Arianne Phosphate Reports Financial Results for Q4 and YE 2020

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

SAGUENAY, QC, March 29, 2021 /CNW Telbec/ – **Arianne Phosphate (the "Company" or "Arianne")** (TSXV: DAN) (OTC: DRRSF) (FSE: JE9N), a development-stage phosphate mining company, advancing the Lac à Paul project in Quebec's Saguenay-Lac-Saint-Jean region, reported its financial results for both the three and twelve-month periods ended December 31, 2020. All amounts are in Canadian dollars unless noted.

"In spite of the challenges of a multi-year decline in phosphate prices, Arianne has always been able to weather the storm and advance its Lac à Paul project," said Brian Ostroff, the Company's CEO. "This year was not any different and, despite the challenges of the pandemic, Arianne continued to progress its asset towards development. Now, the tide has turned and, we believe that Arianne is uniquely placed to take advantage of this much improved macro. Advancing grain prices and a doubling of phosphate fertilizer prices over the last year has once again highlighted the value and importance of our high-quality phosphate asset and, is driving efforts around securing the necessary partners required to develop Lac à Paul. Additionally, our recent news surrounding the reduction of our debt, has put us on a greatly improved financial footing. The deal has allowed us to reduce our debt by $12 million, cut our annual interest by roughly $2.5 million and, extend the maturity of our debt by 5 years."

Post 2020 Highlights

- On March 18, 2021 the Company announced restructuring of its current credit line and loans. For the credit line, the Lender will exercise 26,780,000 warrants into the Company's common shares, thereby reducing the credit facility from $31,496,897 to $24,892,949, a reduction of $6,603,948. The credit facility will be extended for a period of 5 years at an annual interest rate of 8%. The annual interest can be paid by the Company, at its sole option, either in cash or in common shares of the Company. The Company will issue the 32,000,000 warrants at an exercise price of $0.33 per share for a period of 5 years. 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 Company will increase the buyback purchase price of the existing production fee granted in favour of the Lender to $11.25M.
- Arianne also announced the conversion of its existing loans and working capital facility. The holders of $5,970,155 of these facilities will have their debt converted into common shares of the Company at a price of $0.275 per share. 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 also cancel 11,028,584 warrants that were originally issued with the loans and working capital facility.

2020 Highlights

- In February 2020, the Company closed an equity financing in the amount of $425,025. Under the terms of the financing, Arianne issued 1,700,100 units at a price of $0.25 per unit. Each unit is comprised of one common share and one-half warrant. Each full warrant entitles the holder to purchase one common share at a price of $0.40 until February 13, 2023.
- In April 2020, Arianne received the final report from its partners for the optimization of the truck-trailer design. The new design will now allow for a payload of 150Mt as opposed to the original 120Mt of phosphate concentrate providing for greater economies of scale. This increased payload per run will both improve our profitability as we lower our FOB cost at port and, reduce our environmental footprint as Arianne will require fewer trucks to haul the same annual output.
- In June 2020, the Company closed an equity financing in the amount of $1,500,000. Under the terms of the financing, Arianne issued 9,999,998 units at a price of $0.15 per unit. Each unit is comprised of one common share and one-half warrant. Each full warrant entitles the holder to purchase one common share at a price of $0.20 until June 10, 2023. As part of the financing, the Government of Quebec subscribed for 3,333,333 units in this placement through Investissement Quebec.
- In June 2020, Arianne extended its secured credit facilities held with Mercury Financing Corp. The extended secured credit facilities will have a maturity of June 15, 2021. These credit facilities will continue to bear interest at an annual rate of 15%, with all interest capitalized through maturity. The Company has also issued Mercury 26,780,000 non-transferable warrants with an exercise price of $0.2466 per share until June 15, 2021.
- In July 2020, the Company announced that it had received favorable results from metallurgical tests performed at COREM Labs in Quebec City, Canada. In tests ran earlier in the year, 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 received 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 August and October 2020, the Company received further results from tests designed to optimize its metallurgical process and reduce its operating costs. The tests, performed by COREM Laboratories and, with the help of NORDCHEM, were designed to further evaluate our new collector however, this time, 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.

