RTO and the consolidated assets, liabilities and results of operations of the Company and FinCO subsequent to the RTO. These interim consolidated financial statements are issued under the name of the legal parent, but are considered to be a continuation of FinCO.

References herein to US\$ are to United States dollars and R\$ are to the Brazilian Real.

Recent accounting pronouncements

CICA Section 3862 - Financial Instruments: Disclosures. The standard on financial instruments was amended to include enhanced disclosures about inputs to fair value measurement, including their classification, within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset either directly or indirectly; and

Level 3: Inputs are not based on observable market data.

As a result of the adoption of this standard, additional disclosure has been included in *Note 5* to the interim consolidated financial statements.

MBAC FERTILIZER CORP. (formerly Sandwell Mining Ltd.)

Notes to the Interim Consolidated Financial Statements

Three and Six months ended January 31, 2010

(In thousands of Canadian Dollars unless otherwise noted; unaudited)

2. Business acquisition

On October 14, 2008 FinCO completed the purchase of Itafós Mineração Ltda. ("Itafós"), a Brazilian phosphate producer for \$29,171. The purchase price was satisfied by the cash payment of \$3,995 and the issuance of 2,517,634 common shares. The results of operations of Itafós from the date of acquisition have been included in the Company's financial statements.

Consideration and transaction costs:

Cash	\$	3,995
Issuance of 2,517,634 common shares		25,176
Transaction costs		1,676
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Purchase price	\$	30,847

Transactions costs incurred on the acquisition of Itafós include \$1,397 which was paid to a company of which one of the directors is also a director of MBAC.

At the beginning of this fiscal year, the Company finalized the purchase price allocation to the fair value of the net assets acquired. As a result, the Company increased Inventory by \$242 and decreased Mineral Properties by \$242. This adjustment does not impact the Company's net income. The acquisition was accounted for using the purchase method and accordingly the purchase price was allocated to the assets acquired and liabilities assumed based on their fair values on October 14, 2008 as follows:

Cash	\$	35
Accounts receivable		471
Inventory		1,836
Other assets		77
Mineral properties		43,698
Property, plant and equipment		2,215
Current liabilities		(1,652)
Finance lease obligations		(92)
Asset retirement obligation		(49)
Future income tax liability		(15,692)
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Net assets acquired	\$	30,847

3. Inventories

	January 31, 2010	July 31, 2009
Raw materials	\$ 289	\$ 448
Phosphate held in finished goods stockpiles	677	907
Spare parts and other supplies	45	17
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	\$ 1,011	\$ 1,372

MBAC FERTILIZER CORP. (formerly Sandwell Mining Ltd.)

Notes to the Interim Consolidated Financial Statements

Three and Six months ended January 31, 2010

(In thousands of Canadian Dollars unless otherwise noted; unaudited)

4. Pyrite asset

This represents amounts paid to a corporation, related by virtue of certain common directors, to acquire an option to purchase pyrite concentrate for use in the production of phosphate fertilizers. The Company is required to provide quality specifications and a feasibility study for the construction of a sulphuric acid production facility by March 14, 2011.

5. Investments

Available-for-sale investments	% of ownership	January 31, 2010			July 31, 2009	
		Cost	Fair value	Cumulative amount in other comprehensive income	Fair value	Cumulative amount in other comprehensive income
Redstone Resources Ltd.						
Common shares	2.5%	\$ 144	157	\$ 13	\$ 144	\$ -
Warrants		14	22	8	14	-
		\$ 158	179	\$ 21	\$ 158	\$ -

Available for sale securities are reviewed periodically for possible other-than-temporary impairment and more frequently when economic or market concerns warrant such evaluation.

The common shares and warrants presented above are classified as Level 1 instruments as their fair value is obtained from unadjusted quoted prices from an active market. The total fair value of these instruments was \$179 as at January 31, 2010.

6. Property, plant and equipment

	January 31, 2010			July 31, 2009		
	Cost	Accumulated Amortization	Net book value	Cost	Accumulated Amortization	Net book value
Mineral properties and exploration rights	\$ 43,817	-	\$ 43,817	\$ 44,843	-	\$ 44,843
Exploration assets	6,900	-	6,900	2,470	-	2,470
Property, plant and equipment	3,431	(254)	3,177	2,971	(123)	2,848
Cost of non-depreciable items:						
Land	2,896	-	2,896	331	-	331
Assets under construction	547	-	547	524	-	524
	\$ 57,591	(254)	\$ 57,337	\$ 51,139	(123)	\$ 51,016

Finance lease obligation consists of \$30 (July 31, 2009 - \$60) debt related to finance leased vehicles. The debt is secured by the underlying vehicles with monthly payments until July 2011 and bearing interest at rates ranging from 16% to 20% per annum.

During the period the Company exercised the option to acquire a 35% interest in both the Apui Potash Project and the Aneba Phosphate Project from Redstone Resources Ltd. for total consideration of \$277 (US\$250) which is included in exploration assets.

MBAC FERTILIZER CORP. (formerly Sandwell Mining Ltd.)

