ARIANNE PHOSPHATE INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
THREE MONTHS PERIODS ENDED MARCH 31, 2014 AND MARCH 31, 2013
(in Canadian dollars)

Condensed interim consolidated financial statements for the three month period ended March 31, 2014 haven't been reviewed by the auditors.

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ARIANNE PHOSPHATE INC.

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT MARS 31, 2014
(In Canadian dollars - unaudited)

	March 31, 2014	December 31, 2013
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (note 5)	5,281,709	6,896,331
Receivables and other current assets	145,079	235,081
Sales taxes receivable	468,244	376,405
Tax credit related to resources and mining tax credit receivable	231,144	1,609,153
	6,126,176	9,116,970
Non-current assets		
Deposit	200,000	200,000
Tax credit related to resources and mining tax credit receivable	1,335,032	1,335,032
Investment property – Outfitters	429,415	441,043
Property, plant and equipment	144,491	82,573
Mining properties	1,271,635	1,241,360
Exploration and evaluation assets (note 7)	30,433,688	27,238,956
	33,814,261	30,538,964
Total assets	39,940,437	39,655,934
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,203,045	538,934
Current portion of credit line	167,868	-
Flow-through shares liability (note 8)	270,786	722,892
Loan payable (note 9)	-	1,453,078
	1,641,699	2,714,904
Non-current liabilities		
Credit line (note 10)	11,678,224	11,399,817
Deferred income taxes (note 11)	1,778,942	1,457,440
Total liabilities	15,098,865	15,572,161
Equity		
Capital stock	43,647,766	40,721,138
Warrants (note 12)	2,553,029	3,794,144
Contributed surplus	8,990,647	8,512,398
Deficit	(30,349,870)	(28,943,907)
Total equity	24,841,572	24,083,773
Total liabilities and equity	39,940,437	39,655,934

GOING CONCERN (note 1)
COMMITMENTS (note 16)
SUBSEQUENT EVENTS (note 17)

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

ON BEHALF OF THE BOARD
(s) Siva J. Pillay, Director

(s) L. Derek Lindsay, CFO

ARIANNE PHOSPHATE INC.

CONSOLIDATED INTERIM STATEMENTS OF LOSS
FOR THREE MONTH PERIOD ENDED MARCH 31
(In Canadian dollars - unaudited)

	2014	2013
	$	$
EXPENSES		
Salaries and fringe benefits	387,717	135,953
Share-based compensation	275,616	56,616
Professional and consultant fees	215,555	342,975
Management fees	77,500	72,500
Registration and listing fees	46,066	48,747
Communications	70,402	43,313
Promotion, representation and travel	111,741	83,597
Insurance	10,052	3,437
Rent and office expenses	58,604	24,398
Bank charges	1,733	4,972
Depreciation of property, plant and equipment	7,072	260
Operating loss	1,262,058	816,768
OTHER EXPENSES (INCOME)		
Interest income	(28,291)	(93)
Interest expense	185,361	-
Finance expenses	95,929	-
Foreign exchange loss	(1,624)	-
Net loss of investment property – Outfitters (note 6)	47,388	58,949
Loss on disposal of marketable securities classified as available-for-sale	-	25,502
	298,763	84,358
LOSS BEFORE INCOME TAXES	1,560,821	901,126
Deferred income taxes (recovery) (note 11)	(154,858)	1,268,577
NET LOSS FOR THE PERIOD	1,405,963	2,169,703
BASIC AND DILUTED LOSS PER SHARE	0.02	0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	85,507,265	75 604 542

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

ARIANNE PHOSPHATE INC.
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THREE MONTH PERIOD ENDED MARCH 31
(in Canadian dollars - unaudited)

	2014	2013
	$	$
NET LOSS FOR THE PERIOD	1,405,963	2,169,703
Other comprehensive loss:	-	-
COMPREHENSIVE LOSS	1,405,963	2,169,703

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

ARIANNE PHOSPHATE INC.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THREE MONTH ENDED MARCH 31
(in Canadian dollars - unaudited)

