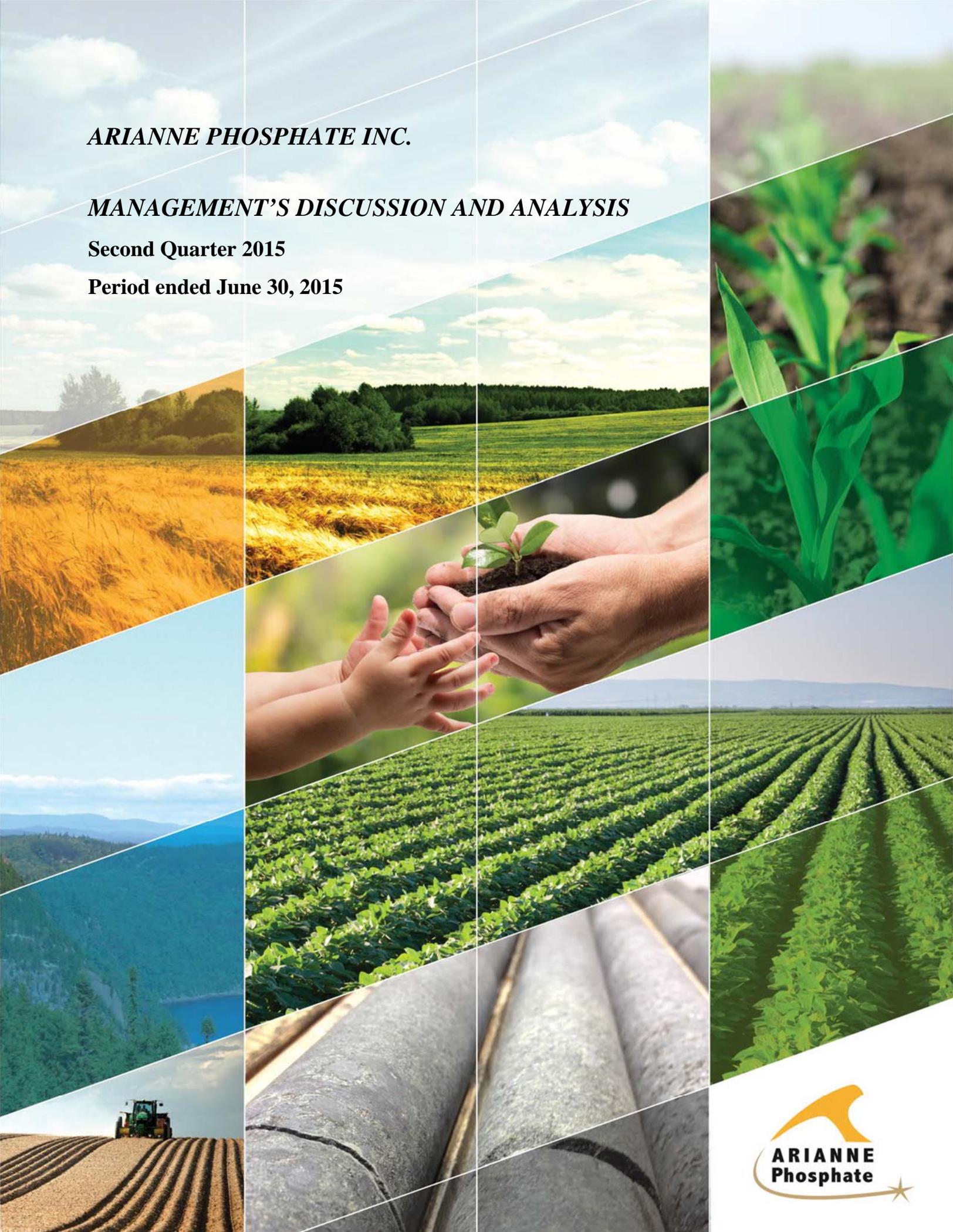


***ARIANNE PHOSPHATE INC.***

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

**Second Quarter 2015**

**Period ended June 30, 2015**



**TABLE OF CONTENTS**

FORWARD-LOOKING INFORMATION.....	3
DESCRIPTION OF THE BUSINESS .....	3
HIGHLIGHTS.....	4
2015 OBJECTIVES.....	5
FEASIBILITY STUDY.....	5
OPERATIONAL REVIEW.....	6
PHOSPHATE INDUSTRY TRENDS .....	8
SUSTAINABLE DEVELOPMENT .....	10
SUMMARY OF FINANCIAL ACTIVITIES FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2015 .....	11
SUMMARY OF FINANCIAL ACTIVITIES FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015 .....	11
FINANCIAL POSITION ANALYSIS.....	11
CASHFLOWS, LIQUIDITY AND CAPITAL MANAGEMENT .....	12
FINANCING .....	12
SUMMARY OF QUARTERLY RESULTS .....	13
RELATED PARTY TRANSACTIONS .....	14
OFF BALANCE SHEET ARRANGEMENTS.....	14
OBLIGATIONS AND COMMITMENTS.....	14
APPLICATION OF NEW AND REVISED IFRS AND CRITICAL ACCOUNTING ESTIMATES.....	15
FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT.....	15
INFORMATION ON SHARES OUTSTANDING .....	16

