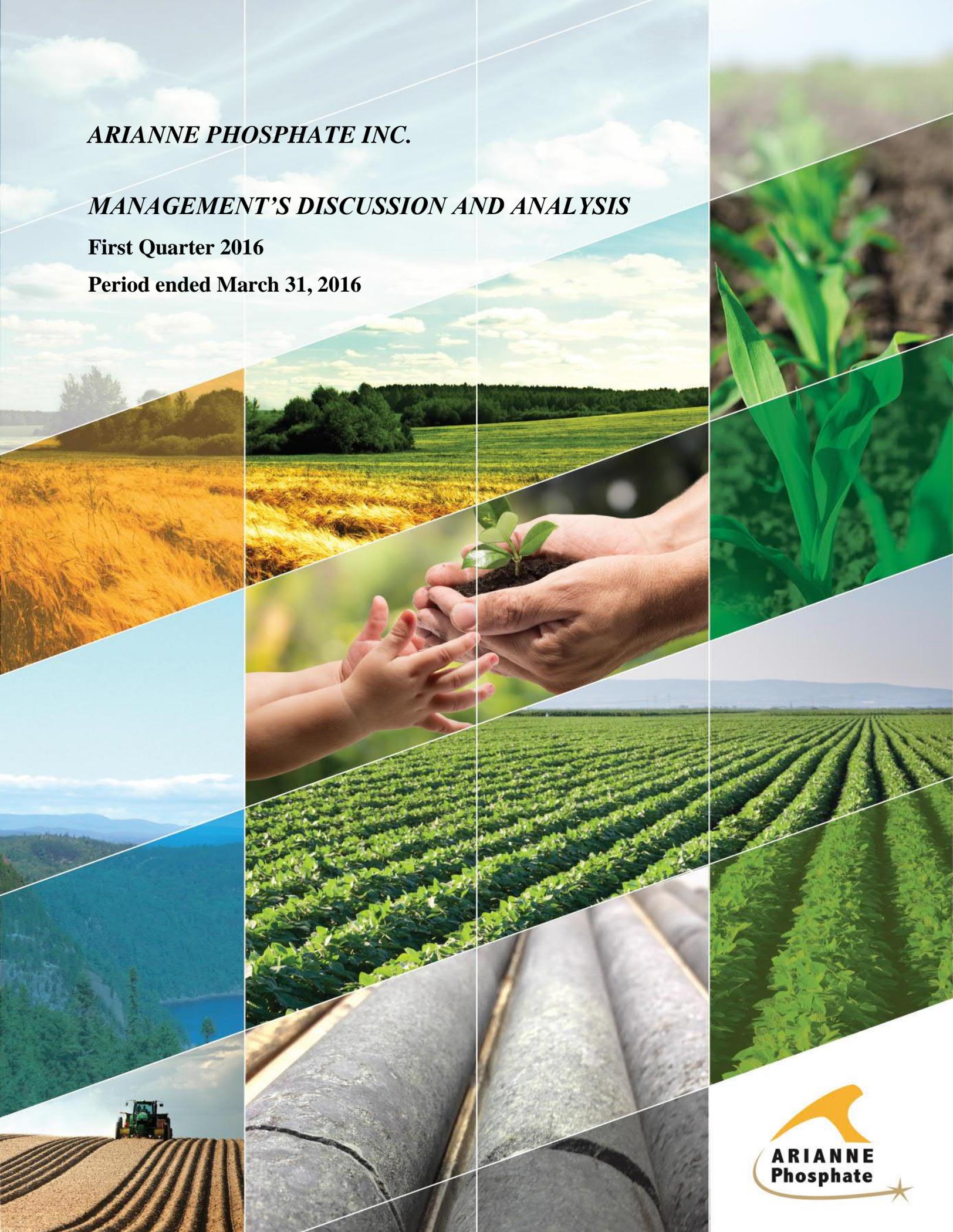


***ARIANNE PHOSPHATE INC.***

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

**First Quarter 2016**

**Period ended March 31, 2016**



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This Management's Discussion and Analysis ("MD&A") presents an analysis of the financial situation and operations of Arianne Phosphate Inc. ("Arianne" or the "Company") for the period ended March 31, 2016. This report was prepared in compliance with the provisions of Form 51-102F1, approved by the Board of Directors and dated May 20, 2016. It should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended March 31, 2016 (the "financial statements").

