EARLY WARNING REPORT
NATIONAL INSTRUMENT 62-103

This report updates information disclosed in a previous early warning report filed by the acquirer described herein on December 27, 2017.

Item1 Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to common shares ("**common shares**") of Arianne Phosphate Inc. (the "**Issuer**" or the "**Corporation**").

393 Racine Street East, suite 200
Chicoutimi, Québec
G7H 1T2, Canada

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable.

Item2 Identity of the Acquiror

2.1 State the name and address of the acquiror.

Mercury Financing Corp. (the "**Acquiror**")

Suite 4 - 210 Governors Square
P.O. Box 32311, Grand Cayman
KY1-1209, Cayman Islands

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On December 20, 2018, the Acquiror extended Arianne Phosphate Inc.'s ("**Arianne**" or the "**Corporation**" and collectively with the Acquiror, the "**Parties**") current credit facility (the "**Transaction**"). The extended credit facility now totals $22,720,810.52 will expire on June 30, 2020. The credit facility granted to Arianne continues to bear interest at an annual rate equal to 15% with all interest capitalized through the end of the facility. Pursuant to the Transaction, Arianne issued to the Acquiror 22,417,458 warrants with an exercise price of $0.425 per common share. The Parties have also agreed to terminate at closing of the Transaction 17,338,739 warrants which were previously issued to the Acquiror.

2.3 State the names of any joint actors.

Not applicable.

Item3 Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.

Immediately prior to the closing of the Transaction, the Acquiror held, directly or indirectly, (i) 3,214,000 common shares of the Corporation and (ii) common share purchase warrants entitling the Acquiror to purchase 17,338,739 common shares of the Corporation. Assuming the exercise of all warrants held by the Acquiror prior to the closing of the Transaction, it would have owned 20,552,739 common shares, representing, on a partially diluted basis, 16,69% of the Corporation's common shares that would then be issued and outstanding.

Immediately following the closing of the Transaction, assuming the exercise of all warrants held by the Acquiror following the closing of the Transaction, it would own 25,631,458 common shares, representing, on a partially diluted basis, 19.99% of the Corporation's common shares that would then be issued and outstanding.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

The Acquiror acquired the 22,417,458 warrants pursuant to the Transaction. The Parties have also agreed to terminate at closing of the Transaction 17,338,739 warrants which were previously issued to the Acquiror.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately prior to the closing of the Transaction, the Acquiror held, directly or indirectly, (i) 3,214,000 common shares of the Corporation and (ii) common share purchase warrants entitling the Acquiror to purchase 17,338,739 common shares of the Corporation. Assuming the exercise of all warrants held by the Acquiror prior to the closing of the Transaction, it would have owned 20,552,739 common shares, representing, on a partially diluted basis, 16.69% of the Corporation's common shares that would then be issued and outstanding.

Immediately following the closing of the Transaction, the Acquiror holds, directly or indirectly, i) 3,214,000 common shares of the Corporation and (ii) common share purchase warrants entitling the Acquiror to purchase 22,417,458 common shares of the Corporation. Assuming the exercise of all warrants held by the Acquiror following the closing of the Transaction, it would own 25,631,458 common shares, representing, on a partially diluted basis, 19.99% of the Corporation's common shares that would then be issued and outstanding.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

Immediately prior to the closing of the Transaction, the Acquiror held, directly or indirectly, (i) 3,214,000 common shares of the Corporation and (ii) common share purchase warrants entitling the Acquiror to purchase 17,338,739 common shares of the Corporation. Assuming the exercise of all warrants held by the Acquiror prior to the closing of the Transaction, it would have owned 20,552,739 common shares, representing, on a partially diluted basis, 16.69% of the Corporation's common shares that would then be issued and outstanding.

Immediately following the closing of the Transaction, assuming the exercise of all warrants held by the Acquiror following the closing of the Transaction, it would own 25,631,458 common shares, representing, on a partially diluted basis, 19.99% of the Corporation's common shares that would then be issued and outstanding.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic

exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item4 Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

Not applicable.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

Not applicable.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

The Acquiror acquired the 22,417,458 warrants pursuant to the Transaction. The Parties have also agreed to terminate at closing of the Transaction 17,338,739 warrants which were previously issued to the Acquiror.

Item5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

(a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;

In accordance with applicable securities laws, the Acquiror may, from time to time and at any time, acquire additional common shares and/or other equity, debt or other securities or instruments (collectively, "**Securities**") of the Corporation in the open market or otherwise, and it reserves the right to dispose of any or all of its Securities in the open market or otherwise at any time and from time to time, and to engage in similar transactions with respect to the Securities, the whole depending on market conditions, the business and prospects of the Corporation and other relevant factors.

(b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;

Not applicable.

(c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;

Not applicable.

(d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;

Not applicable.

(e) a material change in the present capitalization or dividend policy of the reporting issuer;

Not applicable.

(f) a material change in the reporting issuer's business or corporate structure;

Not applicable.

(g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;

Not applicable.

(h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;

Not applicable.

(i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;

Not applicable.

(j) a solicitation of proxies from securityholders;

Not applicable.

(k) an action similar to any of those enumerated above;

Not applicable.

Item6 Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give

another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item7 Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item8 Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item9 Certification

The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

I, as director of the Acquiror, certify that the statements made in this report are true and complete in every respect.

December 21, 2018
Date

(s) *Paul Smith*
Signature

Paul Smith
Name