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 June 30, 2015. This report was prepared in compliance with the provisions of Form 51-102F1, approved by the Board of Directors and dated August 26, 2015. It should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended June 30, 2015 (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, 2014. The financial statements should be read in conjunction with the Company's consolidated and audited annual financial statements for the year ended December 31, 2014 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, Québec. 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

- The Company signed of a Cooperation Agreement for the Lac à Paul Mining project with the First Nations Innu from Pessamit, Essipit and Mashteuiatsh. With the signature of the Collaboration Agreement completed, the parties are looking to finalize the specifics to be included in the Impact and Benefit Agreements (IBAs) before the project construction begins.
- Arianne announced a reduction of the production cost of its high-purity phosphate concentrate of an additional US\$8 per ton in the Company's operating expense. This reduction is the result of an optimized mining plan to include additional resources it had proved up, as well as savings associated with a more streamlined metallurgical process.
- The Company has, over the last months, prepared and delivered an environmental impact study which was deemed having been completed by the Ministère du Développement durable, Environnement et Lutte contre les changements climatiques (MDDELCC or Minister). The Minister has subsequently entrusted the BAPE with a first mandate (ie. holding a public information and consultation period). The impact study and other documents relating to the project have been made available to the general public. This was followed, from April 27 to April 29, 2015, by an initial information session for citizens from the community to ask questions and express their opinions relating to the project. Briefs were to be submitted in writing to the BAPE. The second information session hosted by the BAPE took place from May 26 to May 28, 2015. After May 28, 2015 the public hearings being completed, the BAPE will draft its report and submit it to the MDDELCC who will then submit its recommendations to the Government of Québec which is responsible for making the final decision to authorize the project.
- On May 28, 2015, during the annual and special meeting of shareholders in Montreal, Arianne shareholders elected Pierre Fitzgibbon, Dominique Bouchard, Brian Ostroff, James Cowley, David DeBiasio, Marco Gagnon, Siva Pillay, and Steven Pinney as directors of the Company. The Board of Directors confirmed the nominations of Mr. Pierre Fitzgibbon as Chairman and Mr. Dominique Bouchard as Vice-Chairman, respectively.
- Dino Fuoco, Chief Financial Officer and Corporate Secretary left his functions on July 3rd. In the interim, Mr. Fuoco's role is being filled by James Cowley. Mr. Cowley, who currently sits on the Board of Arianne, is also a member of the audit committee. Mr. Cowley had previously served as President of Arianne from August of 2011 until August of 2014.
- The Company extended the term of 1,217,500 common share purchase warrants ("Warrants") issued as part of a private placement which was closed on July 29, 2013. Each of the Warrants, which were part of the units being issued, entitles its holder to purchase one common share of the Company at an exercise price of \$1.45 per common share until July 29, 2015. The Company has elected to extend the expiry date of the Warrants to January 27, 2017. No other Warrant terms were amended.

## 2015 OBJECTIVES

The 2015 strategic objectives that guide management and the Company's directors can be summarized as follows:

- Optimize operating and capital expenses;
- Sign the “agreements in principle” with the First Nations;
- Obtain the necessary permitting; and
- Secure strategic partners and financing.

The first two objectives are now completed while management works on the remaining two.

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

## FEASIBILITY STUDY

In October 2013, Arianne released the Feasibility Study (FS) of its Lac à Paul phosphate mine project. The FS outlines an open pit mine, a mill producing a high-quality phosphate product and a transport system delivering 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\$16,124.8 million and operating cash flows of US\$7,379.6 million.
- 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%.
- The initial capital cost of the project is US\$1,214.7 million comprising US\$982.5 million for the mine and US\$232.2 million for the concentrate transport system that delivers product to the deep-water Port of Saguenay, open 365 days a year.
- The all-in cost on board the ship in the deep-water Port of Saguenay is US\$93.7/tonne life of mine (LOM) (i.e. FOB Port of Saguenay) and yields an operating margin of 56% with an average selling price of \$213/tonne at the port.
- Measured and indicated mineral resources in the Paul Zone alone 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).

