



## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting of Shareholders (the “**Meeting**”) of MBAC Fertilizer Corp. (the “**Company**”) will be held at The Royal York Hotel, Confederation Room, 100 Front Street West, Toronto, Ontario, on January 17, 2012 at 10:00 a.m. (Toronto time), for the following purposes:

1. To receive and consider the audited annual consolidated financial statements of the Company for the financial year ended July 31, 2011, and the report of the auditors thereon;
2. To elect directors of the Company for the ensuing year;
3. To appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company for the ensuing year;
4. To consider and, if deemed appropriate, to pass a resolution authorizing the grant of stock options under the stock option plan of the Company to acquire up to ten percent (10%) of the issued and outstanding common shares of the Company as at any particular grant date, to officers, directors, employees and consultants of the Company and its subsidiaries, all as more particularly described in the Circular (as defined below); and
5. To transact such other business as may properly come before the Meeting or any adjournment thereof.

This notice is accompanied by the management information circular (the “**Circular**”) of the Company, a supplemental information card and either a form of proxy for registered shareholders or a voting instruction form for beneficial shareholders. The audited annual consolidated financial statements of the Company for the year ended July 31, 2011, and related management’s discussion and analysis are also available upon written request to the Company, and can be obtained electronically on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company’s website at [www.mbacfert.com](http://www.mbacfert.com).

Registered shareholders are entitled to vote at the Meeting either through the internet, by telephone, in person or by proxy. If you are unable to attend the Meeting in person, please exercise your right to vote by completing and signing the enclosed form of proxy and returning it by mail or delivery to Computershare Investor Services Inc., 9th Floor, 100 University Ave, Toronto, Ontario, M5J 2Y1, Fax 1-866-249-7775/416-263-9524 on or before 10:00 a.m. (Toronto time) on January 13, 2012, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned meeting. The board of directors of the Company has, by resolution, fixed the close of business on December 13, 2011 as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

**DATED** at Toronto, Ontario this 14th day of December, 2011.

**By Order of the Board of Directors**

(Signed) “Peter Marrone”

Peter Marrone

Chairman of the Board of Directors

## MBAC FERTILIZER CORP.

### MANAGEMENT INFORMATION CIRCULAR

#### Solicitation of Proxies

This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of MBAC Fertilizer Corp. (the “Company”) for use at the annual and special meeting of shareholders (the “Meeting”) of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders. References in this management information circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation of proxies will be primarily by mail, however, proxies may also be solicited personally by regular employees of the Company and the Company may use the services of an outside proxy solicitation agency to solicit proxies. The cost of soliciting proxies will be borne by the Company.

The board of directors of the Company (the “Board”) has fixed the close of business on December 13, 2011 as the record date, being the date for the determination of the registered holders of common shares (“Common Shares”) in the capital of the Company entitled to receive notice of, and to vote at, the Meeting. Duly completed and executed proxies must be received by mail or fax at the offices of Computershare Investor Services Inc., 9th Floor, 100 University Ave, Toronto, Ontario, M5J 2Y1, Fax 1-866-249-7775/416-263-9524, which address is also indicated on the enclosed envelope, no later than 10:00 a.m. (Toronto time) on January 13, 2012, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned meeting. As an alternative to completing and submitting a proxy for use at the Meeting, a shareholder may vote electronically through the internet at [www.investorvote.com](http://www.investorvote.com) or by telephone by contacting Computershare Investor Services Inc. at 1-866-732-8683.

Unless otherwise stated, the information contained in this Circular is as of December 14, 2011. All dollar amounts referenced herein are expressed in Canadian dollars.

#### Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Company. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent them at the Meeting, may do so by inserting such person’s name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the office of the Company’s transfer agent indicated on the enclosed envelope or by Fax at 1-866-249-7775/416-263-9524, no later than 10:00 a.m. (Toronto time) on January 13, 2012, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned meeting.**

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The Common Shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by a shareholder or by a shareholder’s attorney authorized in writing (or, if the shareholder is a corporation, by a duly authorized officer or attorney) and deposited either at the registered office of the Company (120 Adelaide Street West, Suite 1900, Toronto, Ontario, M5H 1T1, Attention: Catherine Johnston) or at the office of the Company’s transfer agent indicated on the enclosed envelope or by Fax at 1-866-249-7775/416-263-9524, at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

### **Exercise of Discretion by Proxies**

The persons named in the enclosed form of proxy will vote the Common Shares in respect of which they are appointed as proxy in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of all the resolutions described herein. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Shareholders and with respect to other matters which may properly come before the Meeting.** At the time of printing of this Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

### **Voting by Non-Registered Shareholders**

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders (“**Non-Registered Shareholders**”) because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company will have distributed copies of the Notice of Annual and Special Meeting of Shareholders, this Circular, a supplemental information card (which includes a place to request copies of the Company’s annual and/or interim financial statements and related MD&A or to waive the receipt of the annual and/or interim financial statements and related MD&A), and place to request electronic access to these documents instead and a form of voting instruction form (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and **deposit it with the Company c/o Computershare Investor**

**Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or by Fax at 1-866-249-7775/416-263-9524.**

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven (7) days prior to the Meeting.

#### **Voting Securities and Principal Holders Thereof**

As of the date hereof, 97,720,219 Common Shares were issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The record date for the determination of shareholders entitled to receive notice of, and to vote at, the Meeting has been fixed as December 13, 2011. All such holders of record of Common Shares are entitled either to attend and vote at the Meeting in person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Company's transfer agent within the time specified in the attached Notice of Annual and Special Meeting of Shareholders, to attend and vote thereat by proxy the Common Shares held by them.

To the best of the Company's knowledge, based on information provided by the applicable shareholder, as of the date hereof no person beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company, except as set forth in the table below.

<b>Name of Shareholder</b>	<b>Number of Common Shares Held<sup>(1)</sup></b>	<b>Percentage of Common Shares Outstanding</b>
International Finance Corporation	10,829,900	11.08%
Invesco Canada Ltd.	11,117,220	11.38%

(1) The information as to Common Shares beneficially owned, controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been obtained by the Company from the applicable shareholder.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### **Objectives of Executive Compensation Program**

The objectives of the Company's compensation program are to attract, reward, retain and motivate quality employees who will enhance the profitability and growth of the Company. In August 2011, the Company implemented an Incentive Award Program and a Compensation Policy (collectively, the "**Compensation Policies**") to establish a formal compensation program. The Company is continuing to develop its compensation program as it grows. The Company's mineral exploration, development and fertilizer business is competitive with other entities engaged in the same business. The Company believes that it is well positioned to compete in its market segment given the advantageous location of its operations and the experienced management team it has engaged.

#### **Overview of the Executive Compensation Philosophy**

The following principles guide the Company's overall compensation philosophy:

- compensation is determined on an individual and collective basis and is aimed at attracting and retaining highly qualified and experienced personnel with a proven track record of performance;
- compensation is set with reference to the market for similar jobs in peer group companies in Canada, Brazil and internationally;
- an appropriate portion of total compensation is variable and linked to performance of pre-established individual and corporate goals;
- long-term equity-based compensation serves to, among other things, encourage equity ownership and participation by the executive officers and directors in the Company and, thereby, aligning the interests of the executive officers and directors with the interests of shareholders;
- compensation is set, reviewed and recommended to the Board for consideration and approval by the Compensation Committee of the Board of Directors (the "Compensation Committee") to ensure that equity is maintained such that individuals in similar positions and locations are compensated fairly;
- the Company encourages its employees to continuously maintain and enhance their skills and supports reasonable expenses in order for areas of expertise to be maintained and enhanced;
- the Company's compensation philosophy is designed to reward performance, focusing on quality and sustainability of earnings over the long term; and
- the Company's compensation philosophy takes into consideration both short and long-term goals of the Company.

## Annual Compensation Review Process

The primary function of the Compensation Committee is to assist the Board in overseeing executive officer and director compensation. The Compensation Committee fulfills this responsibility by:

- setting, reviewing and recommending to the Board the approval of salary, bonus, and other incentives and benefits, direct or indirect, as well as any change-of-control package, for the President and Chief Executive Officer of the Company;
- considering and approving the recommendations of the President and Chief Executive Officer of the Company regarding salary, bonus, and other incentives and benefits, direct or indirect, as well as any change-of-control packages, for the Named Executive Officers;
- setting and reviewing director compensation for recommendation to the Board for approval;
- attending to the design and administration of the Company's compensation plans and policies, including the Stock Option Plan (as defined below), the Compensation Policies and such other compensation plans or policies as are adopted by the Company from time to time;
- researching and identifying trends in executive and director compensation with the assistance of the Board's external compensation consultant;
- establishing and periodically reviewing the Company's policies in the area of management benefits and perquisites based on comparable benefits and perquisites of its peers;
- testing linkage of pay to performance with a view to ensuring that total pay packages vary based on outcomes; and
- verifying effective implementation of risk controls suitable for the Company's particular business by directly linking risk management with executive compensation structure.

The Compensation Committee reviews on an annual basis and periodically through the year, cash compensation, stock option incentives, performance and the overall compensation package for each Named Executive Officer (the "NEOs" or "Named Executive Officers") based on the compensation review process described herein. During fiscal 2011, the Company's NEOs were Antenor Silva, President and Chief Executive Officer, Roberto Belger, Senior Vice President and Chief Operating Officer, Anthony Cina, Vice President Finance, Chief Financial Officer and Treasurer, Carlos Braga, Vice President, Operations and Stephen Burleton, Vice President Corporate Development.

Executive compensation determinations for the NEOs for fiscal 2011 were based on individual performance assessments, taking into account a number of criteria including the strategic goals of the Company, as well financial performance compared to budget and exceptional corporate events.

