



**MBAC FERTILIZER CORP.**

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# PRESS RELEASE

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<b>Symbol:</b>	<b>MBC:TSX</b>
<b>Shares Outstanding:</b>	<b>72,689,336</b>
<b>Fully Diluted:</b>	<b>79,812,886</b>

**FOR IMMEDIATE RELEASE: SEPTEMBER 7, 2010**

## **MBAC ANNOUNCES POSITIVE DEFINITIVE FEASIBILITY STUDY FOR ITAFÓS PHOSPHATE PROJECT, BRAZIL**

Toronto, Ontario, September 7, 2010, MBAC Fertilizer Corp. (“MBAC” or the “Company”) (TSX:MBC) is pleased to announce the completion of the Definitive Feasibility Study (the “DFS” or the “Report”), the result of which strongly supports its decision to proceed with its 100% owned Itafós Phosphate Project (the “Itafós Project” or the “Project”) located near the city of Arraias, Tocantins in Brazil.

The results of the Report are National Instrument 43-101 (NI 43-101) compliant and provide a detailed analysis of the technical, operating and capital cost considerations. The Report will be available on SEDAR ([www.sedar.com](http://www.sedar.com)) and on MBAC’s website under “Technical Reports”.

### **Project Economics**

The following is a summary of the key operating parameters and economics for the Project:

Mine Life	14.5 years
Average ROM grade	5.94% P <sub>2</sub> O <sub>5</sub> in first 10 years (5.4% P <sub>2</sub> O <sub>5</sub> over the mine life)
Strip Ratio	1.85 for the first 10 years (2.3 over the mine life)
Operating Cost (SSP)	US\$94.95 in first 4 years (US\$104.32 per tonne over the mine life (granulated LOM))
Internal Rate of Return (IRR)	26.8%
Net Present Value @ 10%	US\$ 252.5 million (US\$3.47 per share*)
Payback	3.1 years after start-up.

\* based on 72.7 million shares outstanding

The Report was prepared to an accuracy of ±10% for operating costs.



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The Report indicates the Itafós Project will produce robust economics and shows significant improvement in reserves, grade, strip ratio, operating costs and project economics over the Technical Study released in April 2010.

Antenor Silva, President and CEO, stated: *"We are extremely pleased that the report confirms the project will generate robust returns. The growth in measured and indicated resources and the improvement in grades over those reported in the most recent 43-101 report have increased the mine life to 15 years and result in a significant increase in the value of the Project. Moreover, these improvements, along with the optimization of the plant feed grade over the mine life, have resulted in a reduction in the strip ratio and lower projected operating costs, while the projected capital expenditures remain relatively unchanged from those previously reported in the Technical Study released in April 2010. We continue to advance the Project and remain committed to our mid-2012 production target."*

### **Financing**

The Company is also pleased to announce that after an extensive period of evaluation and negotiation of several financing alternatives, it has received an Indicative Term Sheet from Banco Itaú BBA S.A. ("Itaú BBA"), a subsidiary of Itaú Unibanco Group, which is presently the largest financial conglomerate in Latin America and the 10th largest bank in the world by market value, in connection with the arrangement of a syndicated project financing ("PF") facility for up to US\$130 million. The Indicative Term Sheet outlines the general terms and conditions for the PF facility during the construction phase and the post-completion phase, conditions precedent to closing and drawdown as well as general covenants and other customary terms and conditions that can be expected for a financing of this nature. Until a definitive term sheet is issued, the terms are indicative and may be amended. The proceeds from the facility together with cash on hand and other equipment financing facilities available to the Company are expected to fund substantially all of the projected capital expenditures. The projected cash flows from the Project are expected to support borrowing under such facilities.

### **Environmental Impact Assessment**

The Company would also like to announce that it has formally submitted an environmental impact assessment and report ("EIS") for the Itafós Project to the Tocantins State Environmental Agency ("Naturatins"). A public hearing is expected to be scheduled in September, 2010. The EIS is a condition precedent to obtaining the environmental license for construction. The submission has been made on a timely basis as the Company continues to advance the Project on schedule and expects to receive the construction license by December 2010.