The accounting policies followed in the financial statements are consistent with those applied in the Company's annual financial statements for the year ended December 31, 2015. The financial statements should be read in conjunction with the Company's consolidated and audited annual financial statements for the year ended December 31, 2015 which have been prepared in accordance with IFRS as issued by the IASB.

All amounts presented in the MD&A are in Canadian dollars (CAD) unless otherwise noted.

## **FORWARD-LOOKING INFORMATION**

Certain statements in this MD&A about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements, or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "likely", "predicts", "estimates" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the general development of the business and the eventual start of commercial production and to the liquidity position of the Company. Forward-looking statements are based on information currently available to us and on estimates and assumptions made by us regarding, among other things, general economic conditions and the mining industry in general, in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances. Although reasonable, the statements can entail known and unknown risks and uncertainties and, accordingly, actual results and future events could differ materially from those anticipated in such statements.

## **DESCRIPTION OF THE BUSINESS**

Arianne is A Company focused on the development of the Lac à Paul phosphate rock project (Lac à Paul) located in the Saguenay–Lac-St-Jean area, in the province of Quebec. 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 (OTC) (symbol DRRSF). The registered office of the Company is located at 393 Racine Street East, Suite 200, Chicoutimi, Québec, Canada G7H 1T2.

## HIGHLIGHTS

- On March 14, Pierre Fitzgibbon, stepped down as Chairman and concurrently the Board has appointed **Jean Lamarre as the new Chairman of the Board**. He is fully skilled in international business development, finance and corporate strategy and will be a great addition to Arianne.

Jean Lamarre is also SEMAFO'S (Canadian-based mining company with gold production and exploration activities in West Africa) Chairman of the Board of Directors and served as Executive Chair of the Board from June 2008 to December 31, 2014. He has 40 years of business experience in Africa. From 1977 through 1992, Mr. Lamarre held various positions of significant responsibility with Groupe Lavalin Inc., including Vice President, Finance. From 1992 to 1995, he was the Vice President, Special and International Projects for Groupe Canam Manac. In 1995, he became President of Lamarre Consultants, a company representing national and international companies in their efforts to establish or expand their business in Quebec.

Furthermore, the Company announced the appointment of a new **CEO, Brian Ostroff**. His experience will help to consolidate partnerships and financing arrangements.

Brian Ostroff is currently a Director and Executive Vice-President of Windermere Capital. Mr. Ostroff is a graduate of the University of Toronto (1986) having joined RBC Dominion Securities in 1987. In 1999 Mr. Ostroff joined M&A advisory firm Goodrich Capital where he was the Canadian managing partner overseeing mandates across a spectrum of industries with a focus on display technologies and mining. In 2004, Mr. Ostroff moved over to the trading side of the business as a proprietary trader with a large Canadian bank and then subsequently on his own for four years. Mr. Ostroff joined Windermere Capital in 2009, his area of focus is the junior and mid-tier mining sector.

- The Company met deadlines for the port facilities project currently being carried out by the Port of Saguenay. The environmental studies are underway for the Canadian Environmental Assessment Agency ("CEAA"). This significant stage in the project's development will allow Port of Saguenay to obtain the necessary government approvals in order to begin the construction of the port facilities and then obtain the permits requested.

## OBJECTIVES

Over the short term, the strategic objectives that guide management and the Company's directors can be summarized as follows:

- Sign the “Cooperation Agreements” with the First Nations; **Achieved during 2015**
- Obtain the Ministerial Decree to develop the Lac à Paul mine; **Achieved during 2015**
- Reduce cash operating production costs and capital expenses; **Ongoing process with significant progress reported during 2015**
- Secure financing for construction and development of the Lac à Paul project; **On going**

Over the medium term, the Company's goal remains to build a profitable phosphate mine that will generate economic returns and benefits for our shareholders as well as stakeholders in the Saguenay–Lac-St-Jean region and Québec.

