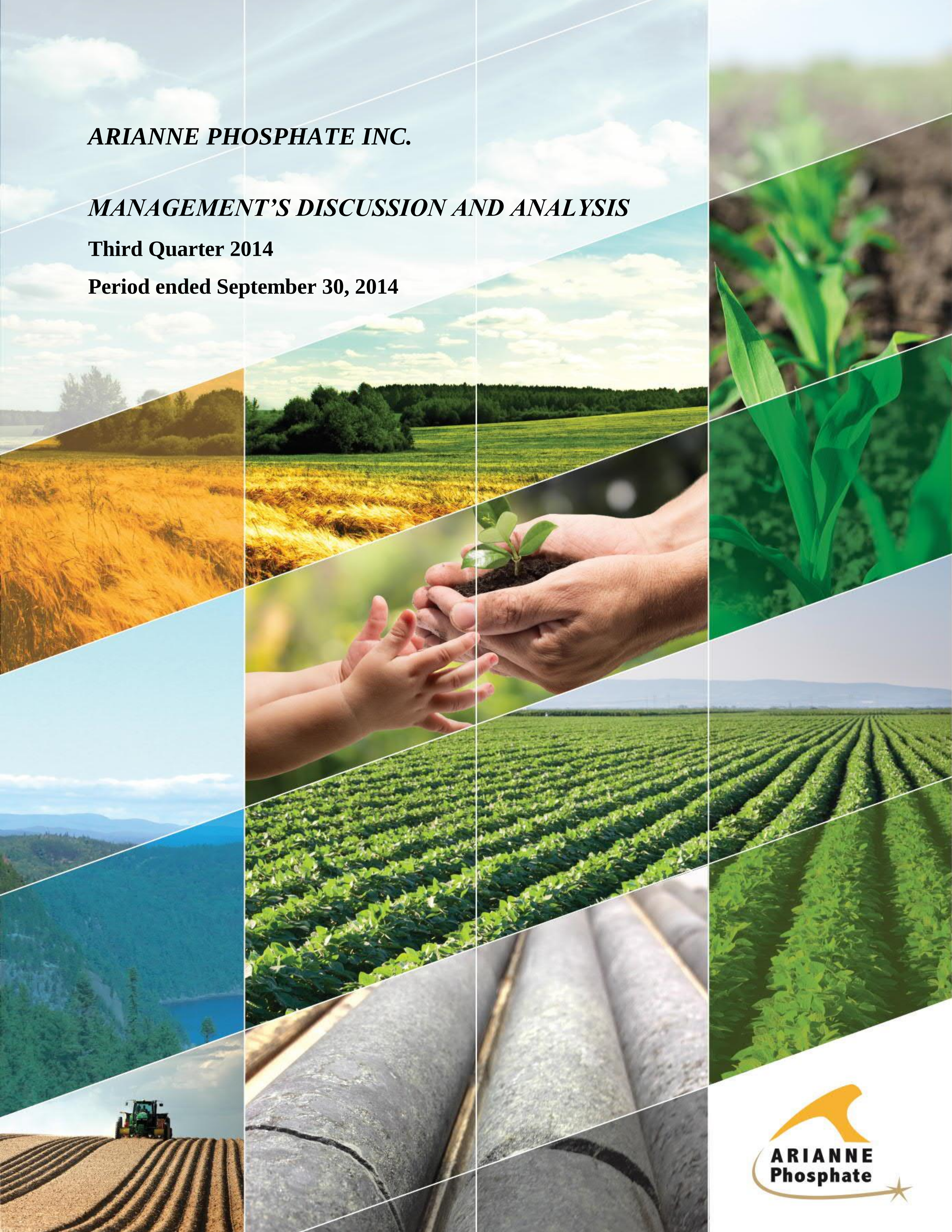
ARIANNE PHOSPHATE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Third Quarter 2014

Period ended September 30, 2014



ARIANNE Phosphate

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Management's Discussion and Analysis ("MD&A") presents an analysis of the financial situation and operation of Arianne Phosphate Inc. ("Arianne" or the "Company") for the period ended September 30, 2014. This report was prepared in compliance with the provisions of Form 51-102F1, approved by the Board of Directors and dated November 12, 2014. It should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended September 30, 2014 (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, 2013, except as noted in note 3. The financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2013 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 start of commercial production in 2018 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.

