ARENA MINERALS

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the year ended December 31, 2020

BACKGROUND

This Management's Discussion and Analysis ("MD&A") has been prepared based on information available to Arena Minerals Inc. ("we", "our", "us", "Arena" or the "Company") containing information through April 30, 2021 unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results with those of the previous period and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020 and 2019. The consolidated financial statements and related notes of Arena have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Please refer to the notes of the December 31, 2020 consolidated financial statements for disclosure of the Company's significant accounting policies. The Company's functional and reporting currency is the Canadian dollar. Unless otherwise noted, all references to currency in this MD&A refer to Canadian dollars.

Additional information, including our press releases, have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's SEDAR profile at www.sedar.com.

William Randall, P.Geo, Arena's President and CEO, is a "Qualified Person" as such term is defined under National Instrument 43-101 guidelines and has reviewed and approved the scientific and technical information in this MD&A. As an officer of the Company, Mr. Randall is not considered independent.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Except for statements of historical fact relating to Arena certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the Company's proposed acquisitions and strategy, development potential and timetable of the Company's properties; the Company's ability to raise required funds; future mineral prices; mineralization projections; conclusions of economic evaluation; the timing and amount of estimated future exploration and development; costs of exploration and development; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration activities are based on previous industry experience and regional political and economic stability. Capital and operating cost estimates are based on extensive research of the Company, recent estimates of exploration costs and other factors that are set out herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to: unexpected events and delays during exploration and development; acquisition risks; regulatory risks; revocation of government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of minerals; accidents, labour disputes and other risks of the mining industry.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

OVERVIEW OF THE COMPANY

Arena is a Canadian mineral exploration company listed on the TSX Venture Exchange ("TSX-V") trading under the symbol "AN". The Company's primary focus is on lithium and copper exploration and development with its assets in Argentina and Chile. The Company was incorporated under the laws of the Province of Alberta on August 29, 1995 and continued into Ontario on February 12, 2013. Arena's current focus is on the Antofalla North project in Argentina and its Atacama Copper Project in Chile.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company's consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

RESULTS OF OPERATION – EXPLORATION

ANTOFALLA MINERALS, ARGENTINA

Property Description

On November 15th, 2018 the Company acquired 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 was finally awarded with the concession of another 2,000 hectares in Antofalla South, the Santa Moro mine; and during 2020 AMSA sold the property in Hombre Muerto and desisted of exercising the option on the Pocitos properties. The acquisition of AMSA and its lithium brine projects strategically positioned Arena in the so-called Lithium Triangle, a richly mineralized region covering Chile, Argentina and Bolivia that accounts for more than 40% of the world's lithium production.

The purchase price for all of the outstanding shares of AMSA was US$400,000 in cash and 10,000,000 common shares of Arena. The vendors were not entitled to any other post-closing royalties or other payments.

AMSA's Antofalla project is one of the only brines within Argentina with a unique chemistry paired with elevated lithium values, allowing for development as either a stand-alone project with a potential low cost of production or as a lithium rich feed for more conventional projects within the country. Recent proprietary process development work demonstrated that the unique chemistry of AMSA's Antofalla project allows for synergies with more typical brines, significantly reducing reagent use and therefore production costs. As such, we expect this particular brine, coupled with the Company's proprietary process, to become increasingly strategic in the region. The projects are located in a mining-friendly part of Argentina where members of Arena's experienced lithium team have previously enjoyed successes and in which they maintain good relationships with relevant stakeholders.

The Company is now in discussion with potential strategic partners in order to establish strategic alliances where Arena would adapt its proprietary process to the partner's operations and supply a brine based reagent, sourced from Antofalla, which could potentially improve the economics of the partnering operation by lowering production costs and allowing the constant production of battery grade lithium carbonate

Arena Minerals has completed initial groundwork, including a comprehensive TEM survey covering a large portion of the Antofalla North claims. The survey confirmed the presence of halite over the salar surface, representing approximately 15% of the claim block, but also discovered low resistivity fields at depth along the eastern margin of the survey area. This low resistivity field is interpreted as a large aquifer saturated with brine, increasing the prospective brine field by 600 percent. Follow-up drilling is planned. Permits have been received for process piloting and drilling activities, among others.