- 75.7 million tons of saleable concentrate at 38.6% P<sub>2</sub>O<sub>5</sub> in proven and probable mineral reserves, considering a cut-off grade of 3.5% P<sub>2</sub>O<sub>5</sub>, of 472.1 million tonnes at an average grade of 6.9% P<sub>2</sub>O<sub>5</sub> (based on the Paul Zone mineral resource).
- Hydro-Québec confirmed power availability of 115 MW at the Chute des Passes power plant located 30 km from the mine.

## OPERATIONAL REVIEW

### *Paul Zone growth potential*

Through further exploration activities completed last fall, Arianne has identified new measured and indicated resources on 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 Paul Zone and its Western Extension now amount to 690.2 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 (702.7 Mt vs 668.7 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 well-diversified with good existing infrastructure and has a strong industrial base with a high-quality labour pool. The region is also known for numerous hydropower generating dams. It has a well-developed road network and deep-sea access.

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.

### *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 Fjord.

The different studies led in June 2014 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.

## ***Metallurgy***

The Company completed a customer trial program that produced a phosphate concentrate with a superior grade and lower contaminants than previously ever achieved by the company. The customer trial produced 1.2 tonnes of phosphate concentrate with a grade of 40.0% of P2O5 and a minor element ratio of 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 P2O5 concentrate of 38.8% with 0.089% of contaminants.

## ***Cost savings***

The Company has identified additional 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% according to the Company's FS. Arianne generated the cost savings by optimizing its original mine plan and commencing operations on the western part of the deposit, thereby improving the stripping ratio, and allowing the Company to adopt a different schedule on material waste handling. This calculation was performed using an exchange rate of \$0.95, consistent with that used in the Company's FS.

## ***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 will set out the areas in which Arianne and the three communities have agreed to work together and maintain effective avenues of communication to support mutual goals.

## ***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.

Throughout the period ended June 30, 2015, numerous meetings were held with key political, economic and community stakeholders involved in the project.

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

The firm Raymond Chabot Grant Thornton (RCGT) submitted the results of its study on the economic impacts of the implementation 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.

The economic benefits include:

- Total economic benefits of \$12.6 billion;
- Total revenue for the federal and provincial governments of nearly \$4 billion;
- During construction, the creation of almost 2,250 jobs per year and job-related income of more than \$300 million; and
- During the 26 years of mine operation, nearly 1,000 jobs per year and job-related incomes of over \$1.6 billion.

### ***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 maritime terminal will be subject to a Federal process that will include public hearings. These will be conducted in parallel with the BAPE's public hearings.

The port authority of Saguenay (Port de 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 Canadian Environmental Assessment Agency in April 2015, followed by a 20 days 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 apatite mining project. The aim of Port de Saguenay's project is to meet the needs of Arianne for the shipment of the phosphate concentrate to foreign markets.

### ***Social acceptance***

In order to minimize the transport impact for the residents of 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, and there is now a production deficit that is expected to increase in the coming years. The actual deficit in Canada and United States is 4 million tons per year and the deficit will increase to 8 million tons per year in 2020. Demand for phosphate is increasing due to global population growth and change in dietary habits.

Within this context, the Lac à Paul project can make up for part of the shortfall and reliably provide security of supply for 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 (the potential clients) 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.

During the first and second quarter of 2015, Arianne's activities have been responsible for the emission of 14 tonnes of CO<sub>2</sub> equivalent (Table 1).

Arianne's activities are focused on the development of the Lac à Paul project, fieldwork, including sampling and equipment and workforce transport. Arianne invests in a compensation for the emission of CO<sub>2</sub> equivalent (Table 2).

*Table 1: Greenhouse gas emissions associated with each of the Company's activities during the second quarter 2015 (in tonnes).*

	<b>Total</b>	<b>Administration and field transportation</b>	<b>Logging</b>	<b>Drilling</b>	<b>Excavation</b>	<b>Other</b>
<i>Work and representation</i>	14	14	-	-	-	-
<b>Percentage (%)</b>	<b>100%</b>	<b>100%</b>	-	-	-	-

*Table 2: Summary of offset measures implemented by Arianne as at June 30, 2015*

<b>Emissions</b>	<b>Tonnes</b>
1999-2010	867
2011	222
2012	963
2013	100
2014	2,070
2015	14
<b>Financial equivalents</b>	<b>4,236</b>
Price/tonne CO <sub>2</sub> (\$/tonne)	10.70
Amount to offset (\$)	45,342
<b>Amounts already invested</b>	<b>\$</b>
Global TraPs 2011	5,181
UQAC Eco-advising Chair	4,240
Global TraPs 2012	3,490
Research grant 2012-2014	27,000
Carbone Boréal 2012	37
<b>Total invested</b>	<b>39,948</b>
<b>Additional investment</b>	<b>5,394</b>

## **SUMMARY OF FINANCIAL ACTIVITIES FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2015**

The net loss for the three-month period ended June 30, 2015 is \$1,138,195 compared to a net loss of \$1,639,487 for the period ended June 30, 2014.

