



ARIANNE PHOSPHATE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SIX-MONTHS ENDED JUNE 30, 2026



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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 six months ended June 30, 2026. This report was prepared in compliance with the provisions of Form 51-102, approved by the Board of Directors and dated August 31, 2026. It should be read in conjunction with the unaudited condensed interim consolidated financial statements for the six-month periods ended June 30, 2026, and 2025, (the "financial statements") and the consolidated audited financial statements for the years ended December 31, 2025, and 2024.

The Company's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. All monetary amounts included in this MD&A are expressed in Canadian dollars, the Company's reporting, and functional currency, unless otherwise noted.

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, 2025.

Raphael Gaudreault, mining engineer, chief operating officer of Arianne, qualified person under Regulation 43-101, has reviewed the following technical disclosure.

Further information regarding the Corporation and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR+) in Canada and can be found on www.sedarplus.ca.

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.

Arianne ensures to comply with all relevant environmental and social laws, regulations and permits in all material respects.

DESCRIPTION OF THE BUSINESS

Arianne is a company focused on the development of the Lac à Paul phosphate 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 OTCQX Market (OTCQX) (symbol DRRSF). The registered office of the Company is located at 901 Talbot Blvd., Suite 302, Chicoutimi, Québec, Canada G7H 6N7.

HIGHLIGHTS IN DEVELOPMENT ACTIVITIES

- On June 2nd, 2026, the Company announced that it had signed its Joint Venture Framework Agreement with Travertine Technologies Inc. ("Travertine") which will serve as the template for its final shareholder agreement between the parties. As previously announced on November 6, 2025, Arianne partnered with Travertine, by way of a Memorandum of Understanding ("MoU"), for the production of purified phosphoric acid ("PPA") by combining Travertine's proprietary process with Arianne's high-purity phosphate concentrate. Later in June, Arianne announced that it had successfully completed the production of purified phosphoric acid ("PPA") with its partner Travertine Technologies. On July 9, 2026, Arianne announced that it shipped samples of purified phosphoric acid ("PPA") to potential customers for testing. The samples shipped were successfully produced at pilot scale by combining Arianne's high-purity, low-contaminant phosphate concentrate with Travertine Technologies' (the "Partnership") proprietary process for producing PPA while allowing for the recapture of the sulphuric acid used in the process.
- In May 2026, the Company announced that phosphoric acid has been successfully produced on a continuous basis using its high-purity phosphate concentrate. This accomplishment marks the first time phosphoric acid has been continuously produced in the Province from a Quebec-sourced apatite concentrate in over 130 years. This work was done in partnership with Corem and with the support of Natural Resources Canada (NRCan).
- On April 21, 2026, the Company announced that it has entered into an option agreement for a facility to be used in the production of purified phosphoric acid. Refer to section OPERATIONAL REVIEW AND HISTORY - MOU WITH TRAVERTINE TECHNOLOGIES.
- In April 2026, the Company released that it has received very positive preliminary results from ongoing testing designed to better qualify the production split of the phosphoric acid derived from the Company high-purity phosphate concentrate. Results received from Corem indicate that up to 80% of the acid could be upgraded to purified phosphoric acid.
- During January 2026, the Company released that a recent program resulted in the production of a higher content, higher purity phosphate than ever previously achieved at a grade of 41.5% P₂O₅.

HIGHLIGHTS

- In August 2026, the Company announced that its Lac à Paul phosphate project is one of the first projects selected to benefit from the "Filon" service. The "Filon" support service was established by Québec's Ministère des Ressources naturelles et des Forêts (MRNF). This initiative aims to strengthen government coordination and support the advancement of strategic mining projects within the provincial authorization process. Filon's objective is to facilitate exchanges between mining proponents and the ministries and agencies responsible for issuing authorizations and permits, in accordance with the Québec Strategy for the Development of Critical and Strategic Minerals 2025-2031.
- On March 12, 2026, the Company announced it has entered into an agreement with its senior secured lender Mercury Financing Corp to extend until September 30, 2027, its three existing credit facilities. The amended and restated credit agreement was finalized on March 31, 2026.
- On March 17, 2026, the Company announced it has engaged Global One Media Group Pte. Ltd. ("Global One"), a global marketing and media firm, to support the Company's digital communications strategy. Global One will assist Arianne with the production of content, including

video interviews and related corporate communications and, the subsequent distribution of the content through digital channels and media platforms. They will receive a monthly fee of US \$6,500 for a minimum period of six months, with a three-months pre-payment of US \$19,500.