ATACAMA COPPER PROJECT, CHILE

Property Description

The Atacama property consists of approximately 7,061 hectares in Chile's Antofagasta Region II, home to some of the world's largest copper mining operations and covering a large undrilled portion of the highly prospective Jurassic and Paleocene-Early Miocene copper porphyry belt. The property is located approximately 40 km northeast from the city of Antofagasta, and is adjacent to and in some cases traversed by major highways, railways, desalination pipelines and high-tension power lines, some of which service existing operating copper mines in the region and are subject to easement agreements which will be assumed by the Company. The claim block follows the Antofagasta-Calama Lineament and is surrounded by several major producing copper mines. Operating mines within a 15 km radius of the property boundary include Spence (BHP Billiton), Lomas Bayas (Glencore Xstrata), Mantos Blancos (Audley Capital), Tesoro (Antofagasta Minerals/Marubeni) and Esperanza (Antofagasta Minerals/Marubeni). These mines currently account for over 600,000 tonnes of estimated annual copper production.

Option Agreement

On August 1, 2013, the Company entered into a definitive option agreement (the "Option Agreement") with a Chilean mining company (the "Vendor") to earn an 80% interest in the Atacama copper property, in consideration for:

1) making aggregate cash payments 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 (paid).

2) Incurring exploration and development expenditures on the worked claims over the option term as follows:
   - US$5 per hectare by, or a maximum expenditure of US$750,000 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 November 1, 2017, the Company decided to exercise 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, 2017. These are the epithermal gold Paciencia project and the copper porphyry Pampa Union project, which is split with SQM on a 80% Arena and 20% SQM basis.

Results, Developments and Future Plans

Atacama Property

Pampa Union & Pampa Paciencia

The Pampa Union property consists of 5,000 hectares within 20 kilometres of Spence and Sierra Gorda mines. Over $6 million has been spent on the property, primarily consisting of reverse circulation reconnaissance grid drilling, as entire property is under 40 to 100 metres of gravel cover. Arena and past joint venture partners completed over 23,240 metres of reconnaissance drilling, in addition to geophysical and deep seismic surveys. The Pampa Paciencia property covers 2,140 hectares with access to paved highway, rail, power and water. Exploration to date has discovered a gold system with trench samples as high as 93 g/t Au and up to 28 g/t Au in diamond drill core. All sections remain open at depth and on strike, with only a small fraction of the known strike length and overall property tested by drilling.

Arena acquired the Pampa Union property from Sociedad Quimica y Minera de Chile (“SQM”), following the completion of an option agreement to acquire 80% ownership. Pampa Union was part of an extensive property package held by SQM, an industrial minerals miner, for several decades and never explored for metallic deposits.

Two high quality porphyry targets were discovered with advanced argillic/phyllic alteration signatures, a well-developed silica cap, hydrothermal brecciation, and anomalous geochemical signatures including values up to 0.2% copper in drill core. The discovered targets are approximately 2 kilometres by 500 metres in size, lying under less than 100 metres of ground cover.

Minimal additional drilling is required fully to test the identified targets.

EXPENSING EXPLORATION AND EVALUATION COST

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.

MINERAL PROPERTIES EXPENDITURES

The Company is a venture issuer that has not had any revenue from operations in either of its last two financial years. Details of totals expenditures for the properties are as follows:

	2020 Expenses
Atacama Copper, Chile	
Consulting fees	22,932
Field work and supplies	405
License and permits	9,961
Total Atacama Copper	33,298
Antofalla North, Argentina	
Assays	11,491
Field work and supplies	141,807
License and permits	12,118
Long-term VAT	12,497
Disposal - Tabahm	(62,322)
Total Antofalla	115,591
Total Evaluation and Exploration	**148,889**

	2019 Expenses
Atacama Copper, Chile	
Consulting fees	166,498
Field work and supplies	45,294
Legal fees	211,858
License and permits	21,592
Taxes	759
Long-term VAT	48,248
Total Atacama Copper	494,248
Antofalla North, Argentina	
Assays	44,362
Field work and supplies	327,386
Consulting fees	101,988
Long-term VAT	31,983
Taxes	27,685
Total Antofalla	533,404
Total Evaluation and Exploration	**1,027,652**

RESULTS OF OPERATIONS - FINANCIAL

The following is a discussion of the results of operations of the Company for the three and year ended December 31, 2020. They should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020, and related notes.