THIRD QUARTER 2014 HIGHLIGHTS

Q3 2014 Corporate & Financial Highlights

- Announced drilling results from TraMan and Traverse Zones:
  - Addition of 146Mt of inferred resource at 5.30% P2O5 at the TraMan Zone
  - Addition of 17Mt at 5.98% P_2O_5 at the Traverse Zone

- Announced the closing of the first tranche of an $8 Million private placement; the second tranche having been completed in October, led by an investment from the Quebec government, representing 25% of the total.

- Strategic changes to the management :
  - Mr Pierre Fitzgibbon, already director of the Company, is the Executive Chairman of the Board of Arianne.
  - Mr Dominique Bouchard, already director of the Company, is the Vice-Chairman of the Board of Arianne
  - Mr Jean-Sébastien David is COO of the Company.
  - Mr Dino Fuoco is the Chief Financial Officer.

Post-Q3 2014 Highlights

- 13% increase in mineral resources (m+1)[1] located on the Paul Zone
  - An updated estimate on its Paul Zone has increased the resource to 668 million tonnes at 7.01% P_2O_5 with a 4.0% P_2O_5 cut-off grade in the measured & indicated category.
  - Has identified a new inferred resource on the Paul Zone of 38 million tonnes at 6.13% P_2O_5 at 4.0% P2O5 cut-off grade.[1]

- Announced the closing of its second tranche of its $8M private placement financing for gross proceeds of $ 2,369,000. As previously announced by the Company, the Quebec government is participated; investing $2M through Ressources Québec, a subsidiary of Investissement Québec.

- The Company has been awarded the e3 Plus prize at the Quebec Mineral Exploration Association's Awards Evening held October 22nd, in Montreal. This award was presented to Arianne in recognition of its high level of commitment to environmental and social responsibility and, its compliance with the best practices outlined in the Association's online Toolkit.

- Nomination of the chairman to the monitoring committee of Lac à Paul project. This independent committee was formed in accordance to the "Loi des Mines de la government du Québec." The mandate of the independent committee is to Initiate, maintain contact with Arianne and its stakeholders and follow the project, make recommendations to help the Company accomplish its objectives and commitments.

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 flow 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 25.75-year mine life (excluding pre-production) with an average annual phosphate concentrate production of 3 million tonnes with a grade of 38.6% P_2O_5 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 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_2O_5 at a 4.0% cut-off grade (does not include 164 million tonnes of Manouane Zone mineral resources)
- 75.7 million tonnes of saleable concentrate at 38.6% P_2O_5 in proven and probable mineral reserves, considering a cut-off grade of 3.5% P_2O_5, of 472.1 million tonnes at an average grade of 6.9% P_2O_5 (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

Information and news releases (collectively, the "Disclosure Documents") are available under Arianne Phosphate Inc.'s company profile on SEDAR at www.sedar.com. Each Disclosure Document was prepared by or under the supervision of a qualified person (a "Qualified Person") as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

LAC À PAUL PROJECT

Since 2008, the rising price of phosphate rock has made it possible to profitably develop new phosphate projects and bring them into production to meet growing global demand.

Phosphate rock mining is declining in North America, and there is now a production deficit that is expected to increase in the coming years. Within this context, the Lac à Paul project can make up for part of the shortfall and provide a reliable and secure source of high-quality phosphate rock.

Paul Zone Growth potential

The Lac à Paul project has strong growth potential. In Q3 2014, a new resource estimate on its Paul Zone has amounted to 668 million tonnes at 7.01% P_2O_5 with a 4.0% P_2O_5 cut-off grade in the measured and indicated category. In addition, the Company has also identified a new inferred resource on the Paul Zone of 38 million tonnes at 6.13% P_2O_5 at 4.0% P_2O_5 cut-off grade. In addition, during the summer, prospecting identified a promising magnetic anomaly (Naja Zone), located south of the Eastern part of the Paul Zone, wherein visually mineralized samples were taken. The analytical results of these samples are currently being compiled.