### Targeted Future Milestones

- Completion of partnership and financing arrangements
- Estimated construction schedule
- Project commissioning
- To shave \$40M on CAPEX
- To aid the Port of Saguenay in receiving their approval from CEAA to start the construction of the Port (Spring 2017)

## FEASIBILITY STUDY (“FS”)

In October 2013, Arianne released the FS of its Lac à Paul phosphate mine project. The FS outlines an open pit mine, a mill producing a high-quality phosphate concentrate product and a transport system to deliver the product to a year-round, deep-water port on the Saguenay River.

### Study highlights

- Net present value (“NPV”) of US\$1,910.1 million before taxes at an 8% discount rate.
- Gross revenue, in real terms, of US\$16.1 billion, and operating cash flows of US\$7.4 billion.
- Internal rate of return (“IRR”) of 20.7% with a capital payback of 4.4 years before taxes and mining duties.
- A 26-year mine life (excluding pre-production) with an average annual phosphate concentrate production of 3 million tonnes with a grade of 38.6% P<sub>2</sub>O<sub>5</sub> and with average mill recovery of 90.0%.
- Initial capital cost of US\$1,215 million, comprised of US\$983 million for the mine and US\$232 million for the concentrate transport system that delivers product to the deep-water Port of Saguenay, open 365 days a year.
- Life of Mine (LOM) operating cash cost on board the ship in the deep-water Port of Saguenay of US\$93.7/ton yielding an operating margin of 56% on an average selling price of US\$213/tonne.
- Measured and indicated mineral resources in the Paul Zone of 590 million tonnes grading an average of 7.13% P<sub>2</sub>O<sub>5</sub> at a 4.0% cut-off grade (does not include 164 million tonnes of Manouane Zone mineral resources).
- Production of 76 million tons of saleable concentrate at 38.6% P<sub>2</sub>O<sub>5</sub> from proven and probable mineral reserves of 472.1 million tonnes at an average grade of 6.9% P<sub>2</sub>O<sub>5</sub> (based on a 3.5% cutoff grade) for the Paul Zone mineral resource.
- Hydro-Québec confirmed power availability of 115 MW at the Chute des Passes power plant located 40 km from the mine.

## OPERATIONAL REVIEW

### *Paul Zone growth potential*

Through further exploration activities completed last year, Arianne has identified new measured and indicated resources on the Paul Eastern Extension of 12.5 million tonnes at 6.31% P<sub>2</sub>O<sub>5</sub> with a 4.0% P<sub>2</sub>O<sub>5</sub> cut-off grade. Additionally, an updated resource estimate from the remodeling on the Paul Zone and its Western Extension now amount to 690 million tonnes at 7.18% P<sub>2</sub>O<sub>5</sub> with a 4.0% P<sub>2</sub>O<sub>5</sub> cut-off grade in the measured & indicated category. In total, Arianne’s updated resource estimate now shows a 5% increase in measured and indicated resources (703 Mt vs 669 Mt) over its previously announced resources released.

### ***Infrastructure***

The project is located 240 km north of the Saguenay–Lac-St-Jean region in Québec, Canada. This region is economically well-diversified with existing infrastructure, a strong industrial base and a high-quality labour pool. The region is also known for numerous hydropower generating dams. It has a well-developed road network and access to deep-sea ports.

The Lac à Paul project will get its 115 MW of electricity from Hydro-Québec through Rio Tinto Alcan's Chute-des-Passes Power dam, which is located 40 km from the project. A 345-kV/161-kV substation at Chute-des-Passes and a 161-kV power line will be built to supply the electricity to the Lac à Paul mine site.

To accelerate structuring investment in the sectors of Québec's economy as the Arianne project, the government, for The Québec Economic Plan of March 2016, has announced the introduction of a rebate on electricity to foster investment in companies. The measure will comprise a maximum rebate on electricity of 20% over 4 years, which will enable a reimbursement equivalent to 40% of the eligible investments made. Arianne has continued its effort to improve and freeze the process and electrification design parameters. To confirm the BFS costs.