	Capital stock	Capital stock	Warrants	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
	common shares	$	$	$	$	$	$
Balance as at January 1, 2014	85,185,255	40,721,138	3,794,144	8,512,398	-	(28,943,907)	24,083,773
Comprehensive loss for the period						(1,405,963)	(1,405,962)
Share-based compensation		-	-	275,616	-	-	275,616
Stock options exercised	430,000	170,850	-	(84,350)	-	-	86,500
Warrants exercised	1,472,500	2,755,778	(929,878)	-	-	-	1,825,900
Warrants expired		-	(311,237)	311,237	-	-	-
Deferred income tax		-	-	(24,254)	-	-	(24,254)
Balance as at March 31, 2014	87,087,755	43,647,766	2,553,029	8,990,647	-	(30,349,870)	24,841,572
Balance as at January 1, 2013	75,534,926	26,990,815	4,390,725	9,145,636	-	(21,225,083)	19,302,093
Comprehensive loss for the period	-	-	-	-	-	(2,169,703)	(2,169,703)
Share-based compensation	-	-	-	56,616	-	-	56,616
Stock options exercised	380,000	283,200	-	(202,700)	-	-	80,500
Modification of warrants (1)	-	-	355,000	-	-	(355,000)	-
Balance as at March 31, 2013	75,914,926	27,274,015	4,745,725	8,999,552	-	(23,749,786)	17,269,506

(1) In March 2013, the Company amended the terms and conditions of the 4,000,000 warrants granted during the year ended as at December 31, 2011. Each warrant entitled its holder to acquire one common share at a price of $1.50 per share for a period of two years ending in April 2013. The Company proposed to amend the exercise price to $1.24. The term of warrants was also extended to September 2013.

The fair value of the warrants have been estimated considering the fair value of the original warrants existing on the date of the modification, after a modification in the duration and of the exercise price of an instrument increases its value should be treated as an exchange of the original instrument against the new and cause additional costs in an amount equal to the incremental value of the new instrument in relation to the value of the old on the date of the change. The fair value of the extended warrants of $355,000 was estimated considering the fair value of the original warrants existing on the date of the amendment, according to the Black & Scholes model and the following assumptions: expected dividend per share, expected volatility of 122%, a risk free interest rate of 1.25% and an expected maturity of 6 months.

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

ARIANNE PHOSPHATE INC.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THREE MONTH PERIOD ENDED MARCH 31, 2014
(In Canadian dollars - unaudited)

	2014	2013
	$	$
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss for the period	(1,405,963)	(2,169,703)
Adjustments for:		
Share-based payments	275,616	56,616
Depreciation – Investment property - Outfitters	11,628	14,884
Depreciation – Property, plant and equipment	7,072	260
Finance expenses	46,922	-
Change in fair value of marketable securities	-	25,502
Income taxes and deferred taxes	(154,858)	1,268,577
	(1,219,583)	(803,864)
Net change in non-cash working capital items (note 13)	178,801	(1,431,990)
	(1,040,782)	(2,235,854)
INVESTING ACTIVITIES		
Tax credit related to resources and mining tax credit received	1,378,009	-
Grant received - Outfitters	-	29,850
Acquisition of property, plant and equipment	(18,735)	(15,571)
Acquisition of mining properties	(30,275)	(3,967)
Exploration and evaluation assets	(2,315,239)	(2,206,102)
	(986,240)	(2,195,790)
FINANCING ACTIVITIES		
Proceeds from credit line	-	4,000,000
Payment of loan	(1,500,000)	-
Interest on credit line	-	16,806
Proceeds from the issuance of shares	1,912,400	80,500
	412,400	4,097,306
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(1,614,622)	(334,338)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	6,896,331	5,225,976
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	5,281,709	4,891,638
Supplementary cash flow information (note 13)		
Interest received	28,605	16,777
Interest paid	66,500	-