OBJECTIVES

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

- Following favorable results on the PFS study started in January 2024, the Company will decide when to start a feasibility study on a PPA plant project. Work toward this decision is still ongoing;
- Continue to optimize its Lac à Paul project and the direct application research ongoing, and maintain the mineral claims and permits in good standing;
- Secure financing for construction and development of the Lac à Paul project; and
- Sign an "Impact and Benefit Agreement ("IBA") with the First Nations.

The activities contemplated above are always subject to matters and timelines that are not within the exclusive control of Arianne. These factors include the ability to obtain, on terms acceptable to Arianne, financing, governmental and other third parties' approvals, licenses, rights of way and surface rights.

OPERATIONAL REVIEW AND HISTORY

Although 85% of the world's phosphate production is used in fertilizer, there is a growing demand from other specialty applications. Due to the nature of Arianne Phosphate's deposit, it allows the Company to produce a very high-purity, low-contaminant phosphate concentrate that can be used for other applications, as well as, for fertilizer. Arianne has been active in pursuing several opportunities that would allow its product a greater potential customer base.

LITHIUM-IRON-PHOSPHATE (LFP) BATTERY

Over the last several years, the LFP battery has been gaining greater penetration among certain segments of the automotive industry with, several large companies increasing the number of vehicles using these batteries. Since the beginning of 2023, major automobile companies announced the construction of their LFP plants in the United States and Canada, while others are considering adopting LFP batteries. Further, the LFP battery is also used in Energy Storage Systems ("ESS") and are expected to be a major contributor to demand for LFPs.

The U.S. government has accelerated efforts to strengthen critical supply chains by awarding grants to a range of companies across the battery industry, including those developing purified phosphoric acid facilities. A constraint on some of the current battery technologies has been the ability to source both an ample and safe supply of the necessary materials to produce these batteries, a challenge that is impacting the industry. In the case of LFP batteries, both iron and phosphate are easier to source and, should provide for the substantial growth that is expected to come over the next few years.

Purified phosphoric acid has gained considerable interest over the last few years as it is an important ingredient in the LFP battery. Currently, the supply of PPA is constrained, especially outside of China, as it has historically been used in food preservatives and other industrial applications, and now, the LFP is rapidly encroaching on existing supply.

Arianne's high-purity concentrate can work across a wide spectrum of needs, from fertilizer through to more advanced applications, and Arianne's location in a safe geopolitical environment provides security of supply for those looking to source their phosphate from safer jurisdictions.

Arianne completed a pre-feasibility study with Prayon (see Press Release dated October 30, 2019) several years ago and, given the demand for purified phosphoric acid, the Company continues to look at opportunities to expand further downstream and be a producer for the LFP market. Arianne phosphate concentrate responded extremely well during the process in 2019. Further, because of the high-quality nature of the Arianne phosphate concentrate input, the gypsum by-product produced during the process appears to have commercial value, as opposed to the typical contaminated waste generated by using traditional phosphate rock sources.

Tests were performed during 2022, using phosphoric acid samples produced by Prayon Technologies, a division of PRAYON S.A. ("Prayon"), a world leader in the production of purified phosphoric acid and, a necessary ingredient in the production of LFP batteries. The report extensively details the full process of converting Arianne's phosphate concentrate into acid, reviewed various methods of doing so, optimized performance/recoveries and provided full specifications. Aside from the reports, Arianne also received samples of the purified phosphoric acid made from its phosphate concentrate and produced through the process. Both reports and samples are currently being made available to companies interested in having access to Arianne's phosphate concentrate or products made from it.