The compensation elements analyzed in connection with determining 2011 compensation for the NEOs included base salary and annual performance-based cash bonuses and other annual compensation such as perquisites, together with long-term incentives in the form of stock options as further described below. The Company did not award any other form of long-term equity incentives in respect of fiscal 2011.

Compensation levels for the Named Executive Officers for fiscal 2011 were determined, in part, based on benchmarks including: base salary; target annual incentive award as a percentage of base salary; actual incentive award as a percentage of base salary; target total cash compensation consisting of base salary plus actual annual incentive award; actual long-term incentive award, where eligible, as a percentage of base salary; and total direct compensation, consisting of total cash compensation plus actual long-term incentive award.

In an effort to take an holistic approach to determining executive compensation, as part of its benchmarking methodology, the Compensation Committee, on behalf of the Board, reviewed the current

competitive compensation market based on market data from multiple sources including propriety surveys and proxy circulars of the Company's peers. The Named Executive Officers were benchmarked according to position title, organizational role and overall scope of responsibility. A competitive compensation analysis was then performed for each Named Executive Officer, and recommendations were made taking into account the Company's compensation philosophy, relevant market and resource sector data, current compensation and market trends and the current stage of the Company and its business.

The Compensation Committee, on behalf of the Board, conducted a compensation analysis in connection with the NEOs based, in part, on a comparison of the Company's relative positioning within the following comparator group, which was broken down by market capitalization, total revenue for the last 12 months and total assets for the last 12 months, covering data for the 2009 and 2010 calendar years:

Company Name	Business Description
Andina Minerals Inc.	Andina Minerals Inc. engages in acquiring, exploring, and developing gold properties. The Company's principal asset, Volcan Gold Project, is located in the east of Copiapo, Chile. It also holds interests in two early stage exploration projects, including the Encrucijada silver/gold property and the Pampa Buenos Aires gold/silver property in Chile. The company is headquartered in Toronto, Canada.
Belo Sun Mining Corp.	Belo Sun Mining Corp. engages in the acquisition and exploration of mineral properties, primarily gold in Brazil. The company's principal project includes the Volta Grande project located in the northern region of Para State. It also holds interests in the Patrocinio and Rainbow projects in Brazil. The company was formerly known as Verena Minerals Corporation and changed its name to Belo Sun Mining Corp. in July 2010. Belo Sun Mining Corp. was founded in 1984 and is headquartered in Toronto, Canada.
Brigus Gold Corp.	Brigus Gold Corp. engages in the extraction, processing, refining, and production of gold and other by-product metals primarily in North America. The company principally produces gold and silver. It primarily owns the Black Fox Complex and Black Fox Mill properties located in the Timmins Mining District in the Province of Ontario, Canada; the Goldfields project located in the Lake Athabasca region of Saskatchewan, Canada; and the Ixhuatan property located in the state of Chiapas, Mexico. Brigus Gold Corp., through its joint venture, holds interests in the Ampliacion Pueblo Viejo and Loma El Mate gold exploration projects located in the Dominican.
Century Mining Corp.	Century Mining Corporation engages in the acquisition, exploration, development, and production of mineral properties, principally gold in Canada, the United States, and Peru. The company also explores for precious metals. Its primary properties include the San Juan gold property, which has 45 leases covering 26,416 hectares located in the province of Condesuyos, department of Arequipa, Peru; and the Lamaque Gold Project consisting of 8 properties comprising 95 claims covering an area of 2,130 hectares located in Val d'Or, Quebec. The company was formerly known as Saxony Explorations Ltd and changed its name to Century Mining Corporation in September 2003. Century Mining Corporation was founded in 2003 and is based in Blaine, Washington.
Exeter Resource Corp.	Exeter Resource Corporation, a mineral exploration company, engages in the acquisition, exploration, and development of gold deposits in the Maricunga district in Chile. It holds a 100% interest in the Caspiche property, a gold-copper porphyry property located in the Atacama Region of northern Chile. The company was formerly known as Golden Glacier Resources Inc. and changed its name to Exeter Resource Corporation in June 2002. Exeter Resource Corporation was founded in 1984 and is headquartered in Vancouver, Canada.
Eco Oro Minerals Corp.	Eco Oro Minerals Corp. engages in the exploration, development, and exploitation of precious metal resources in Canada. Its primary project comprises the Angostura gold and silver deposit located in the northeastern region of Colombia. The company was formerly known as Greystar Resources Ltd. and changed its name to Eco Oro Minerals Corp. in August 2011. Eco Oro Minerals Corp. is headquartered in Vancouver, Canada.

<p>Farallon Mining Ltd.</p>	<p>Farallon Mining Ltd. Engages in the exploration, development, and production of mineral properties primarily in Mexico. It principally holds interest in the G-9 Project located in Guerrero State, Mexico. The company explores for zinc, copper, lead, gold, and silver. The company was formerly known as Farallon Resources Ltd. and changed its name to Farallon Mining Ltd. in May 2009. Farallon Mining Ltd. was founded in 1991 and is headquartered in Vancouver, Canada. As of January 5, 2011 Farallon Mining Ltd. operates as a subsidiary of Nyrstar NV.</p>
<p>Gabriel Resources, Ltd.</p>	<p>Gabriel Resources Ltd. engages in the acquisition, exploration, and development of precious metal projects in Romania. The company primarily focuses on the development of its 80.46% owned Rosia Montana gold project. This Project, owned through a joint venture with the Romanian Government, has reserves of 10.1 million ounces of gold and 47.6 million ounces of silver. Gabriel also holds interests in the Bucium exploration concession located in western Transylvania; and an exploration license with respect to the Baisoara property situated in western Romania. The company was founded in 1986 and is headquartered in London, the United Kingdom.</p>
<p>Golden Queen Mining Co. Ltd.</p>	<p>Golden Queen Mining Co. Ltd., an exploration stage company, engages in acquiring and maintaining gold and silver mining properties for the exploration, future development, and production. It has interests in the Soledad Mountain project in the south of Mojave in Kern County in southern California. The company was founded in 1985 and is based in West Vancouver, Canada</p>
<p>International Minerals Corp.</p>	<p>International Minerals Corporation engages in the exploration, development, and exploitation of mineral resource properties in South America and the United States. The company explores for gold and silver ores. It holds interests in properties located in Ecuador, Peru, and Nevada. The company was formerly known as Ecuadorian Minerals Corporation and changed its name to International Minerals Corporation in January 2002. International Minerals Corporation was founded in 1986 and is based in Scottsdale, Arizona.</p>
<p>Jaguar Mining Inc.</p>	<p>Jaguar Mining Inc. engages in the production of gold, as well as in the acquisition, exploration, development, and operation of gold mineral properties in Brazil. It holds interests in the Turmalina, Paciencia, Sabara, and Caete gold projects in the state of Minas Gerais. The company also holds interests in the Gurupi Project located in the state of Maranhao. In addition, it has a joint venture agreement with Xstrata plc to explore the Pedra Branca Project located in the state of Ceara, northeastern Brazil. The company was founded in 1984 and is headquartered in Concord, New Hampshire.</p>
<p>Luna Gold Corp.</p>	<p>Luna Gold Corp. engages in the acquisition, exploration, and development of gold properties in Brazil. It primarily has interests in the Aurizona Main project in Maranhao, Brazil, as well as in the Cachoeira project located in the state of Para. The company was formerly known as wwbroadcast.net, inc. and changed its name to Luna Gold Corp. in August 2003. Luna Gold Corp. was incorporated in 1986 and is headquartered in Vancouver, Canada.</p>
<p>Orvana Minerals Corp.</p>	<p>Orvana Minerals Corp., a mining and exploration company, engages in the evaluation, development, and mining of precious and base metal deposits in the Americas. It primarily explores for gold, copper, and silver deposits. The company was founded in 1992 and is based in Toronto, Canada.</p>
<p>Rio Novo Gold Inc.</p>	<p>Rio Novo Gold Inc. engages in the acquisition, exploration, and development of mineral resource properties in Brazil. The company primarily explores for gold deposits. Its properties comprise the Almas Gold project located in the southeastern portion of Tocantins State; and the Guaranta Gold project located in the state of Mato Grosso. The company was formerly known as Rio Novo Holdings S.A. and changed its name to Rio Novo Gold Inc. in January 2010. Rio Novo Gold Inc. was incorporated in 2008 and is based in Toronto, Canada.</p>

Vista Gold Corp.	Vista Gold Corp. and its subsidiaries engage in the evaluation, acquisition, exploration, and advancement of gold exploration and potential development projects. Its holdings include the Paredones Amarillos and Guadalupe de los Reyes gold projects in Mexico; the Mt. Todd gold project in Australia; the Yellow Pine gold project in Idaho; the Long Valley gold project in California; the Awak Mas gold project in Indonesia; and claims located in Utah. The company was founded in 1983 and is based in Littleton, Colorado.
<i>MBAC Fertilizer Corp.</i>	<i>MBAC Fertilizer Corp. engages in the mining, exploration, and production of phosphate and potash fertilizers in the Brazil. It operates a phosphate mine, and a mill and treatment plant facility; and processes and sells phosphate rock to farmers.</i>

\* Business descriptions have been provided by Capital IQ, a Standard and Poor's Company.

### Compensation Consultant

Subsequent to the Company's 2011 fiscal year end, the Board retained Global Governance Advisors ("**GGA**") to act as independent consultants to the Board and its Compensation Committee in connection with reviewing the Company's compensation philosophy. The goal of this review is to define compensation objectives based on corporate performance, individual performance criteria, peer group comparisons, competitive pay positioning, components of pay and intended elements of compensation design. As of the date of this Circular, GGA has:

- completed a 2011 competitive market review of executive compensation and developed a market comparator group; and
- performed an in-depth market analysis of compensation levels and designs of organizations in similar sectors and stage of operations to the Company and reviewed relative performance levels of such organizations.