### ***Phosphate concentrate transport***

The phosphate concentrate will be transported by truck from the mine on an existing logging road to a deep-water port located on the north shore of the Saguenay River. Studies completed in June 2014 led to the selection and presentation of a scenario using forest roads R-253 and R-200 on the "Monts-Valin" and the maritime terminal on the north shore of the Saguenay River at Sainte-Rose-du-Nord.

In relation with the Decree of the government of Quebec received as at December 22, 2015, Arianne is working on the road layout with different stakeholders to optimize the road layout and to reduce the social impact. In order to secure the transport of concentrate, during the first quarter, Arianne has discussed with different specialized carriers for the development of equipment to produce the best logistics for Arianne's operations.

### ***Metallurgy***

The Company completed a customer trial program that produced a phosphate concentrate with a higher grade and lower contaminants than previously ever achieved by the Company. The customer trial produced 1.2 tonnes of phosphate concentrate with a grade called Arianne 40 of 40.0% of P<sub>2</sub>O<sub>5</sub> and a minor element ratio ("MER") of lower than 0.03%. These tests were completed by adding an additional step beyond Arianne's already optimized metallurgical process. The results surpass previous metallurgical test work that had produced a P<sub>2</sub>O<sub>5</sub> concentrate of 38.8% with 0.089% of contaminants.

### ***Cost savings***

The Company has identified additional operating cost savings of US\$12.26 per ton (US\$4.26 announced in the first quarter and US\$8 announced in the second quarter) related to its planned production of phosphate concentrate, which now reduces the cash operating costs to US\$79 per ton. The reduction represents a cost savings of 13% below that estimated in the Company's FS. Arianne generated these

cost savings by optimizing its original mine plan and sequencing commencement of mining operations on the western part of the deposit, thereby improving the stripping ratio and allowing the Company to adopt an improved schedule for material waste handling. This calculation was performed using an exchange rate of \$0.95, consistent with that used in the Company's FS. Furthermore, the Company has secured 115 MW of its energy requirements from the Government of Quebec at the industrial rate (L rate).

Arianne also met several engineering and construction firms in preparation for commissioning. The Company is confident that the region will have the ability to provide most of its requirements.

### ***First Nations***

Negotiations with the three First Nation communities regarding the Lac à Paul project: Pessamit, Mashteuiatsh and Essipit, led to the signing of a Cooperation Agreement for the Lac à Paul Mining project. The Cooperation Agreement will be used as a framework to govern the relationship between Arianne and the three communities, reflecting mutual intentions to further build a relationship characterized by cooperation and mutual respect in connection with the development of the Lac à Paul project. The common agreement in principle has set out the areas in which Arianne and the three communities have agreed to work together and maintain effective avenues of communication to support our mutual goals.

During the first quarter of 2016, numerous meetings were held with the representatives of these three communities.

### ***Community relations Saguenay–Lac-St-Jean***

As the Project develops, the Company is maintaining an open dialogue with the stakeholders in the region, as well as with groups and individuals impacted by the project. Community relations have always been a priority for Arianne. The Company is committed to maintaining full and open communication with all communities affected by the Lac à Paul project. During 2015, Arianne created an independent Monitoring Committee in compliance with the Quebec Government's Mining Law.

Since the beginning of the year, numerous meetings were held with key political, economic and community stakeholders involved in the project.

### ***Economic impact of the project***

In February 2014, the firm Raymond Chabot Grant Thornton (RCGT) submitted the results of its study on the economic impact of the development of the Lac à Paul project. The RCGT analysis confirms that the significant economic benefits of the mine will increase collective wealth in the region by increasing the average income of workers and fostering the emergence of a new cluster of mining contractors, in addition to diversifying the region's traditional economy based on the forest and aluminium industries.

The project will also attract new residents with expertise in the mining sector, in addition to generating opportunities for educational institutions in the region. Arianne is working with all stakeholders, including First Nations, so that the project will enable the region to grow and become more competitive.