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

1. STATUTE OF INCORPORATION, NATURE OF ACTIVITIES AND GOING CONCERN

Arianne Phosphate Inc. ("the Company") was incorporated under Part IA of the Companies Act (Quebec) and was continued under the Quebec Business Corporations Act (Quebec) (QBCA). The Company is engaged in the acquisition and exploration of mining properties in Quebec, Canada. The Company's objective is to focus on developing a phosphate mine by concentrating its resources on this property. The Company's shares are listed on the TSX Venture Exchange (symbol DAN), on the Frankfurt exchange (symbol JE9N) and on the US Stock Exchange Over-the-Counter QX (OTCQX) (symbol DRRSF). The registered office of the Company is located at 393 Racine Street, Suite 200, Chicoutimi, Quebec, Canada G7H 1T2

Although management has taken steps to verify titles of mining properties in which the Company has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliant with regulatory requirements.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. For the period ended March 31, 2014, the Company recorded a net loss of $ 1,405,963 (2013 – $2,169,703) and has an accumulated deficit of $ 30,349,870 as at March 31, 2014 (2012 – $28,943,907). In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its obligations and pay general and administration costs.

As at March 31, 2014, the Company had working capital of $4,484,477 including the cash reserved for exploration and evaluation expenses of $1,220,846 related to flow through share financings completed in 2013. The management estimates that the working capital will not be sufficient to meet the Company's obligations and budgeted expenditures through December 31, 2014. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company will need to secure financing in 2014.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt on the Company's ability to continue as a going concern as described in the preceding paragraph and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

Any funding shortfall may be met in the future in a number of ways including, but not limited to, the issuance of new equity or debt financing. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in the condensed interim consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

The accounting policies followed in these consolidated interim financial statements are consistent with those applied in the Company's annual financial statements for the year ended December 31, 2013, except as noted in note 3. These condensed interim consolidated financial statements should be read in conjunction with the Company annual financial statements for the year ended December 31, 2013 which have been prepared in accordance with IFRS as issued by the IASB.

The Board of Directors approved these consolidated interim financial statements on May 28, 2014.

3. NEW ACCOUNTING STANDARDS ISSUED AND IN EFFECT

IFRIC 21, Levies ("IFRIC 21")
In May 2013, the IASB issued IFRIC 21, which is effective for annual periods beginning on or after January 1, 2014 and is to be applied retrospectively. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The adoption of IFRIC 21 for the annual period beginning January 1, 2014 did not affect the Company's condensed interim consolidated financial statements.

(in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATE AND JUDGMENT

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work. These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements; and
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

5. CASH AND CASH EQUIVALENTS

	March 31, 2104 $
Cash and cash equivalents	5,281,709

As at March 31, 2014, cash and cash equivalents comprises cash on hand amounting to $4,974,983, bearing interest at a fixed rate 1.25% and cash on hand amounting to $306,726, not bearing interest. This rate is effective as long as the account balance exceeds $1,000,000.

6. INVESTMENT PROPERTY – OUTFITTERS

The following table summarizes the information related to the net loss of investment property – Outfitters:

	Three-month period ended March 31, 2014 $	Three-month period ended March 31, 2013 $
Outfitters income	-	-
Operating expenses:		
Management fees	30,500	33,000
Repair and maintenance	143	4,900
Supplies	-	1,669
Advertising, promotion and travel	700	600
Taxes and licenses	2,182	1,767
Insurance	2,091	2,044
Interest and bank charges	144	85
Depreciation of property, plant and equipment	11,628	14,884
	47,388	58,949
Net loss of investment property – Outfitters	47,388	58,949

7. EXPLORATION AND EVALUATION ASSETS

	December 31, 2013 $	Additions $	Tax credits $	Impairments $	Disposals $	March 31, 2013 $
Quebec						
Lac à Paul	27,194,177	3,194,732	-	-	-	30,388,909
Mirepoix	30,351	-	-	-	-	30,351
Phosphore	14,428	-	-	-	-	14,428
	27,238,956	3,194,732	-	-	-	30,433,688