Financial Summary

Arianne is a development-stage company and, as such, did not generate revenue or positive cash flow in 2020. In the fourth quarter and full-year period ended December 31, 2020, the Company incurred respective net losses of $1.6M and $5.9M, compared to $0.5M and $2.1M in the comparable periods in 2019. The higher losses are explained by the borrowing costs that were previously capitalized. Since the Company is currently in a period of raising funding for its project through financing and offtake agreements and is not carrying substantial technical work, the Company has suspended the capitalization of its borrowing costs until further technical work is done on the project. They are noncash costs.

Liquidity

On December 31, 2020, the cash on hand will be allocated towards general working capital and advancing development of the Lac à Paul project in 2021. Based on current spending estimates for future project development, Arianne anticipates it will need additional financing before the end of 2021.

Outlook

In 2021, Arianne will be focused on the ongoing advancement and development of its Lac à Paul project. Expected milestones include:

- Complete partnership and financing arrangements;
- Continue to enhance the value of the project through project optimization;
- Continue our ongoing dialogue with Stakeholders.

Arianne's Management Discussion and Analysis and Financial Statements for the three- and twelve-month period ended December 31, 2020, are available on the Company's website and on SEDAR at www.sedar.com.

Qualified Person

Jean-Sébastien David, P.Geo., Qualified Person by NI 43-101, has approved this release. Mr. David is also the Company's Chief Operating Officer.

About Arianne Phosphate

Arianne Phosphate ("Arianne Phosphate Inc.") (www.arianne-inc.com) is developing the Lac à Paul phosphate deposits located approximately 200 km north of the Saguenay/Lac St. Jean area of Quebec, Canada. These deposits will produce a high quality igneous apatite concentrate grading 39% P_2O_5 with little or no contaminants (Feasibility Study released in 2013). The Company has 171,688,003 shares outstanding.

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Cautionary Statements Regarding Forward Looking Information

This news release contains "forward-looking statements" and "forward-looking information" within the meaning of applicable securities regulations in Canada and the United States (collectively, "forward-looking information"). Forward-looking information includes, but is not limited to, anticipated quality and production of the apatite concentrate at the Lac à Paul project. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects, "is expected", "budget", "scheduled", "estimates", forecasts", "intends", "anticipates", or "believes", or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. Forward-looking information is subject to be known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: volatile stock price; risks related to changes in commodity prices; sources and cost of power facilities; the estimation of initial and sustaining capital requirements; the estimation of labour and operating costs; the general global markets and economic conditions; the risk associated with exploration, development and operations of mineral deposits; the estimation of mineral reserves and resources; the risks associated with uninsurable risks arising during the course of exploration, development and production; risks associated with currency fluctuations; environmental risks; competition faced in securing experienced personnel; access to adequate infrastructure to support mining, processing, development and exploration activities; the risks associated with changes in the mining regulatory regime governing the Company; completion of the environmental assessment process; risks related to regulatory and permitting delays; risks related to potential conflicts of interest; the reliance on key personnel; financing, capitalization and liquidity risks including the risk that the financing necessary to fund continued exploration and development activities at

Lac à Paul project may not be available on satisfactory terms, or at all; the risk of potential dilution through the issue of common shares; the risk of litigation. Forward-looking information is based on assumptions management believes to be reasonable at the time such statements are made, including but not limited to, continued exploration activities, no material adverse change in commodity prices, exploration and development plans proceeding in accordance with plans and such plans achieving their stated expected outcomes, receipt of required regulatory approval, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date of this press release, and the Company does not undertake to update such forward-looking information except in accordance with applicable securities laws.

SOURCE Arianne Phosphate Inc.