The LFP market represents an important opportunity for the Company, highlighted even more with apatite's (phosphate) addition to the Quebec critical and strategic mineral list. In pursuing this market, Arianne will be able to move beyond being a producer and seller of concentrate but also become a dominant player in the high-purity, battery, and specialty markets. As well, with the production of purified phosphoric acid from phosphate concentrates originating from the Saguenay-Lac-St-Jean region, the Company will benefit from significantly enhanced economics and allow the Saguenay region to establish itself within the global battery ecosystem.

In June 2024, the Company received a positive final report on the PFS on the construction of a PPA plant situated in the Saguenay region of Quebec and, with easy access to major North American battery hubs such as Bécancour, Quebec, the US "battery-belt" in the southeast and the American automotive industry in Michigan and surrounding states. The report considers a maximum yearly capacity of 350,000 tonnes of battery-grade PPA, which would make Arianne one of the largest producers outside of China and capable of addressing a significant portion of Western battery requirements. Further, the facility would also produce over 200,000 tonnes of a secondary premium phosphoric acid used for animal feeds and specialty fertilizers. Due to projected closures both in North America and Europe, this secondary market will be greatly underserved and provide additional economic opportunity to Arianne.

The PFS included a purified phosphoric acid plant and a sulphuric acid production plant, both located on the south shore of the Saguenay River.

The study shows that by choosing to construct its own plant to produce sulphuric acid, the operation would substantially reduce the environmental risk associated with transporting material in acid form and, greatly reduce the needs from a transportation infrastructure by moving three times less the material.

Further, by producing sulphuric acid through the direct input of sulphur, the facility would be able to be a net producer of electricity through the capture of steam through turbines that will generate electricity. This power would allow the facility to run without the requirement of external energy sources and allow the facility to sell its excess electricity into the electrical grid for the benefit of the regional community.

The Company is evaluating the next steps following the receipt of that favorable study. Since the end of the year ended December 31, 2024, the Company commenced further studies to optimize the ratio of PPA to second-tiered acid, which would enhance the profitability profile of the facility and generate additional capacity. A contribution funding of up to \$735,000 to support the work on processing phosphate rock and optimizing the purified phosphoric acid process was approved by the Government of Canada. With that grant, the Company was able to announce preliminary results from Corem indicating that up to 80% of the acid could be upgraded to purified phosphoric acid ("PPA"), a premium-priced end-product used in advanced applications such as the LFP battery and, as a direct food additive.

MOU WITH TRAVERTINE TECHNOLOGIES

On November 5, 2025, Arianne has partnered, by way of a MoU, with Travertine Technologies Inc. ("Travertine") to produce purified phosphoric acid by combining Travertine's proprietary process with Arianne's high-purity phosphate concentrate. The framework of a joint venture agreement was executed in June 2026.

Travertine's phosphate process produces PPA from phosphate concentrate using recycled sulfuric acid, eliminating a substantial cost associated with PPA production. Further, this process eliminates phosphogypsum waste, while producing carbon-neutral or carbon-negative materials for cements, making it environmentally friendly. Arianne's phosphate concentrate is a perfect feedstock for this process given its high-purity, low-contaminant nature. Current work is on-going to advance engineering on a Phase 1 small commercial facility expected to produce PPA for use in lithium iron phosphate ("LFP") cathode active materials ("CAM") production.

Travertine is currently operating an RD&D and engineering facility in Colorado and a demonstration plant in New York State. The partnership roadmap advances through progressively larger PPA production, gaining greater economies of scale, while building an all-North American supply chain through offtake partnerships with LFP CAM, battery, and Auto OEMs.