### ***Port of Saguenay***

The Port of Saguenay and Arianne will cooperate in building a maritime terminal on the north shore of the Saguenay River in the limits of Sainte-Rose-du-Nord.

The port authority of Saguenay (Port of Saguenay) has filed a description of a maritime terminal and its adjacent facilities construction project on the north shore of the Saguenay River to the CEEA in April 2015, followed by a 20-day public comment period on this project description. Additional information regarding the functionalities of this process can be viewed on the following web site: <http://www.ceaa-acee.gc.ca>.

This project was initiated as a complement to Arianne's phosphate concentrate mining project. The aim of Port of Saguenay's project is to facilitate shipment of Arianne's phosphate concentrate to world markets.

### ***Social acceptance***

In 2015, in order to minimize the transport impact for the residents of the Zec Martin-Valin and Lake Neil, the Company has signed an agreement with those parties to offset the impact of the transport of the concentrate.

## **PHOSPHATE INDUSTRY TRENDS**

Phosphate rock mining is declining in North America, with an estimated deficit in Canada and the United States of 4 million tons per year expected to increase to 8 million tons per year by 2020. Global demand for phosphate is increasing at approximately 3% per year due to global population growth and a shift in dietary habits towards more protein-rich foods.

Within this context, the Lac à Paul project can satisfy a portion of this demand growth and provide a reliable and secure supply of high-quality phosphate rock.

Phosphate has no substitute and is a key component essential to life. It helps root development and drought resistance of plants.

Phosphate purchasers (potential customers) are concerned about supply security and are cognizant of the geopolitical situation regarding the region where the mine is located. The Lac à Paul project is located in a politically stable mining-friendly jurisdiction.

## SUSTAINABLE DEVELOPMENT

### *Measuring and offsetting greenhouse gas emissions*

As part of its Sustainable Development Policy, Arianne offsets its greenhouse gas (“GHG”) emissions by investing in sustainable development and innovation projects.

Arianne Phosphate activities are responsible for the emission of 168 tonnes of CO<sub>2</sub> equivalent for the first quarter of 2016 (Table 1). Clearing activities took place at the future mine site in preparation for the geotechnical works. Therefore, the loss of carbon sinks was the main source of emissions for the first quarter.

*Table 1: Greenhouse gas emissions associated with each of the Company’s activities during the first quarter of 2016 (in tonnes)*

	<b>Total</b>	<b>Administration and field transportation</b>	<b>Logging</b>	<b>Drilling</b>	<b>Excavation</b>
<i>Work and representation</i>	168	5.8	148.8	8.3	5.1
<b>Percentage (%)</b>	<b>100%</b>	3%	89%	5%	3%

The Company's GHG emissions for exploration phase in tonnes of CO<sub>2</sub> equivalent amount to a total of 4,259 tonnes. In order to establish financial equivalents, Arianne Phosphate uses the annual minimum price in 2016 set by the Ministry of Sustainable Development, Environment and the Fight against Climate Change (MDDELCC) at the auction of greenhouse gas emission units. The auction clearing price is \$12.82/tonne GHG. This represents an amount of \$54,600 to be invested in offset measures.

To date, Arianne Phosphate has invested a total of \$40,948 in research projects. Arianne still has \$13,652 to invest.

## **SUMMARY OF FINANCIAL ACTIVITIES FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016**

The net loss for the three-month period ended March 31, 2016 is \$849,935 compared to a net loss of \$891,200 for the period ended March 31, 2015.

The operating loss in 2016 of \$834,559 is lower compared to 2015 (\$870,190). This is mainly due to the reduction of the size of the team in January 2015, because exploration activities were completed and the Company's activities are now focused on the development of the Lac à Paul project. The share-based compensation and salaries and fringe benefits expenses decreased respectively by \$61,899 and \$51,355.

The promotion, representation and travel expenses and the management fees expenses decreased respectively by \$22,033 and \$16,675.

The professional and consultant fees are higher by \$122,683. This increase is explained by the expenses regarding the obtaining of the decree of Government of Quebec and other legal aspects of the project.