Notes to the Interim Consolidated Financial Statements

Three and Six months ended January 31, 2010

(In thousands of Canadian Dollars unless otherwise noted; unaudited)

7. Income taxes

The following table reconciles the statutory rate with the effective income tax rate in these financial statements:

	Three months ended		Six months ended	
	January 31		January 31	
	2010	2009	2010	2009
Combined Canadian federal and provincial statutory tax rate	30.99 %	33.00 %	30.99 %	33.00 %
Changes in future tax rates	(1.26)	0.69	(0.92)	3.63
Difference in foreign tax rates	1.02	1.15	0.64	1.87
Permanent differences	(17.71)	(40.57)	(22.51)	(65.09)
Change in valuation allowance	(12.99)	4.26	(8.27)	24.98
Effective tax rate	0.05 %	(1.47)%	(0.07)%	(1.61)%
Income tax expense is represented by				
Current income tax expense	\$ 13	\$ 24	\$ 54	\$ 36
Future income tax recovery	(18)	(13)	(43)	(43)
Net income tax expense (recovery)	\$ (5)	\$ 11	\$ 11	\$ (7)

8. Share capital

(a) Authorized capital

The Company is authorized to issue an unlimited number of common and preferred shares without par value.

(b) Founder's units special warrants

During the three-month period ended January 31, 2010, the Company converted the remaining 20% of the Founder's unit's special warrants issued in August 2008 to the founders of FinCO for a total of 462,375 common shares.

(c) 2009 Private Placement

In December 2009, the Company completed a private placement and issued 4,538,500 common shares at a price of Cdn\$ 12.50 each for proceeds, net of transaction costs, of \$53,519.

(d) Reverse takeover

During the three-month period ended January 31, 2010, the Company and FinCO entered into a RTO transaction as described in *Note 1*. This transaction and the share consolidation that happened concurrently resulted in a net adjustment of 41,008,643 to the Company's issued common shares.

MBAC FERTILIZER CORP. (formerly Sandwell Mining Ltd.)

Notes to the Interim Consolidated Financial Statements

Three and Six months ended January 31, 2010

(In thousands of Canadian Dollars unless otherwise noted; unaudited)

8. Share capital (continued)

(e) Weighted average number of common shares and dilutive common share equivalents

	Three months ended		Six months ended	
	January 31		January 31	
	2010	2009	2010	2009
Weighted average number of common shares	59,152,739	16,920,000	54,619,377	10,078,201
Diluted weighted average number of common shares	59,152,739	16,920,000	54,619,377	10,078,201

9. Stock-based compensation

During the three and six months ended January 31, 2010, the Company issued 4,540,671 and 2,582,883 share purchase options respectively (in effect 1,089,761 and 619,891 options respectively of FinCO prior to the RTO (*Note 1*)). The fair value of these options has been determined to be \$15,452. In the six months ended January 31, 2010 the Company recognized a total of \$9,270 (July 31, 2009 - \$NIL) in compensation expense in connection with these options and a corresponding increase in contributed surplus

The following is a summary of the issued share purchase options to acquire common shares as at the period end and the changes thereof during the period:

	Six months ended		From incorporation on July 9, 2008 to	
	January 31, 2010		July 31, 2009	
	Number of options	Weighted average exercise price (Cdn\$)	Number of options	Weighted average exercise price (Cdn\$)
Outstanding, beginning	-	\$ -	-	\$ -
Assumed on reverse takeover	73,333	1.50	-	-
Granted	7,123,550	2.69	-	-
Exercised	(39,999)	1.50	-	-
Outstanding, ending	7,156,884	\$ 2.69	-	\$ -
Exercisable	3,522,434	\$ 2.56	-	\$ -

The share purchase options were recorded using the fair value based method of accounting which was estimated at the time of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	January 31, 2010
Dividend yield	0 %
Annualized expected price volatility	90 %
Risk-free interest rate	1.65 %
Expected life	5 years

MBAC FERTILIZER CORP. (formerly Sandwell Mining Ltd.)

Notes to the Interim Consolidated Financial Statements

Three and Six months ended January 31, 2010

(In thousands of Canadian Dollars unless otherwise noted; unaudited)

10. Commitments

At January 31, 2010, the Company has future minimum annual operating lease commitments in connection with its leased office spaces, certain office equipment and drilling services, as follows:

2011	\$	1,098
2012		205
2013		123
2014		102
2015 and thereafter		-
	\$	1,528

11. Supplementary cash flow information

(a) Net change in non-cash working capital items

	Three months ended		Six months ended	
	January 31		January 31	
	2010	2009	2010	2009
Accounts receivable	\$ 308	\$ 239	\$ (454)	\$ 363
Inventories	318	758	570	708
Other current assets	(219)	(4)	(248)	(30)
Accounts payable and accrued liabilities	1,078	(1,001)	1,116	574
Deferred revenue	23	26	(215)	74
	\$ 1,508	\$ 18	\$ 769	\$ 1,689

(b) Interest and income taxes paid

	Three months ended		Six months ended	
	January 31		January 31	
	2010	2009	2010	2009
Interest paid during the period	\$ 9	\$ 6	\$ 16	\$ 6
Income taxes paid during the period	\$ 21	\$ 41	\$ 75	\$ 59