Arianne's claims also includes Zone 2 and the Manouane zone. The resource estimates according to NI 43-101 were completed on these zones, and they have respectively 64 million tonnes of inferred resources at 4.55% P_2O_5 and 164 million tonnes of measured and indicated resources at 5.88% P_2O_5, cut-off grade of 2.43% P_2O_5, for which NI 43-101 resource estimates were completed in 2011. In addition, during exploration and drilling programs conducted over the past four years, six other mineralized zones (Nicole, Lise, Lucie, TraMan, Turc and Traverse) were discovered. The firm GoldMinds Geoservices Inc. has completed resource estimates on the Nicole, TraMan and Traverse zones (non-compliant with NI 43-101).

Infrastructure

The project is located 240 km north of the Saguenay–Lac-St-Jean region in Quebec, Canada, an industrial region with a high-quality labour pool and good existing infrastructure which includes hydropower generating stations with sufficient capacity for the project, road networks and a deep-water port.

The Lac à Paul project will be powered by Hydro-Quebec through Rio Tinto Alcan's power system from the Chute-des-Passes generating station, which is located 30 km from the project. A 345-kV to 161-kV step-down substation will be built at Chute-des-Passes. This new substation will supply power through a 161-kV transmission line.

Construction of a permanent camp, a fresh process water system and pumping station, tailings impoundments and a water treatment station is planned during the preproduction phase. A waste rock dump will be built in the course of mining operations.

A tailings storage facility, located just 2 km from the mill, was selected to store and manage the tailings for the 25.75-year life of the Lac à Paul Project.

Phosphate concentrate transport

The phosphate concentrate will be transported by truck from the mine site on an existing logging road to a deep-water port located on the north shore of the Saguenay Fjord.

Because of the spring thaw period, the FS assumes road transport will operate at a reduced rate for 30 days. Consequently, 30 days of product storage (250,000 tonnes) has been included at the port and 21 days of storage (200,000 tonnes) at the mine. This efficient solution will allow the product to be transported directly from the mine to a deep-water port located in the vicinity of Saint-Fulgence/Sainte-Rose du Nord, on the Saguenay River, in operation 365 days a year.

Fieldwork and Heliborne magnetic survey

In January 2014, a high-sensitivity airborne magnetometer survey was conducted over three contiguous blocks, each with different survey parameters, covering the entire project. The HeliMAGer™ gradiometric system was used over a total of 3,164 km of 100-metre spaced flight lines.

This cutting-edge technology helped to better identify the location of small anomalies and improve the contour of larger ones. The results led to a better definition of the mineralization potential of the Lac à Paul project (see Paul Zone Growth potential above)

Drilling and Exploration field campaign

A new program of exploration drilling was carried out from February 3 to March 31, 2014. The program was conducted on two separate zones: the TraMan Zone and the western extension of the Paul Zone. 7,000 meters of rock were drilled and 2,591 analyses were performed. The results of the mineralized intersections along the drilling were disclosed in the press release of June 12, 2014. These results were used for resource estimates made by the firm GoldMinds Geoservices Inc.

During the third quarter, an exploration field campaign was begun during which 3,000 meters of rock were drilled and 781 analyses were performed. The analysis results should be compiled and published for the fourth quarter.

Resource estimate

Following the resource estimates made for the Nicole, TraMan and Traverse Zones, whose results were published in the May 15 and July 16, 2014 press releases, GoldMinds Geoservices Inc. carried out an update on the resources of the Paul Zone which was disclosed in the press release of October 14, 2014.

Metallurgy

Bulk samples of ore (120 tonnes) were collected in fall 2013 on three different lithologies and sent to COREM, Quebec, for metallurgical testing. The tests were conducted in two phases: laboratory validation of the process and then confirmation of the results at the pilot-plant scale.

The first phase, laboratory testing, was completed and the results indicate that the process selected was applicable to all lithologies, with the production of phosphate concentrate containing about 39% P_2O_5 with a recovery rate of over 90%.