### Elements of Executive Compensation

The elements of annual compensation earned by each of the NEOs for fiscal 2011 included base salary, annual performance-based cash bonuses and other annual compensation such as perquisites along with long-term incentive compensation in the form of stock options. A mix of compensation elements was considered in connection with the total compensation package for each NEO, and the decision to pay any one particular element did not impact on the decision to pay other elements of compensation. The following table sets out a summary and the purpose of each element of compensation included in the compensation package:

#### Short-Term Compensation

Element of Compensation	Summary and Purpose of Element
Base Salary	Base salaries form an essential component of the Company's compensation mix and are the first measure to compare and remain competitive relative to peer groups. Base salaries are fixed and are not subject to uncertainty. As such they are used as the base to determine other elements of compensation and benefits.
Annual Performance-Based Cash Incentives	Annual cash bonuses are a variable component of compensation designed to reward NEOs for both individual and corporate performance, and are determined as a percentage of base salary.

Other Compensation (Perquisites) Perquisites, such as health and life insurance plans, parking, housing and transportation allowances, signing bonuses, and other usual perquisites may be provided to NEOs in accordance with local practices in order to ensure that the Company's compensation packages are competitive.

### Long-Term Compensation

<u>Element of Compensation</u>	<u>Summary and Purpose of Element</u>
Stock Options	The granting of stock options is a variable component of compensation that the Company believes assists in attracting, retaining and encouraging commitment and performance from the NEOs through the opportunity to receive compensation that is aligned with the market value of the Common Shares. The NEOs are granted stock options to encourage ownership and equity participation in the Company, which helps strengthen the alignment of interests of the NEOs with those of the shareholders of the Company. Vesting provisions ensure that the option holders' interests are aligned with the longer-term interests of the shareholders. Previous option grants to the NEOs are taken into account by the Compensation Committee and the Board when considering new option grants.

### Base Salary

The base salary of each NEO is determined in the context of the Compensation Committee's compensation review process.

The Compensation Committee believes that it is appropriate to establish compensation levels based, in large part, on benchmarking against comparable companies, both in terms of compensation practices as well as levels of compensation. By so doing, the Company is able to evaluate whether its compensation practices are competitive in the marketplace, and determine that the Company's compensation practices are reasonable.

In determining the base salary to be paid to each of the NEOs for fiscal 2011, the Compensation Committee considered the particular responsibilities related to the position and experience level of each of the NEOs, and the accomplishments of each NEO during fiscal 2011. The Compensation Committee also selected an appropriate comparator group of companies and reviewed information regarding executive compensation practices of its peers, using published survey data from both the mining industry and other industries as appropriate to evaluate the competitiveness of its compensation practices. See "Annual Compensation Review Process" above.

### Annual Performance-Based Cash Incentives ("Cash Bonuses")

Cash bonuses are performance-based, short-term financial incentives. Annual cash bonuses awarded to NEOs are recommended by the President and Chief Executive Officer to the Compensation Committee for its review and recommendation to the Board for approval. These annual cash bonuses are based on individual and corporate goals and are calculated as a percentage of the NEO's annual gross base salary.

In September 2011, the Compensation Committee completed a final review and determination regarding the performance of each NEO, relative to the performance of the Company during fiscal 2011. In recognition the efforts of the respective NEOs, the Compensation Committee recommended, and the Board approved, the payment to the NEOs of an aggregate of \$1,008,652 in cash bonuses for performance during fiscal 2011, as set out in the Summary Compensation Table below. The cash bonus awards were determined based on discussions of the Compensation Committee and the Board, with input from the Chief Executive Officer, based on individual evaluations prepared in connection with fiscal 2011 performance, and in conjunction with a review of corporate goals for fiscal 2011.

Name	Position	2011 Bonus Payout (\$)	2011 Bonus Payout (% of Salary)	2011 Bonus Payout (% of Targeted Payout)
Antenor Silva	President and Chief Executive Officer	351,450	106.5	159.8
Roberto Belger	Senior Vice President and Chief Operating Officer	197,802	100.1	80.0
Anthony Cina	Vice President, Finance, Chief Financial Officer and Treasurer	156,000	70.9	70.9
Carlos Braga	Vice President, Operations	147,400	67.0	67.0
Stephen Burleton	Vice President, Corporate Development	156,000	70.9	70.9

### Other Compensation — Perquisites

During the fiscal year ended July 31, 2011, the NEOs received parking, health benefits and insurance during fiscal 2011, none of which exceeded \$50,000 or 10% of their respective salaries.

### Long-Term Incentives

As previously discussed, it is the compensation philosophy of the Company to provide a market-based blend of base salary, cash bonus and long-term equity incentives, currently in the form of stock options. In determining the grant of long-term incentives to the NEOs for fiscal 2011, the Compensation Committee gave consideration to, among other things, the individual's current and potential contribution to the success of the Company, as well as the relative position and responsibilities of the individual within the Company.

#### Stock Options

During fiscal 2011, the Company issued stock options to only one NEO, Mr. Roberto Belger, in connection with his appointment as Senior Vice President and Chief Operating Officer of the Company. Mr. Belger was granted options to acquire an aggregate of 600,000 Common Shares at an exercise price of \$2.40 per share until October 1, 2014. See "Incentive Plan Awards" and "Directors Compensation – Incentive Plan Awards" below.

Name	Title	Date of Grant	No. of Options Granted	Exercise Price	Expiry Date
Antenor Silva	President and Chief Executive Officer	N/A	Nil	N/A	N/A
Roberto Belger	Senior Vice President and Chief Operating Officer	December 7, 2010	600,000 <sup>(1)</sup>	2.40	October 1, 2014
Anthony Cina	Vice President, Finance, Chief Financial Officer and Treasurer	N/A	Nil	N/A	N/A
Carlos Braga	Vice President, Operations	N/A	Nil	N/A	N/A
Stephen Burleton	Vice President, Corporate Development	N/A	Nil	N/A	N/A

(1) These stock options vested as to one-third on the date of grant, one-third on the first anniversary of the date of grant (December 7, 2011) and will vest as to one-third on the second anniversary of the date of grant (December 7, 2012).

**Named Executive Officer 2011 Total Direct Compensation Mix**

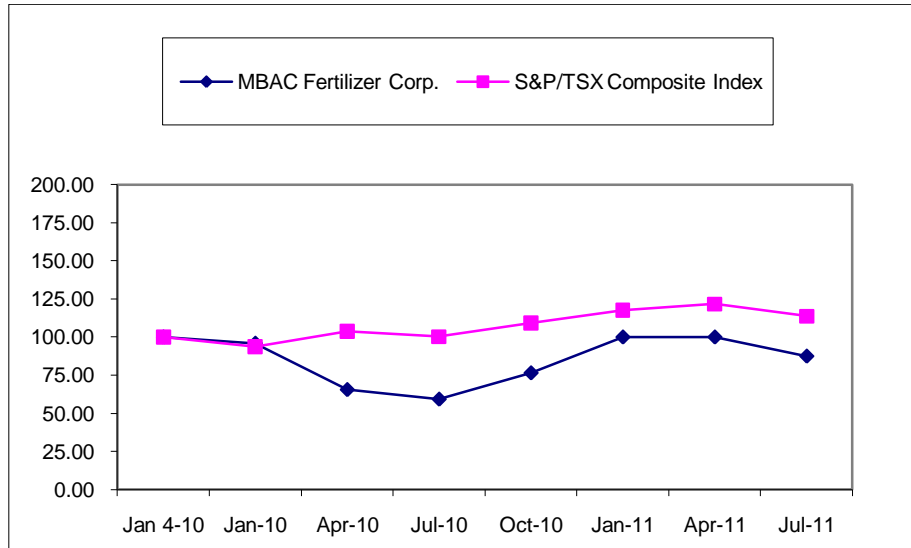
Name	Title	Base Salary (%)	Cash Bonus (STIP) (%)	Stock Options (LTIP) (%)	% of Pay at risk (STIP + LTIP)
Antenor Silva	President and Chief Executive Officer	48.4	51.6	-	51.6
Roberto Belger	Senior Vice President and Chief Operating Officer	30.1	18.3	51.7	69.9
Anthony Cina	Vice President, Finance, Chief Financial Officer and Treasurer	58.5	41.5	-	41.5
Carlos Braga	Vice President, Operations	59.9	40.1	-	40.1
Stephen Burleton	Vice President, Corporate Development	58.5	41.5	-	41.5

*Executive Share Ownership Guidelines*

Pursuant to the terms of the Compensation Policies, the Chief Executive Officer of the Company is required to own Common Shares having a market value equal to at least two (2) times base salary. Director share ownership guidelines are also in place at MBAC and are discussed in the "Director Compensation" section of this Circular.

**Performance Graph**

The following performance graph reflects the performance of the Common Shares against the S&P/TSX Composite Index for the periods indicated based on \$100 invested as at January 4, 2010, the date the Common Shares commenced trading on the Toronto Stock Exchange (the “TSX”).



	Jan 4-10	Jan-10	Apr-10	Jul-10	Oct-10	Jan-11	Apr-11	Jul-11
MBAC Fertilizer Corp.	100.00	95.94	65.63	59.38	76.56	100.00	100.00	87.50
S&P/TSX Composite Index	100.00	93.65	103.75	100.24	109.20	117.51	121.62	113.64

The 2010 and 2011 remuneration of the NEOs was intended to compensate the NEOs for their efforts in connection with the early stages of the Company and the market’s realization of the value of their contribution is expected to occur over the longer-term.

## Summary Compensation Table

The table below provides the information regarding compensation earned for fiscal 2011 and 2010 by: (a) the President and Chief Executive Officer; (b) the Vice President, Finance and Chief Financial Officer and Treasurer; and (c) the three most highly compensated executive officers other than the officers referred to in (a) and (b) for fiscal 2011.