On April 21, 2026, the Company announced it has entered into an option agreement for a facility to be used in the production of purified phosphoric acid. Situated in the Saguenay-Lac-Saint-Jean region, the option covers a portion of the infrastructure operated by Énergie Milot, a producer of thermal energy from forest biomass. Located within the Saint-Ludger-de-Milot industrial park, the site has full access to the utilities required for the proper operation of the project. There is no cost associated to that option.

Following the establishment of the partnership, Arianne provided samples of its phosphate concentrate to be processed at Travertine's facility in Boulder, Colorado. Pilot scale testing was successfully performed demonstrating proof of concept on the process and production of a high-quality PPA. Further, Travertine has demonstrated that over 95% of the sulphur used in the process of making PPA can be recaptured and recycled, providing a virtually closed loop system. The PPA produced using the process met specifications required for LFP batteries as well as other technical-grade applications. Samples were sent to potential customers for testing in July 2026 and the Company is waiting on their review.

DIRECT APPLICATION

Arianne is working with Rivière-du-Loup Cégep on the development of a new breed of fertilizers using organic waste and Arianne's high-purity, low-contaminant phosphate concentrate.

In October 2023, the Company and the CEGEP of Rivière-du-Loup's Environmental and Biotechnology Group ("GERB") received a \$727,500 three-year grant for the development of a promising organic fertilizer. The project is ongoing, led by the partners.

Arianne is also working with Northern Nutrients of Saskatchewan and has provided its phosphate concentrate to be combined into Northern Nutrient's proprietary fertilizer compositions to derive a multi-nutrient fertilizer that can be directly applied to the farmer's field. Testing of this new and proprietary fertilizer occurred over the summer 2022. The results received by Northern Nutrients were conclusive and more tests could be performed in the future; the next steps have not been established by them.

Currently, the industry practice is to take mined phosphate concentrate and ship it to a phosphoric acid facility. There, it is combined with sulphuric acid and other ingredients to make 'downstream' phosphate-based fertilizers such as MAP and DAP. By working with both research and commercial organizations, Arianne is looking at ways to alter the traditional process and combine its concentrate with organic waste or other bacteria that would allow its phosphate concentrate to effectively be used in farming without the requirement of traditional acidulated fertilizer products.

For the agricultural industry, it could allow the farmer the ability to move away from acid-based processes and, by integrating with organic waste, allow for a more circular and environmentally friendly process. Logistically, it would also allow Arianne to be less reliant on downstream facilities to purchase its phosphate and transform it into fertilizers. Refer to section LITHIUM-IRON-PHOSPHATE (LFP) BATTERY.

HYDROGEN-BASED TECHNOLOGY

Currently, electrolyzers have three main challenges for mass production: performance, durability, and cost. The current research centers on the use of phosphate-based materials in the components of the electrolyser and would address these challenges. Phosphate does allow for greater ionic conductivity and will optimize hydrogen production.

Arianne Phosphate is working with the Université du Québec à Trois-Rivières ("UQTR") to assess the use of Arianne's high-purity phosphate concentrate in electrolyzers that produce hydrogen for use in hydrogen fuel cells. UQTR's work is focusing on designs around the proton exchange membrane ("PEM"). The project is ongoing, led by the partners.

OFFTAKE AGREEMENTS

In September and December 2018, the Company announced the formal execution of two offtake agreements. Under the terms of those agreements, the buyers have entered into long-term contracts to purchase Arianne's high-purity phosphate concentrate which will be shipped to the buyers' processing plant for further processing into downstream phosphate products. The offtake agreements also have a mechanism whereby it can be extended beyond the initial contract period and applies pricing that accounts for the high quality of Arianne's concentrate. The Company is conducting ongoing discussion and negotiations with additional potential customers and off-takers.

At the end of 2021 and beginning of 2022, Arianne had extended the commencement date of commercial production in existing offtake agreements, which demonstrates the interest of the market in our rock and the support we receive from our future clients.