All the objectives of this new work were achieved or surpassed, and the campaign has had a successful outcome. Based on the finalized flow sheet, all lithologies from Paul can be readily beneficiated and can be produced with a lower MgO content and a higher percentage of P_2O_5, compared to the concentrate considered for Arianne's October 2013 Bankable feasibility study. Of added benefit, the test work allows the complete elimination of two reagents – starch and sulfuric acid – thereby significantly decreasing production costs and the environmental impact of the process.

First Nations

The three First Nation communities impacted by the Lac à Paul open-pit mine project are: Pessamit, Mashteuiatsh and Essipit. Arianne informs Mashteuiatsh and Pessamit communities about periods during which exploration is carried out on its Lac à Paul project.

The Company is currently awaiting the answer to "agreements in principle" projects submitted to each First Nations in spring 2014. The three First Nation communities impacted are in discussion to decide if there is the possibility to sign a "common agreements in principle".

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

Economic impact of the Project

On January 14, 2014, 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 to the Company.

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 aluminum 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 operations, nearly 1,000 jobs per year and job-related incomes of over $1.6 billion.

Land options and alternative routes in Saint-Fulgence

For several months, the Arianne team analyzed different transport scenarios with the dual goals of finding the best transport solution for the Company's phosphate rock concentrate and, equally important, choosing the option with the least impact for local stakeholders. In November 2013, a working group was put in place by the Municipalité de Saint-Fulgence, including representatives of the Municipalité de Saint-Fulgence, MRC du Fjord-du-Saguenay, Collectif de l'Anse à Pelletier and the Arianne team. After detailed study, the preferred scenario selected was to use the forest roads R-253 and R-200 on "Monts-Valin" and the maritime terminal on the north shore of the Saguenay River.

In June 2014, after the selection of the final transport scenario, it was decided to dissolve the working group and replace it with a new committee. The first meeting was held June 17th in St-Honoré including representatives of the Municipalité de Saint-Fulgence, Municipalité de Sainte-Rose du Nord, MRC du Fjord-du-Saguenay, Port of Saguenay, ZEC Martin Valin and the Arianne team. It should be noted that representatives from Pessamit and Mashteuiatsh were there as observers (representing two of the three First Nations involved in the project).

Port of Saguenay

In January 2014, discussions with the Port of Saguenay led to signing a letter of agreement to cooperate in setting up and an operating an additional shipping dock on the north bank of the Saguenay River in Saint-Fulgence.

Human resources and team growth

Arianne expanded its team with the hiring of new specialized resources to assist in meeting key business objectives.

Environmental Impact Study

As part of the process of obtaining government approval to begin mine construction, the Company has provided the ministry responsible with updates and answers to their questions. The Company remains on track to have the file considered receivable by the Government and a date for launch of the public consultation process, or "Bureau d'audiences publiques sur l'environnement" (BAPE), to be announced this fall.

Quebec Government Interministerial Committee meeting

Arianne continues to meet with Quebec's Interministerial Committee. This committee was set up by the Government to assist Arianne and facilitate the development of the project in all areas where the Quebec Government is involved. This important committee was initially organized in Q4 2013. During the year of 2014, three meetings were held in June, September and October that were all mainly oriented towards financing and permit environmental process.

2014 OBJECTIVES

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

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

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

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 2014, Arianne's activities have been responsible for the emission of 272 tonnes of CO_2 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_2 equivalent (Table 2).

Table 1: Greenhouse gas emissions associated with each of the Company's activities during the nine months of 2014 (in tonnes)

	Total	**Administration and field transportation**	**Drilling**	**Excavation**	**Other**
Work and representation	272	176	67	28	1
Percentage (%)	**100%**	**65%**	**25%**	**10%**	**0%**

Table 2: Summary of offset measures implemented by Arianne as at September 30, 2014

Emissions	**Tonnes**
1999-2010	867
2011	222
2012	963
2013	100
2014	272
Total	**2,424**
Financial equivalents	
Price/tonne CO_2 ($/tonne)	11.39
Amount to offset ($)	27,609
Amounts already invested	**$**
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
Total invested	**39,948**
Additional investment	**12,339**

SUMMARY OF FINANCIAL ACTIVITIES FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2014

The net loss for the three months ended September 30, 2014 totalled $1,260,208 compared with a net loss of $1,675,088 for the same period in 2013.