Name and Principal Position	Year	Salary (\$)	Share-based awards <sup>(2)</sup> (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans <sup>(2)</sup>	Long-term incentive plans			
Antenor Silva, President and Chief Executive Officer	2011	330,000	N/A	Nil	351,450	Nil	Nil	Nil	681,450
	2010	300,000	N/A	2,936,899	360,000	Nil	Nil	Nil	3,596,899
Roberto Belger, <sup>(3)</sup> Senior Vice President and Chief Operating Officer	2011	197,659	N/A	558,540	197,802	Nil	Nil	112,273 <sup>(4)</sup>	1,066,274
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anthony Cina, Vice President, Finance, Chief Financial Officer and Treasurer	2011	220,000	N/A	Nil	156,000	Nil	Nil	9,835	385,835
	2010	200,000	N/A	1,224,314	154,395	Nil	Nil	60,300	1,639,009
Carlos Braga, Vice President, Operations	2011	220,000	N/A	Nil	147,400	Nil	Nil	Nil	367,400
	2010	200,000	N/A	1,224,314	162,416	Nil	Nil	60,300	1,647,030
Stephen Burleton, Vice President, Corporate Development	2011	220,000	N/A	Nil	156,000	Nil	Nil	9,835	385,835
	2010	200,000	N/A	1,224,314	156,401	Nil	Nil	60,300	1,641,015

- (1) The grant date fair value of the option-based awards was calculated using the Black Scholes model. The options have not been and may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise. Represents annual cash bonuses paid to the Named Executive Officers. See "Compensation Discussion and Analysis".
- (2) The Company does not currently grant share-based awards.
- (3) Mr. Belger was appointed as Senior Vice President and Chief Operating Officer effective December 16, 2010. The base salary and cash bonus figures in this table for Mr. Belger are in respect of his 7.5 months employment with the Company during fiscal 2011.
- (4) Mr. Belger was provided a one-time signing bonus of R\$190,000 converted at the Bank of Canada closing exchange rate on December 15, 2010 of C\$1.00 = R\$1.6923.

## Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each Named Executive Officer outstanding as of July 31, 2011.

Name	<u>Option-based Awards</u>			<u>Share-based Awards</u> <sup>(3)</sup>		
	Number of securities underlying unexercised options <sup>(2)</sup>	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested
	(#)	(\$)		(\$)	(#)	(\$)
Antenor Silva	1,031,970	2.40	October 1, 2014	412,788	N/A	N/A
	421,817 <sup>1</sup>	3.00	November 27, 2014	Nil	N/A	N/A
	726,892	3.75	November 27, 2014	Nil	N/A	N/A
Roberto Belger	600,000	2.40	October 1, 2014	240,000	N/A	N/A
Anthony Cina	515,983	2.40	October 1, 2014	206,393	N/A	N/A
	210,908	3.00	November 27, 2014	Nil	N/A	N/A
Carlos Braga	515,983	2.40	October 1, 2014	206,393	N/A	N/A
	210,908	3.00	November 27, 2014	Nil	N/A	N/A
Stephen Burleton	515,983	2.40	October 1, 2014	206,393	N/A	N/A
	210,908	3.00	November 27, 2014	Nil	N/A	N/A

(1) These amounts were calculated based on the difference between the market price of the Common Shares on the TSX on July 29, 2011 of \$2.80 and the exercise price of the options. The options have not been and may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

(2) All of these options have vested other than one third of Mr. Belger's options, which will vest on December 7, 2012.

(3) The Company does not currently grant share-based awards.

The following table provides information regarding the value vested or earned on incentive plan awards during the fiscal year ended July 31, 2011.

Name	Option- based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year <sup>1</sup> (\$) <sup>(3)</sup>
Antenor Silva	333,671	N/A	351,540
Roberto Belger	16,000	N/A	197,802
Anthony Cina	166,835	N/A	156,000
Carlos Braga	166,835	N/A	147,400
Stephen Burleton	166,835	N/A	156,000
Luiz Bizzi	166,835	N/A	Nil

- (1) These amounts were calculated based on the difference between the market price of the Common Shares on the TSX on the vesting date and the exercise price of the options. The options have not been and may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (2) The Company does not currently grant share-based awards.
- (3) Represents annual cash bonuses paid to the Named Executive Officers for performance during the year ended July 31, 2011. See “Summary Compensation Table” above.

### **Termination and Change of Control Benefits**

Messrs. Belger, Braga, Cina and Burleton each have an employment agreement (collectively, the “**Employment Agreements**”) with the Company. Each of the Employment Agreements entered into by such officers contain the same terms and provisions, which are summarized below.

The Employment Agreements are effective for an indefinite period unless terminated in accordance with the terms thereof. The Employment Agreements contain provisions in respect of each officer’s annual base salary, benefits (including health and medical benefits) and entitlement to bonuses. Annual bonuses are based on individual and corporate goals, and are calculated as a percentage of annual base salary. These bonuses are recommended by the President and Chief Executive Officer to the Compensation Committee for its review and recommendation to the Board for approval.

The Employment Agreements provide for 18 months’ notice of termination without cause. In addition, the Employment Agreements include confidentiality provisions binding on each of Messrs. Belger, Braga, Cina and Burleton. In the event of a Change of Control (as defined in the Employment Agreements), all options that have been issued to Messrs. Belger, Braga, Cina and Burleton (if any) and which have not already vested shall immediately vest. In addition, the Employment Agreements stipulate that (i) if the employment of Messrs. Belger, Braga, Cina or Burleton is terminated within six months following a Change of Control, or (ii) any of Messrs. Belger, Braga, Cina or Burleton gives notice of resignation as the result of a Triggering Event (as defined in the Employment Agreements) occurring within six months after a Change of Control, the Company will pay a change of control fee equal to two (2) times the then current annual base salary plus two (2) times the average value of the two most recent discretionary annual cash bonus awards. If a Change of Control occurred on July 31, 2011, giving rise to payment under the Employment Agreements, each of Messrs. Belger, Braga, Cina and Burleton would have been entitled to payments of \$1,045,604, \$749,816, \$750,395 and \$752,401, respectively (including all bonuses awarded for performance during the year ended July 31, 2011). See “Summary Compensation Table”.

Mr. Silva also has an employment agreement with the Company (the “**Silva Agreement**”). The Silva Agreement is effective for an indefinite period unless it is terminated in accordance with the terms thereof as well as an entitlement to receive discretionary annual bonuses. Eligibility for and the amount of any such bonus shall be determined by the Board.

Mr. Silva may terminate his employment under the Silva Agreement at any time by providing the Company with two months’ written notice. The Company may waive this notice period in whole or in part.

The Company may terminate Mr. Silva's employment at any time without cause by providing him with 24 months' of notice of termination, or pay in lieu thereof.

In the event of a Change of Control (as defined in the Silva Agreement), all unvested options that have been issued to Mr. Silva will vest immediately. In addition, Mr. Silva will be paid a change of control fee equal to 2.5 times his then current annual base salary and 2.5 times the average value of his two most recent discretionary annual cash bonus awards. If a Change of Control occurred on July 31, 2011, giving rise to payment under the Silva Agreement. Mr. Silva would have been entitled to \$1,714,313 (including the bonus awarded to Mr. Silva for his performance during the year ended July 31, 2011). See "Summary Compensation Table".

**Total Payouts – Termination Following Change of Control or Upon Termination Without Cause**

Name & Title	Compensation Element	Scenario <sup>(1)</sup>	
		Change of Control	Termination without Cause
Antenor Silva	Base Salary	825,000	800,000
	Cash Bonus	889,313	Nil
	Vested Stock Options	412,788	412,788
Roberto Belger	Base Salary	650,000	570,000
	Cash Bonus	395,604	Nil
	Vested Stock Options	240,000	240,000
Anthony Cina	Base Salary	440,000	375,000
	Cash Bonus	310,395	Nil
	Vested Stock Options	206,393	206,393
Carlos Braga	Base Salary	440,000	375,000
	Cash Bonus	309,816	Nil
	Vested Stock Options	206,393	206,393
Stephen Burleton	Base Salary	440,000	375,000
	Cash Bonus	309,816	Nil
	Vested Stock Options	206,393	206,393

(1) The figures in these columns are payouts to the NEOs under circumstances of a change of control or termination without cause on July 31, 2011.

**DIRECTOR COMPENSATION**

Chairman Total Annual Retainer	\$192,500
Non-Management Director Annual Retainer	\$25,000
Audit Committee and Compensation Committee Chair Retainer	\$2,500
Retainer for Chairs of Other Committees	\$1,500
Board or Committee Meeting Attendance Fee	\$1,000

Directors are also reimbursed for all reasonable travel and other expenses incurred by them in attending Board or committee meetings.

The following table provides information regarding compensation earned by the directors of the Company during the fiscal year ended July 31, 2011.

