ARENA MINERALS

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

Arena Minerals Inc.
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Notice of No Auditors Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the unaudited condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these unaudited interim condensed consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

Arena Minerals Inc.

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Unaudited - Expressed in Canadian dollars)

	Notes		March 31, 2021		December 31, 2020
Assets					
Current assets					
Cash		$	3,725,787	$	57,840
Receivables	3		15,569		15,627
Prepaid expenses			28,596		10,440
Investments, at fair value through profit and loss	4		573,958		891,872
Total current assets			4,343,910		975,779
Total assets			4,343,910		975,779
Liabilities and Equity					
Current liabilities					
Accounts payable and accrued liabilities	11	$	665,320	$	563,299
Total current liabilities			665,320		563,299
Equity					
Share capital	5		21,403,439		17,529,757
Reserves			1,046,507		920,712
Accumluted other comprehensive loss					-
Deficit			(18,771,356)		(18,037,989)
Total equity			3,678,590		412,480
Total liabilities and equity		$	4,343,910	$	975,779
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Approved on behalf of the Directors:

"Peter Damouni"	*"William Randall"*
Director	Director

See accompanying notes to these consolidated financial statements

Arena Minerals Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
For the three months ended March 31
(Unaudited - Expressed in Canadian dollars)

	Note	2021	2020
Expenses			
Management and consulting fees	11	38,726	151,887
Accounting and legal		52,461	229,513
Travel and promotion		1,103	2,892
Office and rent		10,032	73,740
Exploration and evaluation expenses	5	335,981	148,889
Regulatory and transfer agent		14,991	9,190
Foreign exchange (gain)		(8,096)	(44,585)
Loss before other items		(445,198)	(571,526)
Realized (loss) on investment	4	(94,320)	(338,867)
Unrealized (loss)gain on investments	4	(193,849)	856,689
Income (loss) before taxes		(733,367)	(53,704)
Income (loss) and comprehensive income (loss) for the period		(733,367)	(53,704)
(Loss) income per share:			
Basic and diluted		$ (0.01)	$ (0.00)
Weighted average number of shares outstanding:			
Basic and diluted		142,621,090	142,621,090

See accompanying notes to these consolidated financial statements

Arena Minerals Inc.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the three months ended March 31
(Unaudited - Expressed in Canadian dollars)

		Three months ended March 31	
	Note	2021	2020
Cash provided by (used in) operations:			
Net income (loss) for the year		$ (733,367)	$ (234,676)
Items not involving cash:			
Realized loss on investment	4	94,320	(87,406)
Unrealized (gain) on investment	4	193,849	(44,300)
Unrealized foreign exchange loss		-	252,219
Working capital adjustments			
Change in receivables		58	(199)
Change in prepaid expenses		(18,156)	(1,426)
Change in accounts payable and accrued liabilities		102,021	76,204
Net cash used in operating activities		(482,493)	(39,584)
Investing activities			
Investment in exploration and evaluation of assets		-	(30,512)
Proceeds from sale of investment	4	150,963	53,355
Net cash provided by investing activities		150,963	22,843
Cash provided by (used in) financing activities:			
Proceeds from issuance of shares		3,999,477	-
Net cash provided by financing activities		3,999,477	-
Change in cash		3,667,947	(16,741)
Cash, beginning of year		57,840	62,717
Cash, end of year		$ 3,725,787	$ 45,976

See accompanying notes to these consolidated financial statements

Arena Minerals Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited - Expressed in Canadian dollars)

	Number of Shares	Share Capital	Options	Warrants	Deficit	Total
Balance, December 31, 2019	**142,621,090**	**17,529,757**	**723,394**	**431,300**	**(18,218,267)**	**466,184**
Expiry of options	-	-	(233,982)	-	233,982	-
Income and comprehensive income for the year	-	-	-	-	(53,704)	(53,704)
Balance, December 31, 2020	**142,621,090**	**$ 17,529,757**	**$ 489,412**	**$ 431,300**	**$ (18,037,989)**	**$ 412,480**
Income and comprehensive income for the year	-	-	-	-	(733,367)	(733,367)
Warrants issued	-	(262,530)	-	262,530	-	-
Options/Warrants Exercised	-	136,735	(19,487)	(117,248)	-	-
Shares issued	68,276,975	3,999,477	-	-	-	3,999,477
Balance, March 31, 2021	**210,898,065**	**21,403,439**	**469,925**	**576,582**	**(18,771,356)**	**3,678,590**

