ARENA MINERALS

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and Nine months ended September 30, 2018 and 2017

(expressed in Canadian dollars)

Arena Minerals Inc.
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Arena Minerals Inc.
Notice of no auditor review of condensed interim consolidated financial statements

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Arena Minerals Inc.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT

(Expressed in Canadian dollars)

	Notes		September 30, 2018		December 31, 2017
Assets					
Current assets					
Cash		$	2,130,455	$	214,973
Receivables	4		21,653		77,607
Prepaid expenses			-		9,116
Investments, at fair value through profit and loss	5		1,030,841		2,857,474
Total current assets			3,182,949		3,159,170
Non-current assets					
Exploration and evaluation assets	6		3,979,609		3,310,026
Total assets		$	7,162,558	$	6,469,196
Liabilities and Equity					
Current liabilities					
Accounts payable and accrued liabilities	7	$	451,402	$	246,856
Total current liabilities			451,402		246,856
Equity					
Share capital	8		15,067,373		14,921,687
Reserves	9		3,024,719		711,130
Deficit			(11,380,936)		(9,410,477)
Total equity			6,711,156		6,222,340
Total liabilities and equity		$	7,162,558	$	6,469,196
Nature of operations and going concern	1				
Commitments and contingencies	6, 14				
Subsequent events	15				

Approved on behalf of the Directors:

"Daniel Bruno"	*"William Randall"*
Director	Director

See accompanying notes to these Consolidated Financial Statements

Arena Minerals Inc.
CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Three months ended September, 2018	Three months ended September, 2017	Nine months ended September, 2018	Nine months ended September, 2017
Expenses					
Management and consulting fees	13	$ 83,818	$ 137,913	$ 290,597	$ 417,037
Share-based payments		197,345	-	197,345	20,000
Accounting and legal		3,500	10,000	5,800	38,233
Travel and promotion		28,869	17,877	32,686	258,859
Office and rent		11,613	26,200	38,860	105,848
Exploration and evaluation expenses	6	-	-	-	27,056
Regulatory and transfer agent		1,796	1,019	15,820	9,491
Foreign exchange loss(gain)		87,949	37,924	53,164	(7,934)
Loss before other items		(414,890)	(230,933)	(634,272)	(868,590)
Other items					
Interest income		-	139	-	289
Realized (loss) gain on investment	5	(242,657)	-	(852,916)	(76,332)
Unrealized (loss) on investments	5	(192,892)	(53,747)	(515,638)	(447,839)
Operator fees		-	77,354	4,927	272,399
(Loss) income before taxes		(850,439)	(207,187)	(1,997,899)	(1,120,073)
(Loss) income and comprehensive (loss) income for the year		$ (850,439)	$ (207,187)	$ (1,997,899)	$ (1,120,073)
(Loss) income per share:					
Basic and diluted		$ (0.01)	$ (0.00)	$ (0.02)	$ (0.01)
Weighted average number of shares outstanding:					
Basic and Diluted		99,121,090	86,621,090	90,833,544	84,495,449

See accompanying notes to these Consolidated Financial Statements

Arena Minerals Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Note	Nine months ended September 30, 2018	2017
Cash provided by (used in) operations:			
Net (loss) income for the year		$ (1,997,899)	$ (1,120,073)
Items not involving cash:			
Share-based payments		197,345	20,000
Realized loss (gain) on investment	5	852,916	76,332
Unrealized loss on investment	5	515,638	447,839
Unrealized foreign exchange (gain)		(6,964)	(19,425)
Working capital adjustments			
Change in receivables		4,255	12,127
Change in prepaid expenses		9,116	6,884
Change in accounts payable and accrued liabilities		(14,926)	(356,394)
Net cash (used in) operating activities		(440,519)	(932,710)
Investing activities			
Investment in exploration and evaluation of assets		(390,811)	(977,015)
Proceeds from sale of investment	5	458,080	809,869
Net cash provided by (used in) investing activities		67,269	(167,146)
Financing activities			
Proceeds from private placement		2,300,000	975,000
Share issue costs		(10,630)	-
Net cash provided by financing activities		2,289,370	975,000
Effect of exchange rate changes on cash		(638)	(2,920)
Change in cash		1,915,482	(127,776)
Cash, beginning of year		214,973	385,619
Cash, end of year		$ 2,130,455	$ 257,843
Non-cash investing and financing transactions:			
(Decrease) in net working capital related to exploration and evaluation assets		$ (37,001)	$ 10,892
Amortization included in exploration and evaluation assets		$ -	$ 4,541