### **Highlights of the Report**

MBAC has updated its mine plan for the Project based on the recently completed NI 43-101 compliant Updated Mineral Resource Estimate for the Arraias Phosphate Project in Brazil filed on Sedar ([www.sedar.com](http://www.sedar.com)) on Aug 6, 2010 ("Updated Resource Estimate"). With the increased resources the Company was able to optimize the mine plan and reduce the pre-stripping volume to 4.7 million tonnes as well as reduce the stripping ratio, and increase the plant feed grade especially in the early years.

The Report supports an open pit mining operation, crushing of the ore on-site, grinding and flotation concentration of the phosphate ore. The flotation concentrate will be further reacted with sulphuric acid located adjacent to the mining facility in Tocantins State.

The Project is estimated to produce on average 500,000 tonnes of Single Super Phosphate (“SSP”) annually. The Report details a total capital cost of US\$195 million (this amount includes \$25 million in taxes, part of which is expected to be refunded, \$20.1 million for pre-stripping and mining fleet and \$16 million in contingencies) including G&A, start-up and reclamation. This estimate is very consistent with the initial capital expenditure estimate of US\$189 million (including pre-stripping costs) included in the April Technical Study. The Report has been prepared to ±15% accuracy for capital expenditures.

The current mine plan anticipates a significantly higher head feed grade (starting with an average 6.77% P<sub>2</sub>O<sub>5</sub> in the first year) with a lower stripping ratio during the early years.

Period	Ore		Waste ktonnes	Total ktonnes	Strip Ratio
	ktonnes	(%)P <sub>2</sub> O <sub>5</sub>			
Y-1				4,700	
Y01	1,171	6.77	2,349	3,520	2.01
Y02	2,239	6.37	3,683	5,923	1.64
Y03	2,768	6.30	6,329	9,096	2.29

The SSP price of US\$249 per tonne was used in the model as a Base Case and increased by inflation of 2% on a yearly basis during the life of mine. It is estimated that the current price for SSP in the Central-North region of Brazil is approximately US\$262 - US\$281 per tonne.

Based on the Report, the Company believes that the fundamentals of the Itafós Project are robust and will result in a 3.1 year payback period.

**Mineral Resources**

Wardrop recently updated the mineral resources estimate for the Arraias Property with an estimated Near Mine Block regions deposit containing 58.8 million tonnes of measured and indicated mineral resources averaging 5.01% P<sub>2</sub>O<sub>5</sub> at a 2.8% P<sub>2</sub>O<sub>5</sub> cut-off grade as of July 16, 2010, as per the table below:

	Density	Tonnage (Mt)	P <sub>2</sub> O <sub>5</sub> (%)
Measured and Indicated	1.53	58.81	5.01
Inferred	1.54	24.02	5.27

In addition, Wardrop stated in its NI 43-101 Report that it is reasonable to assume that MBAC will experience additional exploration success in other areas with similar favourable lithology. Those

areas have not been fully explored as of yet. Several of the high-potential areas yet to be drilled are near to the plant site and should positively impact on the project returns during the early years of operation.

**Mineral Reserve**

A mine production schedule was developed to show the ore tonnages, grades, total material and waste material by year over the life of the mine. The distribution of ore and waste contained in each of the mining sectors was used to develop the schedule, ensuring that criteria such as continuous ore exposure (down to the bottom of the pit), mining accessibility, and consistent material movements were met.

The mineral reserve based on the production schedule used for the Report is as follows:

Ore Source	Ktonnes	P <sub>2</sub> O <sub>5</sub> (%)	
Proven Reserve	13,021	4.53	
Probable Reserve	31,223	5.47	
<b>Total Reserve</b>	<b>44,244</b>	<b>5.39</b>	
<b>Total Material</b>	<b>151,004</b>	<b>Strip ratio</b>	<b>2.41*</b>

\* includes pre-stripping

**Metallurgical Testwork**

Several bench and pilot plant tests were performed over the past two years using material from the main defined resource targets of the Arraias Property deposit. A consistent and reproducible processing flotation flow-sheet was developed to treat the various sources from the deposit. This process allows the beneficiation of phosphate ore containing 4.5% to 6.0% P<sub>2</sub>O<sub>5</sub> to concentrates containing 28% P<sub>2</sub>O<sub>5</sub> while recovering 55% to 58% of the contained P<sub>2</sub>O<sub>5</sub>.