See accompanying notes to these consolidated financial statements

1. Nature of operations and going concern

Arena Minerals Inc. (the "Company", or "Arena") is a lithium and copper exploration and development company with assets in in Argentina and Chile. The Company is engaged in the acquisition, exploration and development of properties located in South America. The Company is a publicly listed company incorporated in the Province of Alberta and continued to the Province of Ontario. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") trading under the symbol "AN". The Company's head office is located at 120 Adelaide Street West, Suite 1410, Toronto, Ontario, Canada, M5H 1T1.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

At March 31, 2021, the Company had working capital of $ 3,678,590 and a cumulative loss since inception of $ 18,771,356. The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations, however, there is no assurance that these funds will be available on terms acceptable to the Company or at all. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

2. Basis of preparation

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries: Arena Minerals Chile SpA and Antofalla Minerals S.A. All material intercompany transactions and balances between its subsidiary have been eliminated on consolidation.

(b) Approval of the financial statements

These consolidated financial statements of the Company were approved for issue by the Board of Directors on May 31, 2021.

2. Basis of preparation (continued)

(c) New and future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2021, or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

The Company is in the process of evaluating the potential impact of these amendments.

Newly adopted accounting policies.

During the period ended March 31, 2021, the Company adopted a number of amendments and improvements of existing standards. These included IAS 1, IAS 8 and IFRS 3. These new standards and changes did not have any material impact on the Company's financial statements.

During the year ended December 31, 2020, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration properties, including the cost of acquiring prospective properties and exploration rights, and exploration and evaluation costs are expensed until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these amounts. The Company also applied this change in accounting policy to the underlying policies of its associates, resulting in additional changes. The consolidated financial statements for the year ended December 31, 2019 and this MD&A have been restated to reflect adjustments made as a result of this change in accounting policy.

(d) Currency translation

The Company's functional and presentation currency, and the functional currency of the Company's subsidiaries, is the Canadian dollar ("$"). Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

(Unaudited - Expressed in Canadian dollars unless otherwise noted)

2. Basis of preparation (continued)

(e) Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(e) Significant accounting judgments, estimates and assumptions

Estimation of decommissioning and restoration costs and the timing of expenditure
Cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. As at March 31, 2021 and 2020, the Company estimated that it had no material decommissioning or restoration obligations.

Taxes, income taxes and deferred taxes
The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. All estimates for value added and withholding taxes have been included in accounts payable and accrued liabilities.

Share-based payments
Management determines costs for share-based payments using the Black-Scholes valuation method, a market-based valuation technique. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Commitments and contingencies

Refer to Note 12.

3. Receivables

	March 31, 2021	December 31, 2020
HST receivable	$ 13,504	$ 13,504
Supplier advances	2,065	2,153
	$ 15,569	$ 15,657

Receivables disclosed above are classified as loans and receivables and are therefore measured at amortized cost.

(Unaudited - Expressed in Canadian dollars unless otherwise noted)

4. Investments, at fair value through profit and loss

Description		Cost		Estimated Fair Value
B2Gold Corp.	$	282,657	$	556,140
Fiore Exploration Ltd.		758,354		335,732
As at December 31, 2020	$	1,041,011	$	891,872
B2Gold Corp.	$	282,657	$	421,980
Fiore Exploration Ltd.		329,108		151,978
As at March 31, 2021	$	611,765	$	573,958

B2Gold Corp.

During the three months ended March 31, 2021, the Company sold nil shares of B2Gold. As at March 31, 2021, the quoted market value of the remaining 78,000 shares was $421,980 resulting in an unrealized loss of $134,160 being included in the loss for the period.

During the three months ended March 31, 2020, the Company sold 5,000 shares of B2Gold for gross proceeds of $28,600 for a realized gain of $10,480. As at March 31, 2020, the quoted market value of the remaining 85,000 shares was $362,100 resulting in an unrealized loss of $21,300 being included in the loss for the period.