See accompanying notes to these Consolidated Financial Statements

Arena Minerals Inc.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

			Reserves				
	Number of Shares	Share Capital	Options	Warrants	Total	Deficit	Total
Balance, December 31, 2016	**80,121,090**	**$ 13,806,322**	**$ 745,630**	**$ 159,801**	**$ 905,431**	**$ (6,560,241)**	**$ 8,151,512**
Shares issued on warrant exercised	6,500,000	975,000	-	-	-	-	975,000
Value allocation on warrants exercised	-	140,365	-	(140,365)	(140,365)	-	-
Warrants expired unexercised	-	-	-	(19,436)	(19,436)	19,436	-
Options expired unexercised	-	-	-	-	-	-	-
Share-based payments	-	-	20,000	-	20,000	-	20,000
Loss for the period	-	-	-	-	-	(1,120,073)	(1,120,073)
Balance, September 30, 2017	**86,621,090**	**$ 14,921,687**	**$ 765,630**	**$ -**	**$ 765,630**	**$ (7,660,878)**	**$ 8,026,439**
Balance, December 31, 2017	**86,621,090**	**$ 14,921,687**	**$ 711,130**	**$ -**	**$ 711,130**	**$ (9,410,477)**	**$ 6,222,340**
Value allocation on warrants exercised	-	(2,143,684)	-	2,143,684	2,143,684	-	
Private Placement	46,000,000	2,300,000	-	-	-	-	2,300,000
Cost of issue	-	(10,630)	-	-	-	-	(10,630)
Options expired unexercised	-	-	(27,440)	-	(27,440)	27,440	-
Share-based payments	-	-	197,345	-	197,345	-	197,345
Loss for the period	-	-	-	-	-	(1,997,899)	(1,997,899)
Balance, September 30, 2018	**132,621,090**	**$ 15,067,373**	**$ 881,035**	**$ 2,143,684**	**$ 3,024,719**	**$ (11,380,936)**	**$ 6,711,156**

See accompanying notes to these Consolidated Financial Statements

1. Nature of operations and going concern

Arena Minerals Inc. (the "Company", or "Arena") is a copper exploration company 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"). 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. The recoverability of the carrying value of interests in exploration and evaluation assets and the 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. Changes in future conditions could require material write-downs of the carrying values. The Company's assets 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.

If the property option renewals are not approved, the Company's exploration properties and exploration and evaluation assets may be impaired.

At September 30, 2018, the Company had working capital of $2,731,547 and a cumulative loss since inception of $11,380,936. 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.

2. Basis of preparation

(a) Basis of presentation

These consolidated financial statements of the Company and its subsidiary were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements, including IAS 1 – Financial Reporting.

The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiary: Arena Minerals Chile SpA. 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 November 29, 2018.

(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, 2018 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

2. Basis of preparation (continued)

(c) New and future accounting changes (continued)

IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. There was no material impact on its financial statements in adopting IAS 7.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. There was no material impact on its financial statements in adopting IAS 12.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company does not expect this change to have a material impact on its financial statements.

IFRS 2 – Share-based Payment ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. The Company has not considered the impact of adopting IFRS 2.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. The Company has not considered the impact of adopting IFRIC 22.

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.

2. Basis of preparation (continued)

(d) Currency translation

The Company's functional and presentation currency, and the functional currency of the Company's subsidiary, 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.

(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:

Assets' carrying values and impairment charges
In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Capitalization of exploration and evaluation costs
Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 7 for details of capitalized exploration and evaluation costs.

Impairment of exploration and evaluation assets
While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Reductions in commodity price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

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 September 30, 2018 and 2017, 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

2. Basis of preparation (continued)

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.

(e) Significant accounting judgments, estimates and assumptions

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.

Contingencies
Refer to Note 14.

3. Significant accounting policies

(a) Principles of consolidation

These consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its wholly-owned subsidiary Arena Minerals Chile SpA. All material intercompany transactions and balances between the subsidiary and the Company are eliminated on consolidation. Subsidiaries are entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases.

(b) Cash

Cash in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

(c) Exploration and evaluation assets

Once a right to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets. Exploration expenditure relates to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of capitalized exploration and evaluation assets at least annually. The review is based on a status report regarding the Company's intentions for development of the undeveloped property.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

(d) Equipment

Equipment is generally depreciated on a straight-line basis at a rate of 20% to 50% per annum.

3. Significant accounting policies (continued)

An item of equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation/amortization are reviewed at each reporting period, and adjusted prospectively if appropriate.