As the Company has indicated, Arianne is pursuing the construction of a downstream facility to produce a high-purity phosphoric acid to take advantage of shifting market demands and superior economics. The Company's downstream asset would be a major buyer of phosphate concentrate from the Lac a Paul mine therefore reducing Arianne's interest in being a seller of phosphate concentrate to other customers. As such, the Company is revisiting its phosphate concentrate offtake agreements and may let some or all of these agreements lapse. During the last quarter of 2024, the Company decided not to extend one of the offtake agreements with an expiration in 2024. The other contract is still valid.

PAUL PROJECT RESERVES

Proven and Probable (P&P) reserves estimated in the Feasibility study published in October 2013 are presented in the next table.

RESERVE	PAUL ZONE	
	Cut-off grade ("COG"): 3.5% (P ₂ O ₅)	
	TONNAGE (MT)	GRADE (%P ₂ O ₅)
PROVEN	313.71	6.92
PROBABLE	158.38	6.80
TOTAL (P+P)	472.09	6.88

Notes:

1. Mr. Alex Topalovic, Manager Mining, WorleyParsons Canada Services Ltd, Independent Qualified Person as per NI43-101, has prepared the mineral reserves with assistance of Amanda Fitch (P.Eng, Ing.) and John Cairns (P.Eng)
2. Effective: 2013-10-15
3. Fx (CAD:USD): 0.9524
4. Avg. operating costs: 93.7 USD
5. Concentrate Selling price: 213 USD/tonne.
6. Mineral Reserves are supported by a 43-101 compliant Technical Report "Feasibility Study to Produce 3Mtpy of High Purity Apatite Concentrate at the Lac a Paul Project, Québec, Canada."
7. The Mineral Reserves would not be materially affected by environmental, permitting, legal, marketing, and other relevant issues based on information currently available.
8. Reference: Press release 2013-10-24
9. Supporting documentation is available on SEDAR+ under the Company's profile at www.sedarplus.ca.

PAUL PROJECT RESOURCES

Through further exploration activities completed in 2014, additional resources were estimated on the project. All the up-to-date resources of the Lac à Paul project are presented in the next tables.

RESOURCE	PAUL ZONE + E EXT. + W EXT	
	COG: 4.0% (P ₂ O ₅)	
	TONNAGE (MT)	GRADE (%P ₂ O ₅)
MEASURED (M)	317,640	7.29
INDICATED (I)	385,060	7.05
TOTAL (M+I)	702,700	7.16
INFERRED	26,010	6.58

1. Mr. Claude Duplessis, Ing, GoldMinds Geoservices Inc., Independent Qualified Person as per NI43-101, has prepared the mineral resources with assistance of Mr. Merouane Rachidi PhD. Géo.
2. Effective: 2015-02-18. All Mineral Resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum (CIM) definitions (2014), as required under 43-101.
3. Mineral Resources are inclusive of Mineral Reserves.
4. Numbers may not add due to rounding.
5. Mineral Resources reported demonstrate reasonable prospect of eventual economic extraction, as required under NI 43-101.
6. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
7. The Mineral Reserves would not be materially affected by environmental, permitting, legal, marketing, and other relevant issues based on information currently available.
8. Supporting documentation is available on SEDAR+ under the Company's profile at www.sedarplus.ca.

RESOURCE	MANOUANE COG: 2.43% (P ₂ O ₅)	
	TONNAGE (MT)	GRADE (%P ₂ O ₅)
MEASURED (M)	136.9	5.93
INDICATED (I)	26.9	5.64
TOTAL (M+I)	163.8	5.88
INFERRED	-	-

RESOURCE	SOUTH TRAMAN COG: 3.5% (P ₂ O ₅)	
	TONNAGE (KT)	GRADE (%P ₂ O ₅)
MEASURED (M)	-	-
INDICATED (I)	-	-
TOTAL (M+I)	-	-
INFERRED	146,000	5.30