This decreased loss for the third quarter of 2014 is mainly due to the variation of $384,381 of deferred tax. The amount of deferred tax comes from the method prescribed for recovery of exploration and evaluation assets, since there are indications that the exploration and evaluation assets will be recovered by operations rather than disposal. For the third quarter of 2014, the Company recorded a deferred tax recovery of $25,901.

During the third quarter, there was no write down for the remaining properties that are in connection with the phosphate project versus the prior period, wherein the Company wrote down its Opinaca property by a total of $240,921,

During the year, the interests on the credit line stopped being capitalized and the Company has started to pay the interest expense quarterly. For the third quarter, the interest amount was $213,032.

The net loss for the third quarter also includes $135,235 ($222,454 in September 30, 2013) in share-based compensation expense, a decrease of $87,219 versus the prior period. This decrease is due to the expense related to the value of share purchase options granted forfeited.

SUMMARY OF FINANCIAL ACTIVITIES FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2014

The net loss for the nine months ended September 30, 2014 totalled $4,303,108 compared with a net loss of $5,352,791 for the same period in 2013.

This decreased loss is mainly due to the change in the method of estimating deferred tax, creating a variation of $2,277,980. This amount comes from the method prescribed for recovery of exploration and evaluation assets, since there are indications that the exploration and evaluation assets will be recovered by operations rather than disposal. For the nine-month period ended September 30, 2014, the Company recorded a deferred tax recovery of $217,719.

The loss is also due to the increase in administrative costs related to the Company's greater level of activity for the development of the Lac à Paul project and the increase in public consultations with local communities, shareholders and other stakeholders.

Salaries and benefits increased by $629,391 for the nine months ended September 30, 2014. This increase is due to the additional staff-related costs.

The loss is due to the interest payment of credit line in the amount of $610,052.

The net loss for the nine months ended September 30, 2014 also includes $733,482 (vs. $366,345 for the same period in 2013) in share-based compensation expense, an increase of $367,137 versus the prior period. This increase is primarily due to the expense related to the value of share purchase options granted and the vesting period according to the Stock Option Plan of the Company.

On April 2014, the Company sold to Virginia Mines Inc. its remaining 50% of rights and interests of the Opinaca and Black Dog properties in consideration for the issuance of 15,000 shares of Virginia Mines Inc. representing a value of $180,000 at the transaction date. These properties were fully impaired in 2013 and 2012, respectively, and a gain on disposal of $180,000 was recognized during the period as a result of this transaction.

FINANCIAL POSITION ANALYSIS

For the nine months ended September 30, 2014, the Company recorded a net loss of $4,303,108 and therefore has an accumulated deficit of $33,775,056 as at September 30, 2014.

In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its obligations and pay general and administrative costs. Based on current spending estimates for future project development, Arianne anticipates it will need additional financing in 2015.

Any funding shortfall may be met in the future in a number of ways, including but not limited to the issuance of new debt or equity instruments, expenditures reductions and/or the introduction of joint venture partners and/or business combinations.

While management has been successful in securing financing in the past, there can be no assurance 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 that are acceptable to the Company.

The Company sold to Virginia Mines Inc. the remaining 50% of its rights and interests in the Opinaca and Black Dog properties in consideration for the issuance of 15,000 shares of Virginia Mines Inc. representing a value of $180,000 at the transaction date. Following this transaction, the Company classified these shares as available-for-sale marketable securities. During the three-month period ended September 30, 2014, the Company sold these 15,000 shares of Virginia Mine Inc. for proceeds of disposition of $194,100 less the finance expenses of $1,675, realizing a gain on disposal of $14,100.

The increase in non-current assets as at September 30, 2014, compared with December 31, 2013, is mainly due to the increase in exploration and evaluation assets in the amount $7.4M as a result of the following: the drilling program ($0.6M), stripping and road repairs ($0.3M), general expenses ($0.6M), chemical analysis ($0.2M), line cutting and geophysics ($0.1M), planning and supervision ($0.5M), the professional fees to develop the Lac à Paul project are metallurgical expenses ($1.3M), technical studies ($3.0M) and borrowing costs ($0.8M). Moreover, an amount of $0.3M has been spent for the leasehold improvements.