(e) Impairment of non-financial assets

The carrying values of capitalized exploration and evaluation assets and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the operations so as to reduce the carrying amount to its recoverable amount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of operations.

(f) Provisions

I. General

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

II. Decommissioning and restoration provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore locations in the period in which the obligation is incurred.

The obligation generally arises when an asset is installed or the ground / environment is disturbed at the property location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

As at September 30, 2018 and 2017, the Company did not have any material decommissioning and restoration obligations.

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

I. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit or loss differs from profit or loss as reported in the consolidated statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

II. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary

3. Significant accounting policies (continued)

differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(h) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 9.

The fair value is determined at the grant date of the equity-settled share-based payments and is recognized on a graded vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

On expiry, the grant date fair value of any unexercised share-based payments (options and warrants) is charged to retained earnings (deficit).

(i) Financial assets

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date.

The Company's financial assets include cash, receivables and investments at fair value through profit or loss.

3. Significant accounting policies (continued)

(i) Financial assets (continued)

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss includes financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as fair value through profit or loss if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in finance income and finance costs in operations.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (“EIR”), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statement of operations. The losses arising from impairment are recognized in the consolidated statement of operations.

Loans and receivables include cash and receivables.

Valuation of financial instruments

Purchases and sales of investments are recognized on a trade date basis. Public investments at fair value through profit or loss are initially recognized at fair value, with changes in fair value reported in profit (loss).

At each financial reporting period, the Company’s management estimates the fair value of its investments based on the criteria below and reflects such valuations in the financial statements.

Transaction costs are expensed as incurred in the statement of operations. The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company’s management estimates the fair value of investments based on the criteria below and reflects such changes in valuations in the statements of comprehensive loss. The Company is also required to present its investments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith. The three levels are defined as follows:

Level 1 – investment with quoted market price;
Level 2 – investment which valuation technique is based on observable market inputs; and
Level 3 – investment which valuation technique is based on non-observable market inputs.

The fair values of cash and cash equivalents, trade and other accounts receivable, investments, and accounts payable and accrued liabilities approximate their carrying values due to their short term nature.

As at September 30, 2018 and 2017, except for investments, none of the Company’s financial instruments are recorded at fair value in the consolidated statement of financial position. Investments are classified as Level 1.

(j) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial

3. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in operations. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in operations.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

(k) Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Company's financial liabilities include accounts payable and accrued liabilities. The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as at FVTPL if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of operations. The Company has not designated any financial liabilities upon initial recognition as at FVTPL.

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in operations when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statement of operations.

3. Significant accounting policies (continued)

(k) Financial liabilities (continued)

Loans and borrowings include accounts payable and accrued liabilities.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in operations.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(l) Interest revenue

Interest revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(m) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method and foreign exchange gains and losses on foreign currency borrowings.

(n) Income (loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) available to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported income (loss). Diluted loss per share is calculated assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted income (loss) per share is the same as basic loss per share for 2018 as the effects of including all outstanding options and warrants would be anti-dilutive.

(Expressed in Canadian dollars unless otherwise noted)

4. Receivables

	September 30, 2018	December 31, 2017
HST receivable	$ 19,101	$ 18,612
Supplier advances	2,552	7,404
Due from JOGMEC	-	51,591
	$ 21,653	$ 77,607

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

5. Investments, at fair value through profit and loss

Description	Cost	Estimated Fair Value
B2Gold Corp.	$ 927,469	$ 880,427
Fiore Exploration Ltd.	5,846,750	3,553,025
As at September 30, 2017	$ 6,774,219	$ 4,433,452
B2Gold Corp.	$ 616,047	$ 499,800
Fiore Exploration Ltd.	4,491,561	531,041
As at September 30, 2018	$ 5,107,608	$ 1,030,841

<u>B2Gold Corp.</u>

During the nine months ended September 30, 2018, the Company sold 45,000 shares of B2Gold for gross proceeds of $160,513 for a realized gain of $957. As at September 30, 2018, the quoted market value of these shares was $499,800 resulting in an unrealized loss of $171,329 being included in loss for the period.

During the nine months ended September 30, 2017, the Company sold 145,000 shares of B2Gold for gross proceeds of $579,549 for a realized gain of $54,098. As at September 30, 2017, the quoted market value of these shares was $880,427 resulting in an unrealized gain of $126,886 charged against the loss for the nine months ended September 30, 2017.