Fiore Exploration Ltd.

During the three months ended March 31, 2021, the Company sold 100,000 shares of Fiore for gross proceeds of $150,963 for a realized loss of $94,320 As at March 31, 2021, the quoted market value of 134,175 shares was $151,978 resulting in an unrealized loss of $59,688 included in the loss for the three months ended March 31, 2021.

During the three months ended March 31, 2020, the Company sold 50,000 shares of Fiore for gross proceeds of $24,755 for a realized loss of $97,887. As at March 31, 2020, the quoted market value of 444,175 shares was $822,881 resulting in an unrealized loss of $23,000 included in the loss for the three months ended March 31, 2020.

(Unaudited - Expressed in Canadian dollars unless otherwise noted)

5. Exploration and evaluation assets

Exploration and evaluation properties comprise the following:

a) Atacama Copper Property, Chile

The Company owns an 80% interest in the Atacama Copper Property subject to a 3% net smelter royalty on all metallic minerals. See Note 15

b) Antofalla Minerals S.A., Argentina

The Company owns 100% of certain projects in Argentina through its wholly owned subsidiary, AMSA.

The Company disposed of one of its mining rights (Tabahm 4) in August 2020 for proceeds of US$100,000.

6. Share capital

	Number of Shares		Amount
Balance, December 31, 2020	142,621,090	$	17,529,757
Issued for Private Placement	56,000,000	$	2,800,000
Warrant & option exercises	12,276,975	$	1,199,477
Balance, March 31, 2021	210,898,065	$	21,529,234

On March 16, 2021, the Company closed a $2.8 million financing at a price of $0.05 per share, issuing 56,000,000 common shares. Each Unit consists of one common share of the Company (a "Common Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one Common Share of the Company at $0.15 for a period of 36 months from the date of issuance.

7. Reserves

	Options						Warrants							
	Number of Options		Weighted average exercise prices		Value of options		Number of warrants		Weighted average exercise prices		Value of warrants		Total Value
December 31, 2018	8,205,000	$	0.16	$	833,741		46,000,000	$	0.10	$	431,300	$	1,265,041
Expired	(1,075,000)	$	0.22	$	(144,830)		-	$	-	$	-		(144,830)
Grant	750,000	$	0.06	$	34,483		-	$	-	$	-		34,483
December 31, 2019	7,880,000	$	0.14	$	723,394		46,000,000	$	0.10	$	431,300	$	1,154,694
Expired	(1,980,000)	$	0.12	$	(233,982)		-	$	-	$	-		(233,982)
December 31, 2020	5,900,000	$	0.08	$	489,412		46,000,000	$	0.10	$	431,300	$	920,712
Grant	-	$	-	$	-		28,000,000	$	0.15	$	262,530		262,530
Exercised	(350,000)	$	0.09	$	(222,706)		(12,505,000)	$	0.10	$	(117,248)		(339,954)
March 31, 2021	5,550,000		0.08		266,706		61,495,000		0.10		576,582		843,288

Employee share option plan

The Company has an ownership-based compensation scheme for executives and employees. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, officers, directors and consultants of the Company may be granted options to purchase common shares with the exercise prices determined at the time of grant. The Company has adopted a floating stock option plan (the "Plan"), whereby the number of common shares reserved for issuance under the Plan is equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Each

(Unaudited - Expressed in Canadian dollars unless otherwise noted)

7. Reserves (continued)

employee share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following options were in existence at March 31, 2021:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Grant date share price	Expected volatility	Remaining life (yrs)	Expected dividend yield	Risk-free interest rate
950,000	950,000	17-May-16	17-May-21	$ 0.35	$ 194,370	$ 0.325	81%	0.13	0%	0.71%
200,000	200,000	09-May-17	09-May-22	$ 0.20	$ 37,853	$ 0.17	77%	1.11	0%	1.04%
3,650,000	3,650,000	21-Sep-18	21-Sep-23	$ 0.09	$ 203,219	$ 0.09	87%	2.48	0%	2.17%
750,000	750,000	19-Mar-19	19-Mar-24	$ 0.06	$ 34,483	$ 0.06	104%	2.97	0%	1.83%
5,550,000	5,550,000				$ 469,925					

The following warrants were in existence at March 31, 2021.