The accounts payable and accrued liabilities increased because of the expenses of the drilling program, the technical studies on the Lac à Paul project and the metallurgical tests. In addition since June 30, 2014, interest on the credit line stopped being capitalized and is now accrued on a quarterly basis. For the third quarter the amount is $213,032.

The change in capital stock is explained by the exercise of 580,000 stock options, 1,472,500 warrants, 88,000 options granted to brokers and 5,631,000 shares issued in a private placement.

CASH FLOWS AND LIQUIDITY

	Nine-month period ended September 30, 2014 $	**Nine-month period ended September 30, 2013 $**
Cash flows from operating activities before the net change in non-cash operating working capital items	(3,820,088)	(2,522,320)
Net change in non-cash operating working capital items	204,447	(1,241,450)
Operating activities	(3,615,641)	(3,763,770)
Investment activities	(4,933,195)	(8,411,607)
Financing activities	5,712,653	11,244,171
Decrease in cash and cash equivalents	(2,836,183)	(931,206)

Operating activities

For the nine-month period ended September 30, 2014, cash outflows from operating activities totalled $3.6 million, compared with $3.8 million for the nine-month period ended September 30, 2013. The change in non-cash working capital increased by $1.4 million during the nine months of 2014, which is explained by the increase of accounts payable and accrued liabilities.

Investment activities

For the nine-month period ended September 30, 2014, cash flows used in investing activities amounted to $4.9 million, primarily reflecting outflows related to the acquisition of exploration and evaluation assets and the continuation of studies on the Lac à Paul project for an amount of $6.1 million, to the acquisition of property, plant and equipment assets for an amount of $0.4 million and are offset by the receipt of the refundable tax credit for resources from the Government of Quebec of $1.4 million. During the third quarter, the Company sold 15,000 shares of Virginia Mines Inc. for proceeds of disposition of $194,100 less the finance expenses of $1,675.

Financing activities

For the nine-month period ended September 30, 2014, cash flows from financing activities totalled $5.7 million compared with $11.2 million in 2013. The decrease is primarily due to the fact that the credit line was fully drawn in 2013 for $12.5 million and there was a repayment in Q1 2014 of the $1.5 million loan which was partially offset by the receipt of proceeds from the exercise of warrants, stock options and options granted to broker of $2.0 million and $5.6 million received from the private placement less share issuance expenses of $0.5 million.

FINANCING

Since early 2014, the Company has received a total of $2.0 million from the exercise of 1,472,500 warrants, 580,000 stock options and 88,000 options granted to brokers.

On July 31, 2014, the Company closed the first tranche of a private placement financing for gross proceeds of $5,631,000. On October 16, 2014, the Company closed the second tranche of a private placement financing for gross proceeds of $2,369,000. Directors and officers of the Company subscribed to the private placement for aggregate gross proceeds of $216,000.

Under the terms of the private placement ("Offering"), the Company issued 8,000,000 units at a price of $1.00 per Unit. Each Unit comprises one common share and one half of one common share purchase warrant. Each warrant entitles its holder to purchase one common share at a price of $1.25 per share until July 31, 2016 for 2,815,500 warrants and until October 14, 2016 for 1,184,500 warrants. If at any time after four months and one day following the closing date, the trading price of the common shares on the Exchange is equal to or exceeds $1.75 for a period of twenty consecutive trading days, as evidenced by the price at the close of market, the Company shall be entitled to notify the holders of warrants of its intention to force the exercise of the warrants. Upon receipt of such notice, the holders of the warrants shall have 30 days to exercise the warrants, failing which the warrants will automatically expire.

In connection with the Offering, the Company paid Windermere Capital (Canada) Inc. ("Windermere"), acting as agent for the private placement, a commission of $447,750 and issued to Windermere 447,750 non-transferable agent warrants. Each agent warrant entitles Windermere to purchase one common share of the Company at a price of $1.00 per share until July 31, 2016 for 422,325 agent warrants and until October 14, 2016 for 25,425 agent warrants. The fair value of warrants granted amounted to $72,334.