Name <sup>(1)</sup>	Fees earned <sup>(4)</sup>	Share-based awards <sup>(5)</sup>	Option-based awards <sup>(6)</sup>	Non-equity incentive plan compensation <sup>(6)</sup>	All other compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Peter Marrone	179,875	N/A	Nil	Nil	Nil	179,875
Leonardo Marques da Silva	33,000	N/A	Nil	Nil	Nil	33,000
Alexander Davidson	42,500	N/A	Nil	Nil	Nil	42,500
Gregory Thompson <sup>(2)</sup>	42,500	N/A	Nil	Nil	Nil	42,500
Denis Arsenault	40,500	N/A	Nil	Nil	Nil	40,500
David Peterson	31,000	N/A	261,819	Nil	Nil	292,819
Brian Hayward <sup>(3)</sup>	17,889	N/A	Nil	Nil	Nil	17,889
Ralph Judah <sup>(3)</sup>	14,889	N/A	Nil	Nil	Nil	14,889

- (1) No compensation was paid to Mr. Silva in his capacity as a director of the Company. For a summary of the compensation paid to Mr. Silva in his capacity as an executive officer of the Company, see "Summary Compensation Table" and "Incentive Plan Awards" above.
- (2) Mr. Thompson ceased to be a director of the Company on October 14, 2011.
- (3) Appointed to the Board on March 10, 2011.
- (4) Includes all fees earned, paid or payable in cash for the services of each director, including annual retainer fees and meeting fees.
- (5) The Company does not currently grant share-based awards.
- (6) The grant date fair value of the option-based awards was calculated using the Black Scholes model. The options have not been and may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

### Director Share Ownership Guidelines

Pursuant to the terms of the Compensation Policies, directors of the Company are encouraged to own Common Shares in an amount equal to at least three (3) times annual retainer.

## Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each director outstanding as of July 31, 2011.

Name	Option-based Awards			Share-based Awards <sup>(3)</sup>		
	Number of securities underlying unexercised options <sup>(1)(2)</sup>	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(4)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested
	(#)	(\$)		(\$)	(#)	(\$)
Peter Marrone	412,787	2.40	October 1, 2014	165,115	N/A	N/A
	168,729	3.00	November 27, 2014	Nil	N/A	N/A
Leonardo Marques da Silva	206,395	2.40	October 1, 2014	82,558	N/A	N/A
	84,363	3.00	November 27, 2014	Nil	N/A	N/A
Alexander Davidson	206,395	2.40	October 1, 2014	82,558	N/A	N/A
	84,363	3.00	November 27, 2014	Nil	N/A	N/A
Gregory Thompson <sup>(4)</sup>	206,395	2.40	October 1, 2014	82,558	N/A	N/A
	84,363	3.00	November 27, 2014	Nil	N/A	N/A
Denis Arsenault	206,395	2.40	October 1, 2014	82,558	N/A	N/A
	84,363	3.00	November 27, 2014	Nil	N/A	N/A
David Peterson	206,395	2.40	October 1, 2014	82,558	N/A	N/A
	84,363	3.00	November 14, 2014	Nil	N/A	N/A
Brian Hayward <sup>(5)</sup>	Nil	N/A	N/A	Nil	N/A	N/A
Ralph Judah <sup>(5)</sup>	Nil	N/A	N/A	Nil	N/A	N/A

(1) These amounts were calculated based on the difference between the market price of the Common Shares on the TSX on July 29, 2011 of \$2.80 and the exercise price of the options. The options have not been and may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

(2) All of these options have vested.

(3) The Company does not currently grant share-based awards.

(4) Mr. Thompson ceased to be a director of the Company on October 14, 2011.

(5) Appointed to the Board on March 10, 2011. Following the fiscal year ended July 31, 2011, each Mr. Hayward and Mr. Judah were granted 200,000 stock options of the Company at an exercise price of \$2.83 per Common Share as of October 28, 2011, pursuant to the terms of the Stock Option Plan (as hereinafter defined).

### **Securities Authorized for Issuance under Equity Compensation Plans**

The following table provides details of compensation plans under which equity securities of the Company were authorized for issuance as of July 31, 2011.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by securityholders	890,758	\$2.46	7,746,676
Equity compensation plans not approved by securityholders	6,396,659 <sup>(1)</sup>	\$2.69	N/A
Total	8,014,308	\$2.67	7,746,676

(1) Issued in connection with the RTO (as defined below) in exchange for the outstanding options of MBAC Opportunities and Financing Inc. These options are governed by individual option agreements and not a formal plan. See "Incentive Plan Awards" and "Director Compensation – Incentive Plan Awards" above.

### **Stock Option Plan**

The Company has established a stock option plan (the "**Stock Option Plan**") designed to provide long-term incentive to eligible participants, comprised of employees, officers, directors and consultants of the Company and its subsidiaries. The maximum number of options that may be granted under the terms of the Stock Option Plan is equal to 10% of the issued and outstanding Common Shares at the date of grant, subject to the Restricted Maximum (as defined and discussed below). The Stock Option Plan was adopted by the directors on June 10, 2009, approved by the shareholders of the Company on July 9, 2009 and amended on August 8, 2011. Stock options to purchase an aggregate of 890,758 Common Shares, representing less than one percent of the issued and outstanding Common Shares as of December 14, 2011, are currently outstanding under the Stock Option Plan. Any options granted under the Stock Option Plan that expire or otherwise terminate in accordance with the terms of the Stock Option Plan without having been exercised will again be available for re-granting under the Stock Option Plan.

In connection with the reverse take-over transaction with MBAC Opportunities and Financing Inc. (the "**RTO**"), the Company agreed, among other things, not to, without the prior approval of two-thirds of the Common Shares held by disinterested shareholders represented at a meeting either in person or by proxy, (i) issue options to purchase more than 66,909 Common Shares under the Stock Option Plan, or (ii) amend any material terms of the Stock Option Plan. On December 7, 2010, disinterested shareholders authorized the issuance of up to an additional 1,223,849 stock options under the Stock Option Plan and approved certain amendments to the Stock Option Plan to bring it in line with the requirements of the TSX in connection with the Company's graduation from the TSX Venture Exchange to the TSX. Accordingly, there is a maximum of 1,290,758 stock options permitted to be granted under the Stock Option Plan without further shareholder approval (the "**Restricted Maximum**"), of which 890,758 are outstanding. As of the date of this Circular, 400,000 of the authorized stock options remain available for issuance under the Stock Option Plan. At this Meeting, shareholders are being asked to authorize the grant of options under the Stock Option Plan to acquire up to ten percent (10%) of the issued and outstanding Common Shares as at any particular grant date, to employees, officers, directors and consultants of the Company and its subsidiaries. See "Approval of Grant of Options". As of December 14, 2011, 10% of the issued and outstanding Common Shares would amount to a maximum of 9,772,022 Common Shares authorized for grant under the Stock Option Plan.

Subject to regulatory approval and any applicable shareholder approval, the Board may from time to time amend or revise the terms of the Stock Option Plan or may discontinue the Stock Option Plan at any time

provided that the Board obtains the consent of the optionee if the rights of the optionee will be adversely affected by the amendment.

Options granted under the Stock Option Plan cannot have an exercise price that is less than the closing price of the Common Shares on the TSX, or such other exchange on which the Common Shares may be listed, on the last trading day immediately preceding the grant date, and are exercisable for a period to be determined by the Board, but not to exceed ten years. The vesting of stock options is at the discretion of the Board. Stock options granted under the Stock Option Plan are not transferable or assignable and terminate: (i) on the 90<sup>th</sup> day following the date of termination of the optionee's employment or engagement with the Company for cause or upon the voluntary resignation prior to normal retirement of the optionee; or (ii) on the 90<sup>th</sup> day following the date an optionee who is an executive officer ceases to hold such position, other than by reason of death or disability, unless the optionee ceases to hold such position as a result of ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company or a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company in which case the expiry date of the options shall be the date the optionee ceases to hold such position. The Stock Option Plan does not provide for the granting of stock appreciation rights. The number of Common Shares subject to options held by any individual will be determined by the Compensation Committee, but the aggregate number of Common Shares reserved for issuance to any one person pursuant to the grant of options shall not exceed 5% of the total number of Common Shares then outstanding. The aggregate number of Common Shares reserved for issuance pursuant to options granted to insiders of the Company shall not exceed 10% of the total number of Common Shares then outstanding. The aggregate number of Common Shares issued to insiders of the Company pursuant to the exercise of options, within a one-year period, shall not exceed 10% of the total number of Common Shares then outstanding. The aggregate number of Common Shares issued to any one insider of the Company and such insider's associates pursuant to the exercise of Options, within a one-year period, shall not exceed 5% of the total number of Common Shares then outstanding. Options granted to non-executive directors of the Company shall not exceed 1% of the Common Shares then outstanding, and the maximum value of options which may be granted to each non-executive director shall not exceed \$100,000 in any fiscal year.

If required by a regulatory authority or by the Compensation Committee, the Stock Option Plan may be made subject to the approval of a majority of the votes cast at a meeting of the shareholders of the Company or by a majority of votes cast by disinterested shareholders at a meeting of shareholders of the Company. In the event that shareholder approval of the Stock Option Plan is required by regulatory rules or by a regulatory authority, any options granted under the Stock Options Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

Subject to the requisite shareholder and regulatory approvals, the Board may from time to time amend or revise the terms of the Stock Option Plan or may discontinue the Stock Option Plan at any time, provided, however, that no such right may, without the consent of the optionholder, in any manner adversely affect his rights under any option granted under the Stock Option Plan.

The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Stock Option Plan: (i) any amendment to the number of securities issuable under the Stock Option Plan, including an increase in the percentage of the maximum number of securities or a change from a fixed maximum percentage to a fixed maximum number of securities; (ii) any change to the definition of the eligible participants which would have the potential of broadening or increasing insider participation; (iii) the addition of any form of financial assistance; (iv) any addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Stock Option Plan reserve; (v) the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities from treasury while no cash consideration is received by the Company; (vi) any reduction in the exercise price of options granted under the Stock Option Plan; and (vii) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to eligible participants, especially insiders of the Company, at the expense of the Company and its existing shareholders.

The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the Stock Option Plan that are not of the type contemplated in the preceding paragraph, including without limitation: (i) a change to the vesting provisions of a security or the Stock Option Plan; (ii) a change to the termination provisions of a security granted under the Stock Option Plan which does not entail an extension beyond the original expiry date; and (iii) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Stock Option Plan reserve. However, the Company shall additionally obtain requisite shareholder approval in respect of amendments to the Stock Option Plan that are contemplated in this paragraph, to the extent such approval is required by any regulatory rules.