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| <ol style="list-style-type: none"> 1. Mr. Claude Duplessis, Ing, SGS Canada Inc., Independent Qualified Person as per NI43-101, has prepared the mineral resources. 2. Effective: 2011-11-08. All Mineral Resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum (CIM) definitions (2010), as required under 43-101. 3. Mineral Resources are inclusive of Mineral Reserves. 4. Numbers may not add due to rounding. 5. Mineral Resources reported demonstrate reasonable prospect of eventual economic extraction, as required under NI 43-101. 6. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. 7. The Mineral Reserves would not be materially affected by environmental, permitting, legal, marketing, and other relevant issues based on information currently available. 8. Supporting documentation is available on SEDAR+ under the Company's profile at www.sedarplus.ca. | <ol style="list-style-type: none"> 1. Mr. Claude Duplessis, Ing, GoldMinds Geoservices Inc., Independent Qualified Person as per NI43-101, has prepared the mineral resources. 2. Effective: 2014-07-16. All Mineral Resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum (CIM) definitions (2014), as required under 43-101. 3. Mineral Resources are inclusive of Mineral Reserves. 4. Numbers may not add due to rounding. 5. Mineral Resources reported demonstrate reasonable prospect of eventual economic extraction, as required under NI 43-101. 6. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. 7. The Mineral Reserves would not be materially affected by environmental, permitting, legal, marketing, and other relevant issues based on information currently available. 8. Supporting documentation is available on SEDAR+ under the Company's profile at www.sedarplus.ca. |
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RESOURCE	NICOLE COG: 3.5 % (P ₂ O ₅)	
	TONNAGE (KT)	GRADE (%P ₂ O ₅)
MEASURED (M)	-	-
INDICATED (I)	-	-
TOTAL (M+I)	-	-
INFERRED	78,200	5.34

RESOURCE	TRAVERSE COG: 3.5 % (P ₂ O ₅)	
	TONNAGE (KT)	GRADE (%P ₂ O ₅)
MEASURED (M)	-	-
INDICATED (I)	-	-
TOTAL (M+I)	-	-
INFERRED	17,000	5.98

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| <ol style="list-style-type: none"> 1. Mr. Claude Duplessis, Ing, GoldMinds Geoservices Inc., Independent Qualified Person as per NI43-101, has prepared the mineral resources. 2. Effective: 2014-05-15. All Mineral Resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum (CIM) definitions (2014), as required under 43-101. 3. Mineral Resources are inclusive of Mineral Reserves. 4. Numbers may not add due to rounding. 5. Mineral Resources reported demonstrate reasonable prospect of eventual economic extraction, as required under NI 43-101. 6. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. 7. The Mineral Reserves would not be materially affected by environmental, permitting, legal, marketing, and other relevant issues based on information currently available. 8. Supporting documentation is available on SEDAR+ under the Company's profile at www.sedarplus.ca. | <ol style="list-style-type: none"> 1. Mr. Claude Duplessis, Ing, GoldMinds Geoservices Inc., Independent Qualified Person as per NI43-101, has prepared the mineral resources. 2. Effective: 2014-07-16. All Mineral Resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum (CIM) definitions (2014), as required under 43-101. 3. Mineral Resources are inclusive of Mineral Reserves. 4. Numbers may not add due to rounding. 5. Mineral Resources reported demonstrate reasonable prospect of eventual economic extraction, as required under NI 43-101. 6. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. 7. The Mineral Reserves would not be materially affected by environmental, permitting, legal, marketing, and other relevant issues based on information currently available. 8. Supporting documentation is available on SEDAR+ under the Company's profile at www.sedarplus.ca. |
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METALLURGY

In 2020, the Company conducted metallurgical tests performed at COREM Labs in Quebec City, Canada. Arianne weighed the benefits of using a different collector agent sourced from NordChem, a Canadian-based company that provides tailor-made chemicals to the mining industry. Results from these tests demonstrated that Arianne could produce a phosphate concentrate averaging 40.25% P_2O_5 with recoveries ranging between 91.1% and 93.2% and, combined with the rapidity with which this collector acts, would also produce cost savings in the production of our high purity concentrate.