## **FINANCIAL POSITION ANALYSIS**

As at March 31, 2016, total assets are higher compared to December 31, 2015. This is mainly due to an increase in exploration and evaluation assets to \$41,576,757 in 2016 compared to \$40,502,866 in 2015.

Accounts payable and accrued liabilities as at March 31, 2016 decreased from \$1,672,540 in 2015 to \$1,487,994 in 2016.

Non-current liabilities as at March 31, 2016 of \$16,273,109 are higher than at December, 31 2015, of \$14,645,806, as a result of the Company drew an additional \$1,480,000 from its credit lines and repaid \$296,000 by granting of 400,000 shares to the Lender in connection with the warrants exercised and capitalized borrowing cost of \$443,303. At the end of March 31, 2016, the Company has an amount of \$2,086,887 available regarding its non-revolving credit line.

## **CASHFLOWS, LIQUIDITY AND CAPITAL MANAGEMENT**

Liquidity risk is the risk that the Company encounters difficulty in meeting obligations associated with its financial liabilities. The Company's cash balance as at March 31, 2016 was \$65,244, and it has a current tax credit related to resources and mining tax credit receivable of \$1,351,926.

Based on current spending estimates for project development in 2016, the Company will need additional financing during 2016. Any funding shortfall may be met in the future in a number of ways including, but not limited to, the issuance of new equity, debt financing or securing capital from potential partners. 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.

Cash flows provided by (used in)	March 31, 2016 \$	March 31, 2015 \$
Operating activities before the net change in non-cash working capital items	(692,518)	(669,140)
Net change in non-cash working capital items	(624,049)	11,009
Operating activities	(1,316,567)	(658,131)
Investment activities	(190,109)	(527,597)
Financing activities	1,480,000	-
Decrease in cash and cash equivalents	(26,676)	2,651,992

### **Operating activities**

For the period ended March 31, 2016, cash outflows from operating activities totalled \$0.7 million, compared to \$0.7 million for the same period in 2015.

### **Investment activities**

For the first quarter of 2016, exploration and evaluation expenses were \$1.0 million, however this amount included \$0.4 million of non-cash expenses related to capitalised borrowing costs and \$0.5 million recorded in accounts payables and accrued liabilities. For the period ended March 31, 2015, there was \$0.5 million of cash used in investing activities which included expenses for exploration and evaluation assets of \$0.8 million. This was partially reduced by the receipt of the mining tax credit from the Government of Quebec of \$0.3 million.

### **Financing activities**

For the period ended March 31, 2016, cash provided was gradually drawn on the non-revolving credit line of \$1.5 million while in 2015, there were no financing activities.

## **FINANCING**

### **Working capital**

There is a positive working capital is \$87,357 as at March 31, 2016 compared to a negative working capital of \$288,027 as at December 31, 2015. This increase was primarily explained by the fact that the Company has assumed it will receive the major parts of its tax credit related to resources and mining tax credit during the year 2016.

Management estimates that the cash available at the end of March 31, 2016 will not be sufficient to meet the Company's obligations and budgeted expenditures through December 31, 2016. These circumstances lend some 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 2016.

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 financial statements.

## SUMMARY OF QUARTERLY RESULTS

	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016
	\$	\$	\$	\$	\$	\$		
Net loss	(1,636,936)	(1,260,208)	(1,359,032)	(891,200)	(1,138,195)	(913,206)	(1,035,145)	(849,935)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

For each quarter in fiscal 2014, 2015 and 2016, the information contained in the summary of quarterly results is presented in accordance with IFRS. Amounts in this table are presented in Canadian dollars which is also the functional currency.

For the three last quarters of 2014, the net loss is higher than to 2015. This is due to the exploration campaign and the hiring of new employees.

For the first quarter of 2015, the net loss decreased by \$467,832 as compared to the last quarter of 2014. This decrease is primarily due to the decrease in size of the team due to the decrease of some activities and the activity to secure financing for construction and development of the Lac à Paul project is less expensive. For the last three quarters, the activities have remained stable.

For the first quarter in 2016, the situation is same as the last quarter in 2015.