(in Canadian dollars)

The three-month period ended March 31, 2014 and 2013, the following expenses have been included in the cost of exploration and evaluation assets:

	Three-month period ended March 31, 2014	Three-month period ended March 31, 2013
	$	$
Drilling	408,556	-
Stripping and road repairs	106,018	129,111
Camp, travel and lodging and general expenses	233,788	59,789
Chemical analysis	63,220	24,468
Line cutting and geophysics	129,092	-
Planning and supervision	132,672	108,347
Professional fees and independent technical reports	1,836,081	2,400,513
Borrowing costs	278,407	282,244
Depreciation of property, plant and equipment	6,898	6,171
	3,194,732	3,010,643
Tax credits related to resources and mining tax credit	-	(473,154)
	3,194,732	2,537,489
Balance – Beginning of period	27,238,956	13,644,534
Balance – End of period	30,433,688	16,182,023

8. FLOW-THROUGH SHARES LIABILITY

	Three-month ended March 31, 2014	Three-month ended March 31, 2013
	$	$
Balance – Beginning of period	722,892	-
Decrease related to expenses incurred	(452,106)	-
Balance – The end of period	270,786	-

In December 2013, the Company issued 1,790,952 flow-through shares at a price of $1.80 per share for a gross total of $3,223,714. As at March 31, 2014, the Company has incurred exploration and evaluation expenses of $2,016,153 and has $1,220,846 in cash reserved for exploration and evaluation activities related to this flow-through financing.

9. LOAN PAYABLE

On February 28, 2014, the Company made the repayment of its loan payable including its capital and interest of $1,500,000 and $66,500 respectively.

(in Canadian dollars)

10. CREDIT LINE

In August 2012, the Company entered into an agreement to obtain a non-revolving credit line for an authorized amount of $10 million to finance a feasibility study for the Lac à Paul property and to cover the general and administrative expenditures related to this property.

On July 29, 2013, the Company obtained a second non-revolving credit line amounting to $2,500,000. Terms and conditions are essentially the same as those in the August 2012 credit line of $10,000,000.

The July, 2013 credit line and all unpaid interest will be repayable in full on December 31, 2015.

The credit line has a current portion of $167,868 at the end of March 31, 2014 and a non-current portion of $11,678,224.

	Three-month period ended March 31, 2014 $	**Three-month period ended March 31, 2013**
Balance – Beginning of period	11,399,817	-
Proceeds from credit lines	-	9,400,000
Transaction costs	-	(2,038,829)
Capitalized interest	40,004	213,426
Interest expense	167,868	
Amortization of transaction costs	238,403	-
Balance – End of period	11,846,092	7,754,597
Less : Current portion of credit line	167,868	-
	11,678,224	7,754,597

11. DEFERRED INCOME TAX

The deferred tax recovery for the three months ended March 31, 2014, is attributable to additional deferred tax liabilities relating to Quebec mining duties offset by a deferred tax recovery related to the amortization of the flow through shares liability as some expenditures renounced have been incurred.

12. STOCK OPTIONS, WARRANTS AND OPTIONS GRANTED TO BROKERS

Stock options

The following table reflects the continuity of stock options for the three month period ended March 31, 2014:

	Three-month period ended March 31, 2014		
	Number	**Weighted average exercise price $**	**Remaining life**
Balance – Beginning of period	6,165,000	1.10	8,6 years
Expired	(25,000)	1.18	7,9 years
Exercised	(430,000)	0.20	6,4 years
Balance – End of period	5,710,000	1.17	7,6 years
Exercisable at the end of the period	3,868,333	1.15	7,8 years

(in Canadian dollars)

Warrants

The following table reflects the continuity of warrants for the three months ended March 31, 2014:

	Three-month period ended March 31, 2014		
	Number	Weighted average exercise price $	Remaining life
Balance – Beginning of period	7,440,500	1.24	1.8 years
Exercised	(1,472,500)	1.24	-
Expired	(750,500)	1.21	-
Balance – End of period	5,217,500	1.24	1.7 years