In 2020, Arianne also received further results from tests designed to optimize its metallurgical process. The process was run at lower water temperatures to simulate the water temperatures available at site through most of the operating year. Using water at 4°C, as opposed to the originally tested 20°C, showed no adverse effect on the recoveries or quality of Arianne's phosphate concentrate and thus, will allow Arianne to produce the same quality product while reducing the time and costs associated with heating.

The tests conducted in 2013 for the feasibility study demonstrated the possibility of producing an apatite concentrate containing 38.6% P_2O_5 with a recovery of 90%. Additional tests carried out at the request of potential clients have significantly improved the quality of the concentrate by lowering the content of certain contaminants, thus reducing the minor elements ratio (MER) from 0.089 to 0.030. These tests allowed us to produce more than one tonne of concentrate with a 40% P_2O_5 content. During 2025, as released in January 2026, the Company was able to increase the P_2O_5 content to 41.5%.

PHOSPHATE INDUSTRY TRENDS

The ongoing conflict in the Middle East represents a risk to producers of phosphate products in the region. Further, the possibility of trade wars with the United States could be a disruption to the global trade of phosphates. Canada, in particular, has no domestic production of phosphate and any tariffs implemented could have a negative impact on farmers in the country. This continues to highlight the importance of a safe geopolitical jurisdiction.

Global demand for phosphate is expected to increase over the medium and long term due to global population growth and a shift in dietary habits towards more protein-rich foods, before taking into consideration the additional needs related to LFP batteries. Within this context, the Lac à Paul project can satisfy a portion of this growing demand and provide a reliable and secure supply of high-quality phosphate rock. Phosphate has no substitute in agriculture and is a key component essential to life. It helps root development and drought resistance in plants.

Phosphate purchasers (potential customers) are concerned with the security of supplies and are aware of the beneficial geopolitical situation regarding the region where the mine is located. The Lac à Paul project is located in a politically stable mining-friendly jurisdiction. As well, as a result of European legislation and environmental issues in North America, there has been a growing awareness surrounding the nature of the phosphate concentrate that is used in the production of fertilizer and other applications. Due to these growing concerns, the interest in higher purity phosphate rock, such as Arianne's, is projected to increase. Supply has also been constrained by China's export ban on phosphate fertilizers and now, the restriction on exports from Russia.

SELECTED INFORMATION

DESCRIPTION	SIX MONTHS ENDED JUNE 30, 2026	YEAR ENDED DECEMBER 31, 2025
	\$	\$
Cash and cash equivalents (a)	883,734	2,084,216
Total assets (a)	64,726,878	65,856,327
Total liabilities (b)	31,599,180	34,417,092

- (a) The variations in total assets and cash and cash equivalents are mostly related to normal activities of the Company during the period that are mainly expensed, including the work on the PPA split and studies required for the decree extension.
- (b) The decrease in the liabilities is mostly due to the revision of the timing of the cash flows related to the production fees buy-back in 2025 and the restatement and amendment of the credit line in March 2026.

SIX-MONTH PERIODS ENDED JUNE 30, 2026 AND 2025

DESCRIPTION	SIX-MONTH PERIOD ENDED JUNE 30, 2026	SIX-MONTH PERIOD ENDED JUNE 30, 2025
	\$	\$
Net loss	4,510,928	6,975,333
Basic and diluted loss per share	0.02	0.03

During the six-month periods ended June 30, 2026, and 2025, the significant variations included in Net loss were the following:

	SIX-MONTH PERIOD ENDED JUNE 30, 2026	SIX-MONTH PERIOD ENDED JUNE 30, 2025
	\$	\$
Management fees (i)	50,010	-
Direct application projects and prefeasibility study (ii)	157,155	465,629
Finance costs (iii)	3,304,500	5,614,434

- (i) Since September 2025, the Company pays management fees to the executive chairman (\$Nil in 2025).
- (ii) The Company expensed research work done on direct application for the rock concentrate, and the related salaries were therefore not capitalized. These projects had an impact on professional and consultant fees and work done on the PPA produced itself in 2025. During 2026, the Company received portions of the support from NRCan, which was accounted against the related expenses.
- (iii) The finance costs for 2025 are related to the accretion on the credit line and includes the accretion and change in fair value of the embedded derivatives on the convertible debenture. For 2026, a gain is related to the restatement and amendment of the credit line, which was accounted for as a debt extinguishment, and reduce the accretion and interest on the credit line.