<u>Fiore Exploration Ltd.</u>

On August 4, 2016, the Company closed its transaction with Fiore Exploration Ltd. (formerly Rouge Resources Ltd.) (“Fiore”) on the sale of the Pampas el Peñon gold project in Chile. Arena’s interest consisted of two option agreements with Sociedad Química Y Minera de Chile S.A. The Company received 9,550,000 common shares of Fiore valued at $6,207,500 based on Fiore’s closing market price on the date when these shares were received recognizing a gain of $4,872,342 on the disposition of the properties. During the Nine months ended September 30, 2017, the Company sold 555,000 shares of Fiore for gross proceeds of $230,320 for a realized loss of $130,430. As at September 30, 2017, the quoted market value of these shares was $3,553,025 resulting in an unrealized loss of $574,725 included in loss for the nine months ended September 30, 2017.

During the Nine months ended September 30, 2018, the Company sold 468,000 shares of Fiore for gross proceeds of $287,767 for a realized loss of $851,958. As at September 30, 2018, the quoted market value of these shares was $531,040 resulting in an unrealized loss of $344,308 included in loss for the Nine months ended September 30, 2018.

(Expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation assets

		Atacama Copper, Chile		La Finca, Chile		Total
Balance, December 31, 2017	$	3,197,385	$	112,642	$	3,310,027
Additions		782,225		-		782,224
Write-off				(112,642)		(112,642)
Balance, June 30, 2018	$	3,979,610	$	-	$	3,979,609

Exploration and evaluation properties comprise the following:

a) Atacama Copper Property, Chile

On August 1, 2013, the Company entered into a definitive option agreement with a Chilean mining company (the "Vendor") to earn an 80% interest in the Atacama copper property. In consideration for the assignment of the option agreement, the Company will be required to:

1) Make an aggregate cash payment to the Vendor as follows:
   - US$1 per hectare on signing (paid);
   - US$3 per hectare, or a maximum of US$450,000 on or before July 26, 2014 (paid);
   - US$6 per hectare, or a maximum of US$600,000 on or before July 26, 2015 (paid);
   - US$15 per hectare, or a maximum of US$750,000 on or before July 26, 2016 (paid);
   - US$30 per hectare, for a total of US$211,830 paid on July 3, 2018

2) Incur exploration and development expenditures on the worked claims over the option term as follows:
   - US$5 per hectare, or a maximum of US$750,000 by July 26, 2014 (incurred);
   - An additional US$10 per hectare, or a maximum of US$1,000,000 by July 26, 2015 (incurred);
   - An additional US$30 per hectare, or a maximum of US$1,500,000 by July 26, 2016 (incurred);
   - An additional US$60 per hectare, or a maximum of US$3,000,000 by July 26, 2017. (incurred);

On September 5, 2017, the Company secured an extension agreement with Socided Quimica y Minela de Chile S.A. ("SQM") on Atacama, effectively extending the option exercise date from July 27, 2017 to April 30, 2018.

On November 1, 2017, the Company exercised the underlying Atacama option agreement on two projects consisting of a total of 7,061 hectares. The two projects were retained by the Company, due to JOGMEC and Teck opting out of their agreements on November 1. These are the epithermal gold Paciencia project and the copper porphyry Pampa Union project, which are agreed to be split with SQM on a 80% Arena and 20% SQM basis.

JOGMEC Option

On July 16, 2015, the Company entered into a binding definitive agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC"), pursuant to which Arena has granted JOGMEC the option to acquire up to a 60% interest in 10,000 hectares to be selected from 30,000 hectares of the Company's Atacama Copper Property, located in Antofagasta, Chile (the "Agreement"). The hectares optioned include the majority of the land lying between the Cerro Barco and La Paloma properties, consisting of three separate claim blocks, which have been designated Carmen Alto, Pampa Union and Cerro Guacate Sur.

On November 1, 2017, JOGMEC opted out of their joint venture agreement with the Company. However, JOGMEC continued to reimburse expenditures on the property to March 31, 2018.

(Expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation assets (continued)

Teck Option

On October 23, 2015, the Company's Chilean subsidiary signed an option/joint venture agreement with Teck Resources Chile Limitada ("Teck Chile"), amended on July 21, 2016, a Chilean subsidiary of Teck Resources Limited ("Teck"), pursuant to which Arena has granted Teck Chile options to acquire up to a 60% interest in the Solitario and Paciencia North prospects, which consist of two separate claim blocks (collectively the "Property") that comprise part of the Company's Atacama Copper property, located in Antofagasta, Chile.