### **Audit Committee**

The Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Company's external auditors. The committee is also responsible for reviewing the Company's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to approval by the full Board.

### **Charter of the Audit Committee**

The Charter of the Audit Committee sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointments and reporting to the Board. A copy of the Charter of the Audit Committee is attached to the current annual information form of the Company, which is available electronically on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website [www.mbacfert.com](http://www.mbacfert.com).

### **Composition of the Audit Committee**

The Audit Committee is currently comprised of three directors: Denis Arsenault (Chairman), Alexander Davidson and Brian Hayward. All members of the Audit Committee are independent and financially literate as required by National Instrument 52-110 — Audit Committees ("**NI 52-110**"). In addition to being independent directors as described above, all members of the Audit Committee must meet an additional "independence" test under NI 52-110 in that their directors' fees are the only compensation they, or their firms, receive from the Company and that they are not affiliated with the Company.

The experience and education of each of the members of the Audit Committee are disclosed in the brief biographies set forth below under "Election of Directors".

### **Reliance on Certain Exemptions**

The Company is not relying on any exemptions with respect to the composition of its Audit Committee in accordance with NI 52-110.

### **Pre-Approval Policies and Procedures**

The Charter of the Audit Committee sets out the Company's policy regarding the provision of non-audit services by the Company's external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted audit and audit-related services.

### External Auditor Service Fees (By Category)

PricewaterhouseCoopers LLP (“PwC”) have acted as auditors to the Company during the financial years ended July 31, 2011 and 2010. The fees billed to the Company by PwC during the financial years ended July 31, 2011 and 2010 were as follows:

<u>Fiscal Year</u>	<u>Audit Fees<sup>(1)</sup></u>	<u>Audit Related Fees<sup>(2)</sup></u>	<u>Tax Fees<sup>(3)</sup></u>	<u>Other Fees<sup>(4)</sup></u>
2011	\$265,000	\$89,671	\$24,863	Nil
2010	\$275,000	\$82,720	\$71,975	Nil

- (1) The audit fees relate to the audit of the annual consolidated financial statements of the Company.
- (2) The audit related fees relate to the services provided in connection with the finance and accounting advisory services.
- (3) The tax fees relate to tax compliance, tax advice and tax planning.
- (4) There were no other fees billed by the Company's external auditors in the past two fiscal years.

### CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 — Corporate Governance Guidelines (“NP 58-201”) contains a series of guidelines for effective corporate governance. The guidelines address such matters as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices.

The Board believes that sound corporate governance practices are essential to the effective, efficient and prudent operation of the Company and to the enhancement of shareholder value. The Board fulfills its mandate directly and through committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending on the state of the Company's affairs and in light of opportunities and risks which the Company faces. The Board is kept informed of the Company's operations at these meetings as well as through reports and discussions with management.

National Instrument 58-101 — Disclosure of Corporate Governance Practices (“NI 58-101”) sets out certain corporate governance disclosure required to be made by companies on an annual basis, which is set forth below.

### Board of Directors

A majority of the directors (six out of eight), including Peter Marrone, Alexander Davidson, Denis Arsenault, David Peterson, Brian Hayward and Ralph Judah, have been determined by the Board to be independent within the meaning of NI 58-201. Antenor Silva and Leonardo Marques da Silva are not independent as Antenor Silva is the Chief Executive Officer of the Company and Leonardo Marques da Silva was an executive officer of a subsidiary of the Company within the past three years. The Board meets on a regular basis. The independent directors are encouraged to have open and frank discussions. An in-camera session is held at the conclusion of each Board and committee meeting without the non-independent directors present in order to facilitate such discussions. Mr. Marrone, as Chairman, is responsible for chairing all meetings of the Board, providing leadership to the Board, managing the Board, acting as liaison between the Board and management and representing the Company to external groups.

The following table provides details regarding directorships held by the Company's directors for other public companies. Neither Mr. Marques da Silva nor Mr. Judah is currently a director of any other public companies.

<u>Name of Director</u>	<u>Other Public Company Directorship</u>	<u>Stock Exchange</u>
Peter Marrone	Yamana Gold Inc. (since 2003)	TSX/NYSE/LSE
Antenor Silva	Yamana Gold Inc. (since 2003)	TSX/NYSE/LSE
Denis Arsenault	Alliance Grain Traders Inc. (since 2004)	TSX
	Thompson Creek Metals Company Inc. (since 2005)	TSX/NYSE
	Rockcliff Resources Inc. (since 2006)	TSX-V
	Stonegate Agricom Ltd. (since 2008)	TSX
	Yamana Gold Inc. (since 2009)	TSX/NYSE/LSE
Alexander Davidson	Namakwa Diamonds (since 2007)	LSE
	Capital Drilling (since 2010)	LSE
	Kobex Minerals Inc. (since 2009)	TSX-V
	Chantrell Resources (since 2010)	TSX-V
	RX Exploration (since 2011)	TSX-V
	Volta Resources Inc. (since 2011)	TSX-V
	Hana Mining (since 2010)	TSX-V
David Peterson	Rogers Communication Inc. (since 2001)	TSX/NYSE
	Industrial-Alliance Insurance and Financial Services Inc. (since 1991)	TSX
	Shoppers Drug Mart Corporation (since 2006)	TSX
	Franco-Nevada Corporation (since 2008)	TSX
	South East Group Limited (since 2008)	Hong Kong
Brian Hayward	VersaPay Corporation (since 2009)	TSX-V
	Glacier Media Inc. (since 2003)	TSX
	Ridley Inc. (since 2007)	TSX

The table below provides a summary of the number of Board and committee meetings held during the fiscal year ended July 31, 2011.

Board	9
Audit Committee	4
Corporate Governance and Nominating Committee	2
Compensation Committee	4
Sustainability Committee	0

The table below provides details regarding the attendance record of each director for all Board and committee meetings held during the fiscal year ended July 31, 2011.

Director	Attended/ Number of Meetings Held – Board	Attended/ Number of Meetings Held – Board Committees	
Peter Marrone	9/9 (100%)	Compensation Committee	4/4 (100%)
Leonardo Marques da Silva	8/9 (89%)	Sustainability Committee	N/A
Alexander Davidson	8/9 (89%)	Audit Committee	4/6 (67%)
		Compensation Committee	3/4 (75%)
		Sustainability Committee	N/A
Gregory Thompson <sup>(1)</sup>	9/9 (100%)	Audit Committee	4/4 (100%)
		Compensation Committee	4/4 (100%)
		Corporate Governance and Nominating Committee	2/2 (100%)
Denis Arsenaunt	8/9 (89%)	Audit Committee	6/6 (100%)
		Corporate Governance and Nominating Committee	2/2 (100%)
David Peterson <sup>(2)</sup>	6/6 (100%)	Corporate Governance and Nominating Committee	N/A
Brian Hayward <sup>(3)</sup>	2/2 (100%)	Audit Committee <sup>(4)</sup>	2/2 (100%)
Ralph Judah <sup>(3)</sup>	1/2 (50%)	N/A	N/A

(1) Mr. Thompson ceased to be a member of the Audit Committee on March 10, 2011 and a director of the Company on October 14, 2011.

(2) Appointed to the Board on September 27, 2010.

(3) Appointed to the Board on March 10, 2011.

(4) Mr. Hayward was appointed to the Audit Committee on March 10, 2011.

## Board Mandate

The Board is responsible for the general supervision of the management of the business as well as for the oversight and review of the strategic planning process of the Company. The Board will discharge its responsibilities directly and through its committees, currently consisting of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Sustainability Committee. The Board meets regularly to review the business operations, corporate governance and financial results of the Company. A copy of the Charter of the Board is attached as Schedule "A" hereto and is also available electronically on the Company's website at [www.mbacfert.com](http://www.mbacfert.com).

## Position Descriptions

Written position descriptions have been developed by the Board for the Chairman of the Board and the Chairman of each committee of the Board. The Board, together with the President and Chief Executive Officer, has also developed a written role statement for each of the President and Chief Executive Officer and Chief Financial Officer.

## Orientation and Continuing Education

The Company has an orientation process for new directors. The Company is continuing to work on establishing a more formal education program for its directors as the Company grows. The Company will arrange site visits to its projects for all directors when appropriate.

## **Ethical Business Conduct**

The Board has adopted a Code of Business Conduct and Ethics (the “**Code**”) for its directors, officers and employees. The Board has responsibility for monitoring compliance with the Code by ensuring all directors, officers and employees receive and become thoroughly familiar with the Code and acknowledge their support and understanding of the Code. Any non-compliance with the Code is to be reported to the Company’s Chief Executive Officer or other appropriate person. A copy of the Code may be accessed electronically on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company’s website at [www.mbacfert.com](http://www.mbacfert.com).

The Code is intended to document the principles of conduct and ethics to be followed by the Company and its directors, officers and employees. Its purpose is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest. All directors, officers and employees are also required to adhere to the Company’s other policies which may be adopted relating to disclosure or insider trading. The President and Chief Executive Officer is responsible for monitoring compliance with the Code.

## **Nomination of Directors**

The Corporate Governance and Nominating Committee is currently comprised entirely of independent directors, being David Peterson (Interim Chairman) and Denis Arsenault. Gregory Thompson ceased to be a member of the Corporate Governance and Nominating Committee as of October 14, 2011, upon his resignation from the Board. The Corporate Governance and Nominating Committee is responsible for recruiting new directors, proposing new director nominees to the Board and reviewing the performance and qualifications of existing directors. The current Board was chosen for their technical and financial expertise to ensure a high level of corporate governance. The existing directors have the knowledge and contacts necessary to search out additional directors. The Board believes that the Board comprised of eight directors is the appropriate size for the Company at this time and believes that all required areas of expertise are covered by the current directors.