CASH FLOWS, GOING CONCERN AND CAPITAL MANAGEMENT

As at June 30, 2026, the Company had a negative working capital of \$3,877,910 (negative working capital of \$27,996,435 in 2025). The working capital includes the convertible debenture of \$4,819,402 as at June 30, 2026, even if the repayment is due in 2027 because the convertible option is a derivative and not an equity item. Management estimates that the working capital will not be sufficient to meet the Company's obligations and budgeted operating and development expenditures for the next 12 months. These circumstances are indicative of the existence of material uncertainties that may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Subsequent to the end of the period, warrants were exercised for a total of \$1,282,418.48.

WORKING CAPITAL

The working capital was negative \$3,877,910 as at June 30, 2026, compared to a negative working capital of \$27,996,435 as at December 31, 2025. The increase is due to the credit line that is in the long-term liability as the maturity is September 30, 2027, compared to March 31, 2026 before the amendment. The convertible debenture is also included in the working capital as the convertible option is a derivative, even if the repayment is due in 2027.

CASH FLOWS PROVIDED BY (USED IN)	SIX-MONTH PERIOD ENDED JUNE 30, 2026	SIX-MONTH PERIOD ENDED JUNE 30, 2025
	\$	\$
Operating activities	(1,219,409)	(1,209,944)
Investment activities	33,441	(72,256)
Financing activities	(14,514)	(25,985)
Change in cash and cash equivalents	(1,200,482)	(1,308,185)

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.

APPLICATION OF NEW IFRS AND CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Refer to note 3 in the audited consolidated financial statements for the years ended December 31, 2025, and 2024. Also, there is a summary of significant accounting policies in notes 2 and 3 of the consolidated financial statements for the year ended December 31, 2025, and a summary of the critical accounting estimates and judgements in the note 4 of the audited financial statements for the year ended December 31, 2025.

FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Company's financial instruments, financial risk and capital management are presented and described in the audited consolidated financial statements for the year ended December 31, 2025. Refer also to note 10 of the unaudited condensed interim consolidated financial statements for the six-month periods ended June 30, 2026 and 2025.

RISK FACTORS

An investment in the Company's securities is subject to several risks and uncertainties. An investor should carefully consider the risks described in the MD&A and the other information filed with the Canadian securities regulators (www.sedarplus.ca), before investing in the Company's shares. If any of the described risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed, and investors may lose a significant proportion of their investment.

Refer to the management's discussion and analysis as at December 31, 2025 for a complete list of the risk factors with an investment in Arianne or in connection with the business and operations of Arianne.

INFORMATION ON SHARES OUTSTANDING

	As at August 31, 2026
Common shares	235,954,392
Stock options	8,049,667
Warrants	20,419,934

(s) Raphael Gaudreault
Raphael Gaudreault
Chief Operating Officer

(s) Geneviève Ayotte
Geneviève Ayotte
Chief Financial Officer

BOARD OF DIRECTORS AND KEY MANAGEMENT

MARCO GAGNON, Executive Chairman of the Board of Directors

JEFFREY BECK, Chief Executive Officer and Director

JIM COWLEY, Director

STEVEN L. PINNEY, Director

SIVA J. PILLAY, Director

RAPHAEL GAUDREAU, Chief Operating Officer

GENEVIÈVE AYOTTE, Chief Financial Officer

BRIAN OSTROFF, Head of Strategic & Business Initiatives

TICKER SYMBOLS

DAN: TSX-V (Canada)

JE9N: FSE (Germany)

DRRSF: OTCQB (USA)

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