On November 1, 2017, Teck opted out of their joint venture agreement with the Company.

b) La Finca

On May 8, 2017, the Company entered into an agreement to acquire 100% of the La Finca Property, located in Region III of Chile. The Company, however, decided not to pursue further exploration on the La Finca property and, as such, has opted out of the underlying option agreement with the vendors.

7. Accounts payable and accrued liabilities

	September 30, 2018	December 31, 2017
Corporate payables and corporate accruals	$ 451,402	$ 203,234
Exploration payables	-	43,622
	$ 451,402	$ 246,856

8. Share capital

	Number of Shares	Amount
Balance, December 31, 2017	86,621,090	$ 14,921,687
Private placement	46,000,000	2,300,000
Fair value of warrants issued with private placement	-	(2,143,628)
Cost of issue	-	(10,686)
Balance, September 30, 2018	132,621,090	$ 15,067,373

(Expressed in Canadian dollars unless otherwise noted)

9. Share-based payments 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, 2016	5,350,000	$ 0.22	$ 745,630	7,400,000	$ 0.15	$ 159,801	$ 905,431
Exercised	-	$ -	$ -	(6,500,000)	$ 0.15	$ (140,365)	(140,365)
Expired	(545,000)	$ 0.10	$ (54,500)	(900,000)	$ 0.15	$ (19,436)	(73,936)
Grant	200,000	$ 0.20	$ 20,000	-	$ -	$ -	20,000
December 31, 2017	5,005,000	$ 0.22	$ 711,130	-	$ -	$ -	$ 711,130
Expired	(800,000)	$ 0.19	$ (100,095)	-	$ -	$ -	(100,095)
Grant	4,000,000	$ 0.09	$ 270,000	46,000,000	$ 0.10	$ 2,143,684	2,413,684
September 30, 2018	8,205,000	$ 0.16	$ 881,035	46,000,000	$ 0.10	$ 2,143,684	$ 3,024,719

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 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 September 30, 2018:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Grant date share price	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
775,000	775,000	22-Jul-14	22-Jul-19	$ 0.22	$ 123,546	$ 0.22	81%	5	0%	1.46%
1,980,000	1,980,000	08-Apr-15	08-Apr-20	$ 0.17	$ 233,015	$ 0.17	87%	5	0%	0.75%
300,000	300,000	16-Jul-15	16-Jul-20	$ 0.205	$ 29,644	$ 0.205	85%	5	0%	0.69%
950,000	950,000	17-May-16	17-May-21	$ 0.35	$ 204,830	$ 0.325	81%	5	0%	0.71%
200,000	200,000	09-May-17	09-May-22	$ 0.20	$ 20,000	$ 0.17	77%	5	0%	1.04%
4,000,000	4,000,000	21-Sep-18	21-Sep-23	$ 0.09	$ 270,000	$ 0.09	87%	5	0%	2.17%
8,205,000	8,205,000				$ 881,035					

The following warrants were in existence at September 30, 2018.

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Grant date share price	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
46,000,000	46,000,000	06-Sep-18	06-Sep-21	$ 0.10	$ 2,143,684	$ 0.08	78%	3	0%	2.17%

(Expressed in Canadian dollars unless otherwise noted)

10. Operating segments

Geographical information

The Company operates in Canada and Chile. The Company's information about its non-current assets by geographical location as at September 30, 2018 and December 31, 2017 are detailed below:

	Current Assets	Exploration and Evaluation Assets	Total Assets
September 30, 2018			
Canada	$ 2,633,388	$ -	$ 2,633,388
Chile	549,561	3,979,609	4,529,170
	$ 3,182,949	$ 3,979,609	$ 7,162,558
December 31, 2017			
Canada	$ 903,678	$ -	$ 903,678
Chile	2,255,492	3,310,026	5,565,518
	$ 3,159,170	$ 3,310,026	$ 6,469,196

11. Financial instruments

Financial assets and financial liabilities as at September 30, 2018 and 2017 were as follows:

	Loans and receivables / Other financial liabilities	Assets /(liabilities) at fair value through profit and loss	Total
September 30, 2018			
Cash	$ 2,130,455	$ -	$ 2,130,455
Investments, at fair value through profit and loss	-	1,030,841	1,030,841
Accounts payable and accrued liabilities	(451,402)	-	(451,402)
December 31, 2017			
Cash	$ 214,973	$ -	$ 214,973
Amounts receivable	58,995	-	58,995
Investment	-	2,857,474	2,857,474
Accounts payable and accrued liabilities	(246,856)	-	(246,856)

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 nine months ended September 30, 2018 and 2017.

