

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and address of the Company

Arianne Phosphate Inc. (« Arianne ») or the « Company »)
393 Racine Street East, Suite 200
Chicoutimi, Québec G7H 1T2

Item 2 Date of material change

March 17, 2021

Item 3 News release

The press release was issued and distributed via Cision on March 18, 2021

Item 4 Summary of material change

Arianne reduces outstanding secured loan, extends outstanding credit facility of \$24.9M and converts \$5.9M debt in shares

Item 5 Full description of material change

Extension of Credit Facility

Arianne has entered into an Agreement with its senior secured lender Mercury Financing Corp. (“Mercury” or the “Lender”) by which the Lender has agreed to exercise its 26,780,000 warrants that it currently holds, thereby reducing the amount owed under the credit facility by roughly \$6.6M to \$24.9M (the “Loan”). Further, the Lender has also agreed to extend the Loan under the credit facility for a period of 5 years and reduce the annual interest rate to 8% from the previous 15% (the “Loan Extension”). In conjunction with the amended credit facility, the Lender will receive 32 million non-transferable share purchase warrants, exercisable at a price of \$0.33 per share for a period of 5 years (the “2021 Warrants”). As well, these warrants will be subject to a “warrant blocker” provision. Other terms of the Loan Extension are as follows:

- The 8% annual interest can be paid by the Company, at its sole option, either in cash or in common shares of the Company (the “Share Interest Payment”) at a price per share equal to the 1-year volume weighted average price and subject to the rules of the TSX Venture Exchange (the “TSX-V”), but the Company shall not issue common shares resulting in the Lender holding more than more than 19.9% of the issued and outstanding common shares of the Company as a result of such Share Interest Payment. In such case, the balance of the interest which may not be paid in common shares shall be paid in cash;
- The Lender shall not be entitled to exercise 2021 Warrants which would result in the Lender holding, following such exercise, on a partially diluted basis, more than 19.9% of the issued and outstanding common shares of the Company. The Lender shall nevertheless be entitled to exercise such 2021 Warrants in the event of a transaction involving the Company, by way of Take-Over Bid (as defined under applicable Canadian securities legislation) or otherwise, resulting in the Company ceasing to be a publicly listed issuer on the TSX-V. In the event of a transaction of the Company resulting in the creation of a new Control Person (as defined in the policies of the TSX-V) and requiring the Company to obtain

disinterested shareholder approval in connection with such transaction, the Company shall also request the approval of its disinterested shareholders in order to remove the warrant exercise restrictions from said 2021 Warrants, thereby entitling the Lender to become a Control Person of the Company;

- The Company will increase the buyback purchase price of the existing production fee granted in favour of the Lender to \$11.25M;

- For as long as the Loan remains outstanding, the Lender shall have the right to designate a nominee for appointment to the board of directors of the Company;

- The Company has undertaken to raise additional funds in the amount of \$3M within the 1-year anniversary of the closing of the transaction and, every anniversary thereafter for the three subsequent years, for total cumulative gross proceeds of \$12M. Should the Company not raise additional funds on a yearly and cumulative basis, the Company shall issue the Lender an additional 5M non-transferable share purchase warrants (the “Additional Warrants”) per year where a funding milestone has not been met (maximum of 20M non-transferable warrants). Each Additional Warrant will be exercisable at a price per share equal to the market price on the date such warrants must be issued by the Company and will expire on the date the amended credit facility expires- for the first 4 years of the amended credit facility, in the event the Company has not repaid the Loan in full and the Lender remains the creditor of the Company in relation to such Loan, the Company shall grant the Lender an additional annual production fee of \$0.25/tonne , which may be bought back by the Company for \$2.25M, for a maximum annual additional production fee of \$1/tonne (which may be bought back by the Company for a total amount of \$9M).

Conversion of Existing Unsecured Debt

Arianne also entered into Agreements with its subordinate unsecured debt holders amounting to a total of \$5,970,155 whereby these debt holders have agreed to a conversion of their existing debt into common shares of the Company at a price of \$0.275 per share (the “Debt Conversion”), representing the volume weighted average price of Arianne’s common shares on the TSX-V for the previous 30 trading days. Other terms of the Debt Conversion are as follows:

- As a result of the Debt Conversion, the Company will issue a total of 21,709,655 common shares to such debt holders.

- The Company will cancel 11,028,584 warrants that were originally issued with the unsecured debt

Item 6 **Reliance on subsection 7.1(2) of National Instrument 51-102**

N/A

Item 7 **Omitted Information**

None

Item 8 **Executive Officer**

Pier-Elise Hebert-Tremblay

Chief Financial Officer
Tel.: 418-549-7316

Item 9

Date of Report

March 22, 2021