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Grant date share price	Expected volatility	Remaining life (yrs)	Expected dividend yield	Risk-free interest rate
34,095,000	34,095,000	06-Sep-18	06-Sep-21	$ 0.10	$ 314,052	$ 0.08	78%	0.44	0%	2.17%
28,000,000	28,000,000	16-Mar-21	16-Mar-24	$ 0.15	$ 262,530	$ 0.17	96%	2.96	0%	0.23%
34,095,000	34,095,000				$ 576,582					

8. Operating segments

Geographical information

The Company operates in Canada, Argentina and Chile. The Company's information about its current assets by geographical location as at March 31, 2021 and December 31, 2020, are detailed below:

March 31, 2021		
Argentina	$	51,163
Canada		4,141,248
Chile		151,500
	$	4,343,911
December 31, 2020		
Argentina	$	3,565
Canada		602,373
Chile		369,841
	$	975,779

(Unaudited - Expressed in Canadian dollars unless otherwise noted)

9. Financial instruments

Financial assets and financial liabilities as at March 31, 2021, and December 31, 2020, were as follows:

	Assets (liabilities) at amortized cost	Assets /(liabilities) at fair value through profit and loss	Total
March 31, 2021			
Cash	$ 3,725,787	$ -	$3,725,787
Amounts receivable	15,569	-	15,569
Investments, at fair value through profit and loss	-	573,958	573,958
Accounts payable and accrued liabilities	(665,320)	-	(665,320)
December 31, 2020			
Cash	$ 57,840	$ -	$ 57,840
Amounts receivable	15,657	-	15,657
Investments, at fair value through profit and loss	-	891,872	891,872
Accounts payable and accrued liabilities	(563,299)	-	(563,299)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the period ended March 31, 2021 and 2020.

Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's primary counterparty related to its cash carries an investment grade rating as assessed by external rating agencies. The Company maintains all or substantially all of its cash with a major financial institution domiciled in Canada. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at March 31, 2021, the Company had current assets of $4,343,910 to settle current liabilities of $665,320.

Market risk

(a) Interest rate risk

The Company's cash is subject to interest rate cash flow risk as they carry variable rates of interest. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. Based on cash balances on hand at March 31, 2021, a 1% charge in interest rates could result in a corresponding change in annual loss of approximately $37,258.

(b) Currency risk

As the Company operates on an international basis, foreign exchange risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign currency risk arises primarily with respect to the Chilean Peso. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

9. Financial instruments (continued)

As at March 31, 2021, the Company had the following financial assets and liabilities denominated in foreign currency presented below in Canadian dollars:

	Argentinian Peso	Chilean Peso	Total
Cash	$ 32,732	$ (2,543)	$ 30,189
Receivables	-	$ 2,065	$ 2,065
Accounts payable and accrued liabilities	(24,150)	(110,235)	$ (134,385)
Total	$ 8,582	$ (110,713)	$ (102,131)
Effect of +/- 1% change in exchange rate	$ 86	$ (1,107)	$ (1,021)

As at December 31, 2020, the Company had the following financial assets and liabilities denominated in foreign currency presented below in Canadian dollars:

	Argentinian Peso	Chilean Peso	US Dollars	Total
Cash	$ 3,283	$ 31,332	$ (30)	$ 34,585
Receivables	-	2,123	-	$ 2,123
Accounts payable and accrued liabilities	(24,150)	(79,763)	-	$ (103,913)
Total	$ (20,867)	$ (46,308)	$ (30)	$ (67,205)
Effect of +/- 1% change in exchange rate	$ (209)	$ (463)	$ (0)	$ (672)

A 1% strengthening (weakening) of the Canadian dollar against the Chilean Peso and United States dollar would decrease (increase) net loss nominally.