All securities issued in connection with the Offering are subject to a regulatory hold period of four months and one day expiring on December 1, 2014 for a first tranche and February 16, 2015 for a second tranche.

Working capital

As at September 30, 2014, the Company had working capital of $3,279,634 including $4,060,148 in cash and cash equivalents wherein there is $211,964 in cash reserved for exploration and evaluation related to flow-through financing completed in December 2013.

The financial statements do not reflect any adjustments in the carrying values of assets and liabilities, reported expenses, and statement of financial position classifications used that would be necessary if the going concern basis was not appropriate. Such 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. If management is not able to obtain new financing, the Company may be unable to continue its operations, and amounts realized for assets may be less than the amounts reported in the financial statements.

SUMMARY OF QUARTERLY RESULTS

	December 31, 2012 $	**March 31, 2013 $**	**June 30, 2013 $**	**September 30, 2013 $**	**December 31, 2013 $**	**March 31, 2014 $**	**June 30, 2014 $**	**September 30, 2014 $**
Net loss	(2,729,669)	(2,169,703)	(1,508,001)	(1,675,090)	(1,055,045)	(1,405,964)	(1,636,936)	(1,260,208)
Basic and diluted net loss per share	(0.02)	(0.01)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)	(0.01)

For each quarter of fiscal 2012, 2013 and 2014, the information contained in the summary of quarterly results is presented in accordance with International Financial Reporting Standards ("IFRS"). The amounts in this table are presented in Canadian dollars, which is also the functional currency.

RELATED PARTY TRANSACTIONS

	Nine-month period ended September 30, 2014 $	**Nine-month period ended September 30, 2013 $**
Transactions with a Company controlled by the former Chief Executive Officer		
Exploration and evaluation assets	-	27,900
Insurance and other	-	12,000
Management fees	-	18,091
Balance included in accounts payable and accrued liabilities	-	57,991

	Nine-month period ended September 30, 2014 $	**Nine-month period ended September 30, 2013 $**
Key management compensation (1)		
Share-based compensation	70,086	366,345
Government-defined contribution plan	-	9,710
Management fees	206,664	217,500
	276,750	593,555
Salaries and fringe benefits (2)	587,043	348,587
	863,793	942,142

(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 and included an amount of $86,328.

The Company has entered into employment and management contracts with its key executives whose estimated annual remuneration amounts to $715,000. 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 September 30, 2014, the Company would have had to pay a total amount of $607,500 as severance. If a change of control had occurred on September 30, 2014, the total amounts payable to the executive team in respect of severance would have totaled $1,430,000.

OFF BALANCE SHEET ARRANGEMENTS

As at the date of this report, the Company has no 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, without limitation, such considerations as liquidity and capital resources.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

a) The Company has granted the lender of the August, 2012 credit line a royalty of $1 per tonne 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 tonne 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's future minimum operating lease payments for the rent in Chicoutimi and Montreal offices, truck rentals and Lac à Paul camp are as follows:

	Within 1 year	**1 to 5 years**	**After 5 years**	**Total**
September 30, 2014	$102,397	430,925	-	$533,322

c) During the third quarter, the Company announced the resignation of the CEO, Brian Kenny. The Company agrees to pay $6,000 per month to the former CEO for a period of four months and an amount of $24,000 in exchange for the Consultant Services.

APPLICATION OF NEW AND REVISED IFRS

The 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 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 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.

FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company's financial instruments, financial risk and capital management are presented and described in the unaudited financial statements for the period ended September 30, 2014.

INFORMATION ON OUTSTANDING SHARES

95,325,755 common shares are issued and outstanding as at November 12, 2014. Also, there are 9,217,500 warrants, 6,153,333 share purchase options and 792,659 options granted to brokers in circulation.

(s) Siva J. Pillay
Siva J. Pillay
Director and Chair of the Audit Committee

(s) Dino Fuoco
Dino Fuoco
Chief Financial Officer

Board of Directors and Officers

Pierre Fitzgibbon, Executive 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, President and Chief Operating Officer
Dino Fuoco, Chief Financial Officer
Daniel Boulianne, Vice President Exploration

Ticker symbols

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

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