Options granted to brokers

The following table reflects the continuity of options granted to brokers for the three month period ended March 31, 2014:

	Three-month period ended March 31, 2014		
	Number	Weighted average exercise price $	Remaining life
Balance – Beginning of period	432,909	1.15	1.2 years
Balance – End of period	432,909	1.15	1.2 years

13. SUPPLEMENTARY INFORMATIONS RELATED TO CASH FLOWS

Net change in non-cash working capital items for the three month period ended	Three-month period ended March 31, 2014 $	Three-month period ended March 31, 2013 $
Receivable and other current assets	90,001	(49 945)
Sales taxes receivable	(91 838)	(471 646)
Accounts payable and accrued liabilities	180,638	(910 399)
	178,801	1 431 990

Items not affecting cash and cash equivalents not otherwise disclosed elsewhere in the condensed interim consolidated financial statements:

	Three-month period ended March 31, 2014 $	Three-month period ended March 31, 2013 $
Addition to Property, plant and equipment assets not yet paid	57,153	-
Addition to exploration and evaluation assets not yet paid	711,328	516,126

(in Canadian dollars)

14. RELATED PARTY TRANSACTIONS

The table below shows related party transactions and balances payable for each of the Company's related parties:

	Three-month period ended March 31, 2014	Three-month period ended March 31, 2013
Transactions with a Company controlled by the former Chief Executive Officer		
Exploration and evaluation assets	-	9,900
Office expenses	-	1,117
Balance included in accounts payable and accrued liabilities	-	11,017
	$	$
Key management compensation [1]		
Government defined contributions plans	-	7,671
Share-based compensation	93,351	-
Management fees	77,500	72,500
	170,851	80,171
Salaries and fringe benefits [2]	236,918	125,454
	407,769	205,625

(1) The key management is composed of the Chief Executive Officer (CEO), Chief Operations Officer (COO), Chief Financial Officer (CFO), President and Vice-President.
(2) Salaries and fringe benefits are capitalized to exploration and evaluation assets included an amount to $ 51,122.

The Company has entered into employment and management contracts with its key executives whose estimated annual remuneration amounts to $955,000. The agreements with the Company's key executives contain provisions that apply in case of termination without cause or change of control. If all executive team members had been dismissed without cause on March 31, 2014, the Company would have had to pay a total amount of $955,000 as severance. If a change of control had occurred on March 31, 2014, the total amounts payable to the executive team in respect of severance would have totaled $1,585,000

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Classification

The Company's financial instruments as at March 31, 2014 and December 31, 2013 consist of cash and cash equivalents, receivable and other current assets, marketable securities, loan payable and credit line. The fair value of these financial instruments approximates their carrying value due to their short-term maturity, to current market rates or they bear interest at variable rates.

The fair value of available-for-sale assets and financial assets at FVTPL is established using the closing price on the most beneficial active market for this instrument that is readily available to the Company.

The classification of financial instruments is summarized as follows:

		Carrying value	
	Classification	**March 31, 2014**	**As at December 31, 2013**
		$	$
Financial assets			
Cash and cash equivalents	Loans and receivables	5,281,709	6,896,331
Receivable and other current assets	Loans and receivables	46,837	15,000
		5,328,546	6,911,331

Carrying value

(in Canadian dollars)

	Classification	March 31, 2014	As at December 31, 2013
Financial liabilities			
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	1,203,045	538,934
Credit line and current portion of credit line	Financial liabilities at amortized cost	11,846,092	11,399,817
Loan payable	Financial liabilities at amortized cost	-	1,453,078
		13,049,137	13,391,829

The Company defines the fair value hierarchy under which its financial instruments are valued as follows: level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities; level 2 includes inputs other than quoted prices in level 1 that are observable for assets or liabilities, either directly or indirectly; and level 3 includes inputs for the asset or liability that are not based on observable market data.. There was no transfer of hierarchy level during the period ended March 31, 2014 and December 31, 2013.