## RELATED PARTY TRANSACTIONS

The following operations occurred during the period ended March 31, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Key management compensation (1)</b>		
Share-based compensation	40,376	-
Management fees	-	22,925
	40,376	22,925
Salaries and fringe benefits (2)	124,686	194,515
	165,062	217,440

- (1) The key management is composed of the Chief executive officer (CEO), Chief Operating Officer (COO) and the vice-president exploration and First Nations Relations.  
(2) Salaries and fringe benefits capitalized to exploration and evaluation assets amount to \$39,847 (\$33,729 in 2015).

The Company has entered into employment and management contracts with its key executives whose estimated annual remuneration amounts to \$600, 000. These contracts are renewable annually. The agreements with the Company's key executives contain provisions that apply in case of termination without cause or a change of control. If all executive team members had been dismissed without cause on March 31, 2016, the Company would have had to pay a total amount of \$600,000 as severance. If a change of control had occurred on March 31, 2016, the total amounts payable to the executive team in respect of severance would have totaled \$1,200,000 (assuming they left after a change of control and each named executive opted to receive such compensation).

### **OFF BALANCE SHEET ARRANGEMENTS**

As of the date of this MD&A, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

### **OBLIGATIONS AND COMMITMENTS**

- a) 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. These royalties 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.
- b) The Company granted contracts in relation to the development of the Lac à Paul project for a total of \$363,877 and in relation to the maritime terminal project for a total of \$740,784. These contracts do not have termination dates and disbursements will be made in accordance with the project's milestones.
- a) The Company's future minimum operating lease payments for the rent in Chicoutimi office, trucks rental and Lac à Paul camp are as follows:

	<b>Within 1 year</b>	<b>1 to 5 years</b>	<b>After 5 years</b>	<b>Total</b>
March 31, 2016	\$78,984	\$277,535	-	\$356,519

The following are the contractual maturities of financial liabilities, including interest where applicable as at March 31, 2016:

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>0 to 12 months</b>	<b>12 to 24 Months</b>	<b>More than 24 months</b>
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,487,994	1,487,994	1,487,994	-	-
Credit line	14,188,387	19,549,676	-	19,549,676	-

### **APPLICATION OF NEW AND REVISED IFRS AND CRITICAL ACCOUNTING ESTIMATES**

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Company's critical accounting policies and accounting estimates in note 4 of the audited financial statements for the year ended December 31, 2015. In addition, there is a summary of significant accounting policies in note 2 of the financial statements for the year ended December 31, 2015.

### **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT**

The Company's financial instruments, financial risk and capital management are presented and described in the unaudited condensed consolidated interim financial statements for the period ended March 31, 2016.

### **INFORMATION ON SHARES OUTSTANDING**

As at May 20, 2016, 97,225,755 common shares are issued and outstanding. There are 5,127,833 shares stock options, 12,717,500 warrants and 447,750 options granted to brokers outstanding.

(s) Jean-Sébastien David  
Jean-Sébastien David  
Chief Operating Officer

(s) Jim Cowley  
Jim Cowley  
Director and Interim CFO

## **Board of Directors and Officers**

**Jean Lamarre**, Chairman of the Board of Directors  
**Dominique Bouchard**, Vice-Chairman of the Board of Directors  
**Brian Ostroff**, Director and Chief Executive Officer  
**Jim Cowley**, Director and Interim Chief Financial Officer  
**Pierre Fitzgibbon**, Director  
**Steven L. Pinney**, Director  
**Dave DeBiasio**, Director  
**Siva J. Pillay**, Director  
**Marco Gagnon**, Director

**Jean-Sébastien David**, Chief Operating Officer  
**Daniel Boulianne**, Vice President Exploration

### **Ticker symbols**

DAN: TSX-V (Canada)  
JE9N: FSE (Germany)  
DRRSF: OTC (USA)

### **Head Office**

393 Racine St. East, Suite 200  
Chicoutimi, Québec G7H 1T2  
Tel.: 418-549-7316  
Fax: 418-549-5750  
Email: [info@arianne-inc.com](mailto:info@arianne-inc.com)