## **Compensation Committee**

The Company’s Compensation Committee is currently comprised entirely of independent directors, being Peter Marrone (Chairman) and Alexander Davidson. Gregory Thompson ceased to be a member of the Corporate Governance and Nominating Committee as of October 14, 2011, upon his resignation from the Board. The Compensation Committee is responsible for, among other things, making recommendations regarding appropriate compensation for the Company’s directors and executive officers.

## **Sustainability Committee**

The Company’s Sustainability Committee is currently comprised of one independent director and one non-independent director, being Alexander Davidson (Chairman) and Leonardo Marques da Silva, respectively. The Sustainability Committee is responsible for, among other things, assisting the Board with establishing objectives relating to exploration, development, operations and mining of the Company’s properties and monitoring and assessing the Company’s performance against such objectives.

## **Board Assessments**

The Board is responsible for conducting a Board and committee assessment on an annual basis, to consider the effectiveness of the Board and each committee as a whole. A Board and committee assessment was carried out by the Board in respect of the 2011 fiscal year.

## **Indebtedness of Directors and Executive Officers**

None of the Company’s directors, executive officers or employees, or former directors, executive officers or employees, nor any associate of such individuals, is as at the date hereof, or has been, during the financial year ended July 31, 2011, indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity

has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

**Interest of Certain Persons in Matters to be Acted Upon**

No (a) director or executive officer of the Company who has held such position at any time since August 1, 2010; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b), has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

**Interest of Informed Persons in Material Transactions**

Other than as described below, since August 1, 2010, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

**ELECTION OF DIRECTORS**

The Company's Articles of Continuance and the *Canada Business Corporations Act* provide that the Board consists of a minimum of three and a maximum of ten directors. The Board currently consists of eight (8) directors. At the Meeting, the eight persons named below will be proposed for election as directors of the Company (the "Nominees"). **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the election of the Nominees whose names are set forth below.** Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority will be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any Nominee or Nominees unable to serve. Each director elected will hold office until the close of the first annual meeting of shareholders of the Company following his election or until his successor is duly elected or appointed unless his office is earlier vacated in accordance with the by-laws of the Company.

The following table sets forth the name, province or state and country of residence, principal occupation, date they first became a director of the Company and number of Common Shares beneficially owned by each Nominee. The statement as to the Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the Nominees is in each instance based upon information furnished by the Nominee concerned and is as at November 21, 2011.

Name, Province and Country of Residence	Principal Occupation	Date First Became a Director of the Company	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Peter Marrone <sup>(2)</sup> Ontario, Canada	Chairman and Chief Executive Officer of Yamana Gold Inc.	December 24, 2009	6,756,087
Antenor F. Silva, Jr. Rio de Janeiro, Brazil	President and Chief Executive Officer of the Company	December 24, 2009	2,746,552
Leonardo Marques da Silva <sup>(3)</sup> Goiás, Brazil	Businessman	December 24, 2009	7,500,000
Alexander Davidson <sup>(1)(2)(3)</sup> Ontario, Canada	Corporate Director	December 24, 2009	41,666
Denis Arsenault <sup>(1)(4)</sup> Ontario, Canada	Chief Financial Officer of Sulliden Gold Corporation Ltd.	December 24, 2009	30,416
David Peterson Ontario, Canada	Chairman of the law firm Cassels Brock & Blackwell LLP	September 27, 2010	20,000
Brian Hayward <sup>(1)</sup> Manitoba, Canada	Corporate Director	March 10, 2011	10,000
Ralph Judah Massachusetts, USA	Senior Partner at Monitor Group	March 10, 2011	Nil

(1) Member of the Audit Committee. Denis Arsenault is the Chairman of the Audit Committee.

(2) Member of the Compensation Committee. Peter Marrone is the Chairman of the Compensation Committee.

(3) Member of the Sustainability Committee. Alexander Davidson is the Chairman of the Sustainability Committee.

(4) Member of the Corporate Governance and Nominating Committee. David Peterson is acting as interim Chairman of the Corporate Governance and Nominating Committee following the resignation of Gregory Thompson.

The principal occupations, businesses or employments of each of the Nominees within at least the past five years are disclosed in the brief biographies set forth below.

## Biographies

**Peter Marrone – Chairman.** Mr. Marrone founded Yamana Gold Inc. as President and Chief Executive Officer of Yamana in July 2003. Mr. Marrone was appointed Chairman of the Board in December 2009. Mr. Marrone has more than 25 years of business and capital markets experience and has been on the boards of a number of public companies and advised companies with a strong South American presence. Mr. Marrone holds a Bachelor of Laws degree. Prior to Yamana, Mr. Marrone was the head of investment banking at a major Canadian investment bank and before that, practiced law in Toronto with significant international experience.

**Antenor F. Silva – Director, President and Chief Executive Officer.** Mr. Silva was appointed as Director, President and Chief Executive Officer of MBAC in December 2009. Mr. Silva retired from a very successful six year career at Yamana in the fall 2009, where he was President and Chief Operating Officer. Mr. Silva has more than 40 years of experience in the mining and chemical industries, having worked in various roles including executive management, operations, research and development, engineering and construction. He is known as one of the pioneers in research and development for metallurgy and engineering for mining projects in Brazil. Mr. Silva also helped to develop an innovative metallurgical process that permitted the concentration of lower grade phosphate rock into a high grade concentrate. This process has led to the highly profitable development and growth of phosphate fertilizer production in Brazil. Mr. Silva holds a B.Sc. in Mining Engineering from Universidade de Sao Paulo.

**Leonardo Marques da Silva, B.Sc – Director.** Mr. da Silva has extensive experience in agriculture, fertilizers, sales and distribution. Mr. da Silva acquired and was responsible for the exploration and development of the Itafós mine now owned by the Company from 2003 until 2008, following which he became a director of a subsidiary of the Company as part of the acquisition of Itafós by the Company. Prior to joining Itafós, he was a partner and director of a medium-sized soft drink manufacturer with five plants in central and north-eastern Brazil. Prior to that, Mr. da Silva was a partner and Chief Executive Officer of a sand and stone producer for civil construction with headquarter in Brasilia DF.

**Alexander Davidson – Director.** Mr. Davidson has been a member of the Board since December 2009. Mr. Davidson has also served as a director of Yamana since August 2009. Mr. Davidson previously served as Executive Vice President, Exploration and Corporate Development of Barrick Gold Corporation with responsibility for Barrick's international exploration programs and corporate development activities. Mr. Davidson joined Barrick in October 1993 as Vice President, Exploration with responsibility for the Company's expanding exploration program. He initiated Barrick's expansion out of North America and into Latin America and beyond. Prior to joining Barrick, Mr. Davidson was Vice President, Exploration for Metall Mining Corporation. Mr. Davidson has over 25 years of experience in designing, implementing and managing gold and base metal exploration and acquisition programs throughout the world. In April 2005, Mr. Davidson was presented the 2005 A.O. Dufresne Award by the Canadian Institute of Mining, Metallurgy and Petroleum to recognize exceptional achievement and distinguished contributions to mining exploration in Canada. In 2003, Mr. Davidson was named the Prospector of the Year by the Prospectors and Developers Association of Canada in recognition for his team's discovery of the Lagunas Norte Project in the Alto Chicama District, Peru. He received his B.Sc. and his M.Sc. in Economic Geology from McGill University.

**Denis Arsenault, C.A. – Director.** Mr. Arsenault was recently appointed Chief Financial Officer of Sulliden Gold Corporation. He was the Chief Financial Officer of Central Sun Mining Inc. until mid-2009. From 2001 to 2006, he was VP, Finance and Chief Financial Officer of Orbus Pharma Inc. Mr. Arsenault is a Chartered Accountant with more than 28 years of business and public company experience. He has held a variety of senior financial positions and is currently a director of several public and private companies where he chairs the Audit Committee of most of these companies. Mr. Arsenault has also served as a member of various human resources committees, governance committees and other special committees of various public and private companies. Mr. Arsenault holds a Bachelor of Commerce from the University of Toronto.

**Hon. David R. Peterson, P.C., Q.C., O. Ont., C. St. J., L. d'H. – Director.** Mr. Peterson was appointed as a director of the Company on September 27, 2010. Mr. Peterson has a long standing history of public service and directorship of private, charitable, educational and environmental organizations. In 1975, Mr. Peterson was elected as a Member of the Ontario Legislature becoming the leader of the Ontario Liberal Party in 1982 and served as Premier of the Province of Ontario between 1985 and 1990. Mr. Peterson is Chairman of the Toronto law firm of Cassels Brock & Blackwell LLP. He is a director of a number of public and private companies including Rogers Communications Inc., Franco-Nevada Corporation and Shoppers Drug Mart and was the Founding Chairman of the Toronto Raptors Basketball Club Inc. and Chapters Inc. Mr. Peterson holds a Bachelor of Arts Degree from the University of Western Ontario and a Bachelor of Law Degree from the University of Toronto and studied at the University of Caen, France. He was called to the Bar in Ontario in 1969 and appointed a Queen's Counsel in 1980 and was summoned by Her Majesty to the Privy Council in 1992. He was awarded the Order of Ontario in 2009.

**Brian Hayward – Director.** Mr. Hayward was appointed as a director of the Company on March 10, 2011. Mr. Hayward is an experienced senior executive, recognized within the business community and agricultural industry for driving large scale financial and cultural change. He has extensive experience in and knowledge of commodities and corporate finance. From 1991 to 2007, Brian was the Chief Executive Officer of Agricore United and its predecessor firm United Grain Growers. Agricore United was one of Canada's largest agribusiness firms, with operations in grain merchandising, retail crop inputs and fertilizer, and agricultural financial services. He is the founder and President of Aldare Resources, through which Mr. Hayward has been active in providing a range of services, including providing directorship services and related expertise to public companies, private companies, crown corporations, advisory boards, and not-for-profit organizations. He has acted as Chairman of the board of directors and served as a member of the audit committee, human resources committee, governance committee and other special committees of various public and private companies.