During the second quarter of 2015, the level of activity has been reduced. All activities have been focused on the process of the BAPE in order to obtain permitting. Also, in 2014 the Company realized a gain on disposal of mining property of \$180,000. This explains the decrease of \$344,582 of the operating loss between the three-month period ended June 30, 2014 and 2015.

The decrease in the net loss and the operating loss between the second quarter 2014 and 2015 is explained by the fact that the Company is actually focused on the process of the BAPE to obtain permitting which will lead to the construction and operation of the Lac a Paul mine.

Also, the salaries, fringe benefits and share-based compensation are lower in the second quarter of 2015 because of the reduction of the number of employees. The company also reduced the use of external professional and consultant fees by doing most of the work internally.

## **SUMMARY OF FINANCIAL ACTIVITIES FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015**

The net loss for the six-month period ended June 30, 2015 is \$2,029,395 compared to a net loss of \$3,045,451 for the six-month period ended June 30, 2014.

The operating loss in 2015 of \$1,959,061 was lower than in 2014 (\$2,695,513). Between 2015 and 2014, this decrease is explained by the lower level of activity, thus reducing professional and consultant fees (decrease of \$365,822). There was also less promotion, representation and travel also due to the lower level of activities (decrease of \$93,977). Also, no interest expenses were incurred during 2015, as had the \$397,021 incurred in 2014 representing the payment of interest on the loan payable in 2014.

The decrease in the net loss and the operating loss between the second quarter 2014 and 2015 is explained by the fact that the Company is actually focused on the process of the BAPE to obtain permitting which will lead to the construction and operation of the Lac a Paul mine.

## **FINANCIAL POSITION ANALYSIS**

As at June 30, 2015, total assets are lower compared to December 31, 2014. This is mainly due to the lower cash and cash equivalents available, partly offset by an increase in the exploration and evaluation assets. Through the period, the Company has continued to develop the Lac a Paul project by investing \$2,049,093 net of tax credits in its exploration and evaluation assets, composed of the Lac à Paul property.

Current liabilities as at June 30, 2015 are \$14,496,946 and are higher than at December, 31 2014, which were \$13,846,931, as a result of capitalized interest related to the credit lines. The accounts payable and accrued liabilities have decreased from \$1,191,290 in 2014 to \$1,023,213 in 2015.

## CASHFLOWS, LIQUIDITY AND CAPITAL MANAGEMENT

Liquidity risk is the risk that the Company finds when it encounters difficulty in meeting its financial obligations (ie. liabilities). The Company's cash balance as at June 30, 2015 was \$1,367,172, and its non-current tax credit related to resources and mining tax was of \$1,445,734.

Based on current spending estimates for project development in 2015 and the current portion of the credit line, the Company will need additional financing during 2015. The Company expects it will be able to secure sufficient financing at reasonable rates but has no assurance that it will be able to do so.

Cash flows from (used in)	June 30, 2015 \$	June 30, 2014 \$
Operating activities before the net change in non-cash working capital items	(1,539,996)	(2 678 758)
Net change in non-cash working capital items	(303,361)	784 690
Operating activities	(1,843,357)	(1 894 068)
Investment activities	(627,191)	(3 350 356)
Financing activities	-	456,400
Increase (decrease) in cash and cash equivalents	(2,470,548)	(4 788 024)

### Operating activities

For the period ended June 30, 2015, cash outflows from operating activities totalled \$1.8 million, compared to \$1.9 million for the same period in 2014.

### Investment activities

For the period ended June 30, 2015, there was \$0.6 million of cash used in investing activities compared to \$3.3 million for the same period in 2014. The cash used in investing activities in 2015 primarily reflects expenses for exploration and evaluation assets of \$1.1 million. This was partially reduced by the receipt of the mining tax credit from the Government of Quebec of \$0.5 million.

### Financing activities

For the period ended June 30, 2015, cash provided by financing activities was nil versus \$0.4 million in 2014. The decrease is primarily due to the fact that the Company didn't raise any funds during the first half of the year.