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 and cash equivalents with a major financial institution domiciled in Canada. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

11. Financial instruments (continued)

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 September 30, 2018, the Company had current assets of $3,182,949 to settle current liabilities of $451,402.

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 September 30, 2018, a 1% charge in interest rates could result in a corresponding change in annual loss of approximately $21,300.

(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.

As at September 30, 2018, the Company had the following financial assets and liabilities denominated in foreign currency presented below in Canadian dollars:

	Chilean Peso	US Dollars
Cash	$ 15,058	$ 294
Amounts receivable	-	-
Accounts payable	(182,053)	-
	$ (166,995)	$ 294

As at September 30, 2017, the Company had the following financial assets and liabilities denominated in foreign currency presented below in Canadian dollars:

	Chilean Peso	US Dollars
Cash	$ 53,106	$ 467
Amounts receivable	-	207,122
Accounts payable	(43,234)	(34,582)
	$ 9,872	$ 173,007

A 1% strengthening (weakening) of the Canadian dollar against the Chilean Peso and United States dollar would decrease (increase) net loss by approximately ($1,700) and ($3), respectively.

Rates as at September 30, 2018 are represented in the following chart:

	September 30, 2018	December 31, 2017
1 US dollar to Canadian dollars	1.2945	1.2766
1 US dollar to Chilean Peso	0.001514	0.001600
1 Canadian dollar to Chilean Peso	0.001960	0.002043

11. Financial instruments (continued)

(c) Price risk

The Company will be exposed to price risk with respect to commodity prices, specifically gold and copper. 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 and copper, 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.

For the Nine months ended September 30, 2018, 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 $5,000, 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 September 30, 2018, the Company's financial instruments that are carried at fair value, consisted of investments of securities of $1,030,841 (December 31, 2017 – $2,857,474) which have been classified as Level 1 within the fair value hierarchy.

12. 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 and development stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development, 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 Nine months ended September 30, 2018 and 2017. 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 September 30, 2018, the Company did not believe it was in violation of such requirements.

(Expressed in Canadian dollars unless otherwise noted)

13. Related party disclosures

During the Nine months ended September 30, 2018 and 2017, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchases of goods/services			
	Nine months ended September 30			
	2018		2017	
2227929 Ontario Inc.	$	-	$	50,850
Fiore Exploration Ltd	$	25,262	$	16,841

The Company shares office space with other companies who may have similar officers and directors. The costs associated with this space are administered by Fiore Exploration Ltd. to which the Company pays a fee. 2227929 Ontario Inc. no longer has any officers or directors in common with the Company. As at September 30, 2018, the Company advanced $Nil to 2227929 Ontario Inc. (September 30, 2017 – $50,850 owing to 2227929 Ontario Inc). Such amount was unsecured, non-interest bearing and has no fixed terms of payment.

As at September 30, 2018, the balance owing to Fiore was $Nil (September 30, 2017 - $2,807). Such amount is unsecured, non-interest bearing and has no fixed terms of payment. Vern Arseneau, an officer of the Company, was an officer of Fiore until September 1, 2018.

Compensation of key management personnel of the Company:

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2018 and 2017 were as follows:

	2018		2017	
Short-term benefits	$	390,500	$	434,000
Share-based payments	$	263,250	$	-

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.

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

At September 30, 2018, the Company had an accounts payable balance of $248,000 (September 30, 2017 - $5,083) 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.

14. Commitments and contingencies

The Company has various commitments described in Note 6.

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 $1,262,500 be made upon the occurrence of certain events such as a change of control. As no triggering event

14. Commitments and contingencies (continued)

has taken place, the contingent payments have not been reflected in these consolidated financial statements. Minimum commitments remaining under these contracts were approximately $637,500 all due within one year.

The Company has sold, dispersed of, or written down 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.

15. Subsequent event

On November 15, 2018, Company entered into a binding Share Purchase Agreement (the “Agreement”) to acquire 100% of Antofalla Minerals S.A. (“AMSA”), which owns lithium brine projects located in Argentina. AMSA’s flagship project covers 4,000 hectares of Salar de Antofalla immediately south and adjacent to Albemarle Corporation’s Antofalla project. AMSA also has projects in the Hombre Muerto and Pocitos salars, and a pending claim for another 2,000 hectares in Antofalla South. The purchase price for all of the outstanding shares of AMSA is US$400,000 in cash and 10,000,000 common shares of Arena. The vendors are not entitled to any other post-closing royalties or other payments