The Report concludes that the production of ammoniated SSP with 1% nitrogen and 17% soluble P<sub>2</sub>O<sub>5</sub> in neutral ammonium citrate (“NAC”) utilizing Itafós’ rock with 27-28% of P<sub>2</sub>O<sub>5</sub> is feasible and is the most suitable solution for the specific acidulation process being contemplated for the Project.

**Qualified Persons**

The Technical Report was prepared by David Frost of AMEC Minproc and incorporated the results of the Updated Resource Estimate prepared by Callum Grant, P.Eng of Wardrop and a mine plan prepared by Carlos Guzman of NCL. All persons are Qualified Persons, independent of MBAC within the meaning of section 1.4 of NI 43-101, and they have each reviewed and approved the technical information within this news release.



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### Project Background

Itafós is located in the municipality of Arraias Tocantins, in the southeast of Tocantins state, just a few kilometers away from Campos Belos, a town in the Goiás state in central Brazil. The existing small-scale phosphate mining operation is based on high grade (+18% P<sub>2</sub>O<sub>5</sub>) mineralization. However, MBAC is currently focused on the development of a higher volume and much larger mining operation which is expected to be in place by second quarter of 2012. At full capacity, the proposed beneficiation plant is expected to generate 330 ktpa of phosphate rock concentrate at 28% P<sub>2</sub>O<sub>5</sub>. This phosphate concentrate will be used to produce 500 ktpa of SSP.

Beyond this proposed first phase of development (the "First Phase"), the Company is also actively investigating the potential for a larger scale ("Second Phase") development within the Arraias area which could potentially be in place as early as 2015.

For further information:

Steve Burtleon, Vice President Corporate Development, at 416-367-2200, investor@mbacfert.com or visit our website at: <http://www.mbacfert.com>

### About MBAC

MBAC is focused on becoming a significant integrated producer of phosphate and potash fertilizers in the Brazilian and Latin American markets. MBAC has an experienced team with over 125 years of experience combined in the business of fertilizer operations, management, marketing and finance within Brazil. In October 2008, MBAC acquired the Itafós phosphate mine and related infrastructure, located in central Brazil. MBAC's exploration portfolio includes a number of additional phosphate and potash projects, which are also located in Brazil. MBAC is well funded with approximately C\$60 million, which will be used to develop the Itafós Phosphate project. The Company continues to search for additional fertilizer opportunities in the Brazilian and other Latin-American markets, where strong agricultural fundamentals and unique opportunities are expected to provide attractive growth opportunities in the near future. All material information on MBAC can be found on the Company's website at [www.mbacfert.com](http://www.mbacfert.com) or at SEDAR at [www.sedar.com](http://www.sedar.com).

**Antenor Silva**  
**President & Chief Executive Officer**

### FORWARD LOOKING STATEMENTS

*This release contains "forward-looking statements" within the meaning of applicable Canadian securities legislation, including predictions, projections and forecasts. Forward-looking statements include, but are not limited to, statements that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion, growth of the Company's businesses, operations, plans and with respect to exploration results, the timing and success of exploration activities generally, permitting time lines, government regulation of exploration and mining operations, environmental risks, title disputes or claims, limitations on insurance coverage, timing and possible outcome of any pending litigation and timing and results of future resource estimates or future economic studies.*

*Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "planning", "planned", "expects" or "looking forward", "does not expect", "continues", "scheduled", "estimates", "forecasts", "intends", "potential", "anticipates", "does not anticipate", or "belief", or describes a "goal", or*



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*variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.*

*Forward-looking statements are based on a number of material factors and assumptions, including, the result of drilling and exploration activities, that contracted parties provide goods and/or services on the agreed timeframes, that equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred, that plant and equipment function as specified, that no unusual geological or technical problems occur, and that laboratory and other related services are available and perform as contracted. Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the interpretation and actual results of current exploration activities; changes in project parameters as plans continue to be refined; future commodities' price; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration, as well as those factors disclosed in the company's publicly filed documents. Although MBAC has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*