**Ralph Judah – Director.** Mr. Judah was appointed as a director of the Company on March 10, 2011. He is a senior partner at Monitor Group, a global consulting firm. He also served as a Director of the Monitor Group for two terms. He is currently engaged in restructuring a major copper mine company and developing a global exploration strategy for a Brazilian mining company. Prior to joining Monitor Company, Ralph practiced law in Johannesburg focusing on mineral rights and mergers and acquisitions

and then was a Partner and Vice President of Bain and Company in Boston where he worked in Strategy. In his role as an Officer of Bain and Company, he led their Global Manufacturing practice and managed major client relationships in various industries, including mining. Mr. Judah has worked all over the world, and lived in Europe, Africa and North America. He has also served as the Chairman of the board of Monitor Africa and Countess York Holdings, a subsidiary of Abbey Holdings, a Boston based investor group. He also served a partial term as a Director of Angra Holdings, a Brazil based private equity group.

### **Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

No proposed director of the Company is, or within 10 years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director of the Company is, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Corporation has, within the 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **APPOINTMENT OF AUDITORS**

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company until the close of the next annual meeting of shareholders. PricewaterhouseCoopers LLP, Chartered Accountants, were first appointed as auditors of the Company on December 24, 2009 in connection with the RTO.

### **APPROVAL OF GRANT OF OPTIONS**

Shareholders will be asked at the Meeting to approve the resolution set out below (the “**Option Resolution**”) authorizing the grant of stock options under the Stock Option Plan, to acquire up to ten percent (10%) of the issued and outstanding Common Shares as at any particular grant date, to officers, directors, employees and consultants of the Company and its subsidiaries pursuant to the terms of the Stock Option Plan. In the event that the Shareholders do not approve the Option Resolution, the Company will continue to be authorized to issue an aggregate of up to 1,223,849 options under the Stock Option Plan, of which 400,000 stock options may be granted without disinterested shareholder approval. See “Securities Authorized for Issuance Under Equity Compensation Plans”.

In connection with the RTO, the Company agreed, among other things, not to, without the prior approval of two-thirds of the Common Shares held by disinterested shareholders represented at a meeting either in person or by proxy, issue options to purchase more than 66,909 Common Shares under the Stock Option Plan. See "Stock Option Plan". On December 7, 2010, disinterested shareholders authorized the issuance of up to 1,223,849 stock options under the Stock Option Plan and approved certain amendments the Stock Option Plan to bring it in line with the requirements of the TSX in connection with the Company's graduation from the TSX Venture Exchange to the TSX.

In order to be effective, the Option Resolution must be approved by disinterested shareholders holding at least 66 2/3 of the Common Shares represented at the Meeting in person or by proxy (the "**Disinterested Shareholder Vote**"). For the purposes of the Disinterested Shareholder Vote, each of the directors and senior officers of the Company and its subsidiaries, and their respective associates, are not considered "disinterested shareholders" and therefore their votes will not be counted in respect of the Disinterested Shareholder Vote on the Option Resolution. The text of the Option Resolution is set out below:

**"BE IT RESOLVED THAT:**

- (a) MBAC Fertilizer Corp. be and it is hereby authorized to issue stock options under the stock option plan of MBAC Fertilizer Corp., to acquire up to ten percent (10%) of MBAC Fertilizer Corp.'s issued and outstanding common shares as at any particular grant date, to officers, directors, employees and consultants of MBAC Fertilizer Corp. on the terms described in the management information circular of MBAC Fertilizer Corp. dated December 14, 2011; and
- (b) any director or officer of MBAC Fertilizer Corp. is hereby authorized to execute and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with such amendments, the execution of any such document or the doing of any such other act or thing by any director or officer of MBAC Fertilizer Corp. being conclusive evidence of such determination."

**Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Option Resolution.**

**ADDITIONAL INFORMATION**

Additional information relating to the Company, including the Company's audited consolidated financial statements and related management's discussion and analysis for the financial year ended July 31, 2011, can be obtained electronically on the Company's website at [www.mbacfert.com](http://www.mbacfert.com) or on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may also contact the Corporate Secretary of the Company by phone at (416) 367-2200 or by e-mail at [catherine.johnston@mbacfert.com](mailto:catherine.johnston@mbacfert.com) to request copies of these documents.

**DIRECTORS' APPROVAL**

The contents of this Circular and the sending thereof to the shareholders of the Company have been approved by the Board.

**By Order of the Board of Directors**

(Signed) "*Peter Marrone*"

\_\_\_\_\_  
Peter Marrone

Chairman of the Board of Directors

Toronto, Ontario  
December 14, 2011

**Schedule "A"**

**MBAC FERTILIZER CORP.  
CHARTER OF THE  
BOARD OF DIRECTORS  
DATED AS OF AUGUST 1, 2010**

**GENERAL**

- 1.1 The Board of Directors (the "Board") of MBAC Fertilizer Corp. (the "Company") is responsible for the stewardship and the general supervision of the management of the business of the Company and for acting in the best interests of the Company and its shareholders. The Board will discharge its responsibilities directly and through its committees, currently consisting of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Sustainability Committee. In addition, the Board may from time to time, appoint such additional committees as it deems necessary and appropriate in order to discharge its duties. Each committee shall have its own charter. The Board shall meet regularly, but not less than once each quarter, to review the business operations, corporate governance and financial results of the Company. Meetings of the Board will also include regular meetings (not less than once annually) of the independent members of the Board without management being present.
- 1.2 Directors are expected to attend all meetings of the Board and the committees upon which they serve, to come to such meetings fully prepared (including full review of all documentation sent prior to the meeting), and to remain in attendance for the duration of the meeting. Where a director's absence from a meeting is unavoidable, the director should, as soon as practicable after the meeting, contact the Chairman, the Chief Executive Officer or the Corporate Secretary for a briefing on the substantive elements of the meeting.

**2. COMPOSITION**

- 2.1 The Board shall be constituted at all times of a majority of "independent directors" within the meaning of National Policy 58-201 - *Corporate Governance Guidelines*. Pursuant to Canadian corporate governance guidelines, in order to be considered "independent", directors shall have no direct or indirect material relationship with the Company.

**3. RESPONSIBILITIES**

- 3.1 The Board's mandate is the stewardship of the Company and its responsibilities include, without limitation to its general mandate, the following specific responsibilities:
- 3.2 The assignment to the various committees of directors the general responsibility for developing the Company's approach to: (i) corporate governance and nomination of directors; (ii) financial reporting and internal controls; and (iii) compensation of officers and senior employees.
- 3.3 With the assistance of the Corporate Governance and Nominating Committee:
- (a) Reviewing the composition of the Board and ensuring it respects its independence criteria.
  - (b) Satisfying itself as to the integrity of the Chief Executive Officer and other senior officers of the Company and that such officers create a culture of integrity throughout the organization.

- (c) The assessment, at least annually, of the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, including, consideration of the appropriate size of the Board.
  - (d) Ensuring that an appropriate review selection process for new nominees to the Board is in place.
  - (e) Ensuring that an appropriate orientation and education program for new members of the Board is in place.
  - (f) Approving and revising from time to time, as circumstances warrant, a corporate disclosure and communications policy to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and communities in which the business of the Company is conducted.
- 3.4 With the assistance of the Audit Committee:
- (a) Ensuring the integrity of the Company's internal controls and management information systems.
  - (b) Ensuring the Company's ethical behaviour and compliance with laws and regulations, audit and accounting principles and the Company's own governing documents.
  - (c) Identifying the principal risks of the Company's business and ensuring that appropriate systems are in place to manage these risks.
  - (d) Reviewing and approving significant operational and financial matters and the provision of direction to management on these matters.
  - (e) As required and agreed upon, providing assistance to shareholders concerning the integrity of the Company's reported financial performance.
- 3.5 With the assistance of the Compensation Committee and the Chairman and President and Chief Executive Officer, the approval of the compensation of the senior management team.
- 3.6 Succession planning including the selection, training, appointment, monitoring evaluation and, if necessary, the replacement of the senior management to ensure management succession.
- 3.7 The adoption of a strategic planning process, approval at least annually of a strategic plan that takes into account business opportunities and business risks identified by the Board and/or the Audit Committee and monitoring performance against such plans.
- 3.8 The review and approval of corporate objectives and goals applicable to the Company's senior management.
- 3.9 Enhancing congruence between shareholder expectations, Company plans and management performance.
- 3.10 Reviewing with senior management material transactions outside the ordinary course of business and such other major corporate matters which require Board approval including the payment of dividends, the issue, purchase and redemption of securities, acquisitions and dispositions of material assets and material capital expenditures and approving such decisions as they arise.
- 3.11 Performing such other functions as prescribed by law or assigned to the Board in the Company's constating documents and by-laws.

- 3.12 Establishing objectives relating to exploration, development, operations and mining of the Company's properties, including determining the budgets required, the allocation of resources, the steps to be implemented and the timing for reaching such steps.
- 3.13 Monitoring matters relating to exploration, development, operations and mining and assessing the performance of the Company against its objectives.
- 3.14 Developing a corporate culture of environmental responsibilities and awareness as to the importance of health and safety.

With the assistance of the Vice President, Corporate Development of the Company or such other officer who is from time to time responsible for maintaining the Company's website under the Timely Disclosure, Confidentiality and Insider Trading Policy, establish measures for receiving feedback from, and communication with, the Company's investors and securityholders.