Financial risks

The Company has exposure to various financial risks, such as credit risk, liquidity risk, interest rate risk and currency risk from its use of financial instruments.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and receivable and other current assets. Cash and cash equivalents are deposited in Canadian chartered bank accounts or invested in a diversified manner in securities having an investment-grade rating (AA-), from which management believes the risk of loss to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at March 31, 2014 the Company has cash and cash equivalents of $5,281,709 ($6,896,331 as at December 31, 2013) to settle current liabilities of $1,641,699 ($2,714,904 as at December 31, 2013). The cash reserved for exploration and evaluation expenses amounts to $1,220,846. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity (Refer to note 1 for the use of the going concern assumption).

The following are the contractual maturities of financial liabilities, including interest where applicable as at March 31, 2014:

	Carrying amount $	Contractual cash flows $	0 to 12 months $	12 to 24 months $	More than 24 months $
Accounts payable and accrued liabilities	1,203,045	1,203,045	1,203,045	-	-
Credit line	11,846,092	14,962,237	594,182	14,368,055	

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in financial instruments held with a Canadian chartered bank.

As at March 31, 2014, the Company's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents	Fixed interest rate & Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing
Credit line	Variable interest rate

Since cash and cash equivalents is subject to fixed interest rates, a fluctuation in interest rates will have no impact on their cash flows.

The Company's interest rate risk arises from credit lines. Credit lines issued at variable rates expose the Company to cash flow risk. A variation of ±1% on the credit line would have an impact of 13,167$ on the exploration and evaluation assets for 2014.

Currency risk

As at March 31, 2014, the Company has a bank account in US dollars for an amount of $ 9,701 ($ 13,708 in December 31, 2013). The Company estimates that a variation of ±10% in exchange rates on that date would have resulted in a variation of approximately $ 970 as at March 31, 2014 ($ 1,370 in December 31, 2013) in net loss.

16. COMMITMENTS

a) In May 2012, the Company committed to pay, for a period of three years, an annual contribution of $9,000 to Université de Laval to collaborate on research on the use of phosphorus.

b) The Company has granted the lender of the August, 2012 credit line a royalty of $1 per ton of phosphate concentrate sales from the Lac à Paul project. This royalty may be redeemed at any time through a lump-sum payment of $6 million. In July 2013, the Company has also granted the lender of the second credit line a royalty of $0.25 per ton of phosphate concentrate sales from the Lac à Paul project. This royalty may be redeemed at any time through a lump-sum payment of $1.5 million. This royalty will have to be redeemed by the Company for the same amount in the event of a change of control where at least 90% of the issued and outstanding shares of the Company are acquired, purchased or held by a third party, either through a tender offer or other transaction with the same result.

c) The Company's future minimum operating lease payments for the rent in Chicoutimi and Montreal offices , trucks rental and Lac A Paul camp are as follows:

	Within 1 year	1 to 5 years	After 5 years	Total
March 31, 2014	$111,307	363,825	-	$475,132

17. SUBSEQUENT EVENTS

a) On April 2, 2014, the Company sold to Virginia Mines Inc. its remaining 50% of rights and interests of the Opinaca and Black Dog properties in consideration of the issuance of 15,000 shares of Virginia Mines Inc. representing a value of $ 180,000 at the transaction date.

b) In April 2014, the Company issued a total of 445,000 stock options to its Board members with an exercise price of $1.30 per share and with a ten year term. The stock options vest on a basis of 33% every year on a three-year period from the date of grant.

c) April 10, 2014, the Company has committed to pay to Torrey Hills Capital for investor relations consulting services a monthly fee of US$ 6,000 for a three month period. In accordance with the Company's Stock Option Plan, 150,000 stock options were granted at an exercise price of $1.30 per share and with a three year term. The vesting conditions of stock options awarded to consultants are as follows: 25% three months after the date of grant, 25% six months after the date of grant, 25% nine months after the date of grant and 25% one year after the date of grant.