Rates as at March 31, 2021, and December 31, 2020 are represented in the following chart:

	March 31, 2021	December 31, 2020
1 US dollar to Canadian dollar	1.2575	1.2754
1 US dollar to Chilean Peso	0.001389	0.001408
1 Canadian dollar to Chilean Peso	0.001746	0.001795
1 Canadian dollar to Argentina Peso	0.01367	0.015170

(c) Price risk

The Company will be exposed to price risk with respect to commodity prices, specifically gold, copper, and lithium. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices of these commodities. Prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for gold, copper and lithium, the level of interest rates, the rate of inflation, investment decisions by large holders of gold and copper, and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors may in turn be influenced by changes in international investment patterns and monetary systems and political developments.

The Company is also exposed to price risk with respect to the Company's financial instruments. The Company exposed to the risk that the fair value of, or future cash flows from, the Company's financial instruments, will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than quoted market prices.

(Unaudited - Expressed in Canadian dollars unless otherwise noted)

9. Financial instruments (continued)

For the period ended March 31, 2021, a 10% decrease (increase) in the closing prices of its portfolio investments would result in an estimated increase (decrease) in after-tax net loss of $82,612 or approximately $0.00 per share.

(d) Fair value

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the statement of financial position. These have been prioritized into three levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs can be a quoted price in market that is not active.
Level 3: Inputs for the asset or liability that are not based on observable market data.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

At March 31, 2021, the Company's financial instruments that are carried at fair value, consisted of investments of securities of $573,958 (December 31, 2020 – $891,872) which have been classified as Level 1 within the fair value hierarchy.

10. Capital management

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The capital of the Company consists of common shares, warrants and options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration, and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the period ended March 31, 2021. The Company is not subject to externally imposed capital requirements other than that of the TSX-V, which has certain working capital and financial resource requirements to be available to maintain operations and cover general and administration expenses. As of March 31, 2021, the Company did not believe it was in violation of such requirements.

11. Related party disclosures

Compensation of key management personnel of the Company:

The remuneration of directors and other members of key management personnel during the period ended March 31, 2021 and 2020, were as follows:

	2021	2020
Short-term benefits	$ 35,196	$ 92,000

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

11. Related party disclosures (continued)

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. See also Note 12

At March 31, 2021, the Company had an accounts payable balance of $353,013 (2020 - $222,383) owing to its key management and directors for expense reimbursements and fees. Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.

12. Commitments and contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company is party to certain management contracts. These contracts require that additional payments of up to approximately $1,155,000 be made upon the occurrence of certain events such as a change of control. As no triggering event has taken place as at March 31, 2021, the contingent payments have not been reflected in these consolidated financial statements. Minimum commitments remaining under these contracts were approximately $435,000 all due within one year.

The Company has sold, disbursed of, or abandoned the carrying value of exploration and evaluation property interests. An estimate of the total liability, if any, for which the Company might become obligated as a result of its role as operator, guarantor, or indemnifier is not determinable, nor expected to be material, and no amount has been provided for in these consolidated financial statements.

Novel Coronavirus

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

13. Subsequent Events

On May 12, 2021, Arena announced closing of Pampa Paciencia Property Sale to Astra Exploration. In consideration for Arena's 80% ownership of the Property the Company has received 5.82 million of shares of Astra, representing 40% of the issued and outstanding shares of Astra with a deemed value of $1.6 million. Arena has the right to participate in future financings of Astra to maintain its percentage shareholding in Astra if it holds 5% to 25% of Astra's outstanding shares, and has the right to nominate a director to the Astra board as long as it maintains at least a 5% shareholding in Astra.

On May 25, 2021, Arena has entered into a binding share purchase agreement (the "SPA") with Centaur Resources ("Centaur") to acquire its wholly owned subsidiary, Centaur Resources Holding Pty Ltd, which indirectly owns 100% of the Sal de la Puna lithium brine project ("Sal de la Puna", or the "Project"), covering 11,000 hectares of the Pastos Grandes basin in Argentina. Arena will acquire 100% of the shares on issue in Centaur Resources Holdings Pty Ltd for an approximate aggregate remaining purchase price of USD 14,500,000. The aggregate remaining purchase price takes in consideration a total purchase price of AUD 23,266,341 (approximately USD 17,995,000) (the "Price") and discounting USD 3,500,000 paid to Centaur by LITH-ARG.