## FINANCING

### Working capital

The negative working capital stands at \$12,939,030 as at June 30, 2015 compared to a negative working capital of \$9,442,302 as at December 31, 2014. The decrease was primarily due to the lower level of cash available and the interest payable as at December 2015 which has been capitalized to the credit line.

Management estimates that the cash available at the end of June 2015 will not be sufficient to meet the Company's obligations and budgeted expenditures through December 31, 2015. 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 by the end of 2015.

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 deferral of its debt. 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 financial statements.

### SUMMARY OF QUARTERLY RESULTS

	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	(1,675,090)	(1,055,045)	(1,405,964)	(1,636,936)	(1,260,208)	(1,359,032)	(891,200)	(1,138,195)
Basic and diluted loss per share	(0.02)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)

For each quarter in financial year 2013, 2014 and 2015, 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 quarters ended June 30, 2013 and September 30, 2013 the net loss was higher due to activity surrounding the FS release in October 2013. For the last quarter of 2013, the net loss decreased to \$1,055,045 due to the lower activity associated with the FS and also the impairment of the properties and of the exploration and evaluation assets recorded in the last quarter of 2013 amounting to \$240,920. For the first two quarters of 2014, the net loss increased compared to December 2013. This was due to the exploration campaign and the hiring of new employees. For the second half of the year 2014, the net loss had decreased due to reduced activities and less use of external consultants. For the first and second quarters of 2015, the level of activity was lower compared to the precedent quarters due to the focus of the Company to obtain the permitting from the public consultation process of the BAPE. During the second quarter of 2015, the Company incurred more professional and consultant fees, communications, promotion and representation regarding the BAPE audiences that occurred during the second quarter.

## RELATED PARTY TRANSACTIONS

The following operations occurred during the six-month period ended June 30, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>Key management compensation (2)</b>		
Share-based compensation	311,663	133,162
Management fees	<u>88,375</u>	<u>155,000</u>
	400,038	288,162
Salaries and fringe benefits (3)	<u>388,358</u>	<u>402,043</u>
	<u>788,396</u>	<u>690,205</u>
Balance included in accounts payable and accrued liabilities	25,750	-

- (1) The key management is composed of the Chief Operating Officer (COO), Chief Financial Officer (CFO), the president, and the vice-president exploration and First Nations relations. The key management compensation includes amounts for the former CEO, CFO and vice-president who left respectively in December, August and February 2014.
- (2) Salaries and fringe benefits capitalized to exploration and evaluation assets amount to \$51,534 (\$51,122 in 2014).

The Company has entered into employment and management contracts with its key executives whose estimated annual remuneration amounts to \$640,000. 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 June 30, 2015, the Company would have had to pay a total amount of \$457,500 as severance. If a change of control had occurred on June 30, 2015, the total amounts payable to the executive team in respect of severance would have totaled \$1,022,500 (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. 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.

- b) The Company granted contracts in relation to the development of the Lac à Paul project for a total of \$309,709. These contracts do not have termination dates and disbursements will be made in accordance with the project's milestones.
- c) The Company's future minimum operating lease payments for the rent in Chicoutimi, 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>
June 30, 2015	\$106,815	\$229,741	-	\$336,556

The following are the contractual maturities of financial liabilities, including interest where applicable as at June 30, 2015:

	Carrying amount \$	Contractual cash flows \$	0 to 12 months \$	12 to 24 months \$	More than 24 months \$
Accounts payable and accrued liabilities	1,023,213	1,023,213	1,023,213	-	-
Credit line	13,473,733	14,374,747	14,374,747	-	-

## **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, 2014. In addition, there is a summary of significant accounting policies in note 2 of the financial statements for the year ended December 31, 2014.

## **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 interim consolidated financial statements for the period ended June 30, 2015.

## INFORMATION ON SHARES OUTSTANDING

As at August 26, 2015, 95,325,755 common shares are issued and outstanding. There are 5,572,833 shares purchase options, 9,617,500 warrants and 578,494 options granted to brokers outstanding.

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

(s) James Cowley  
James Cowley  
Chief Financial Officer

## **Board of Directors and Officers**

**Pierre Fitzgibbon**, Chairman of the Board of Directors  
**Dominique Bouchard**, Vice-Chairman of the Board of Directors  
**Jim Cowley**, Director  
**Steven L. Pinney**, Director  
**Dave DeBiasio**, Director  
**Siva J. Pillay**, Director  
**Marco Gagnon**, Director  
**Brian Ostroff**, Director

**Jean-Sébastien David**, Chief Operating Officer  
**James Cowley**, Chief Financial Officer  
**Daniel Boulianne**, Vice President Exploration & Relations First Nations

### **Ticker symbols**

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

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