Three months ended December 31, 2020

	3 Months Ended 31-Dec-20	3 Months Ended 31-Dec-19
Gain (Loss) and comprehensive gain (loss)	$ 413,918	$ 26,741
Management and consulting fees	(11,250)	(119,512)
Travel and promotion	(2,551)	(37,383)
Office and rent	(24,186)	(56,641)
Accounting and legal	(44,944)	(18,224)
Regulatory and transfer agent	6,952	(22,386)
Exploration expense	(148,889)	-
Foreign exchange (loss) gain	(183,725)	102,952
Realized (loss) gain on investments	(307,321)	(165,859)
Unrealized gain (loss) on investments	1,129,832	343,794

For the three months ended December 31, 2020, the Company recorded a comprehensive loss of $413,918 (0.00 per share) compared to a comprehensive gain of $26,741 ($0.00 per share) in 2019. The loss in 2020 were due to unrealized loss on investment and $148,889 of exploration costs during the year were expensed in the quarter.

Management and consulting fees were $11,250 compared to $119,512 for the three months ended December 31, 2019. The decrease was due to management ceasing to accrue fees for Q4 due to the pandemic.

Travel and promotion were $2,551 compared to $37,383 for the three months ended December 31, 2019. The decrease reflects decreased travel for Q4 2020.

Office and rent were $24,186, compared to $56,641 for the three months ended December 31, 2019. The decrease was due to decrease in office and IT costs.

Foreign exchange gain was $50,257 compared to $102,952 gain for the three months ended December 31, 2019. The gain was due to the fluctuation of the Canadian dollar currency against US dollars and Chilean Peso, and the inflationary Argentinian Peso.

Realized loss on investment was $307,321 compared to loss of $165,859 for the three months ended December 31, 2019. The realized loss was generated from the sale of 20,000 Fiore Exploration Ltd. shares in Q4 2020.

Unrealized loss on investment was $1,129,832 compared to an unrealized gain of $343,794 for the three months ended December 31, 2019. The unrealized loss was a result of higher fair market values in Fiore Exploration Ltd. and B2 Gold.

Year ended December 31, 2020

	Year Ended 31-Dec-20	Year Ended 31-Dec-19
Gain (Loss) and comprehensive gain (loss)	(53,704)	(1,595,240)
Management and consulting fees	(151,887)	(510,406)
Travel and promotion	(2,892)	(127,674)
Office and rent	(73,740)	(123,861)
Accounting and legal	(229,513)	(111,929)
Regulatory and transfer agent	(9,190)	(30,915)
Exploration expense	(148,889)	(1,027,652)
Foreign exchange (loss) gain	44,585	102,685
Realized (loss) gain on investments	(338,867)	(1,238,257)
Unrealized gain (loss) on investments	856,689	1,503,027

For the year ended December 31, 2020, the Company recorded a comprehensive loss of $53,704 ($0.00 per share) compared to a comprehensive loss of $1,595,240 ($0.01 per share) in 2019.

Management and consulting fees were $151,887 compared to $510,406 for the year ended December 31, 2019. The decrease was because management ceased accruing fees for most of the year due to pandemic.

Travel and promotion were $2,892 compared to $127,674 for the year ended December 31, 2019. The decrease reflects decreased travel for FY 2020.

Office and rent were $73,740 compared to $123,861 for the year ended December 31, 2019. The increase was due to increased office and IT costs.

Accounting and legal fees were $229,513, compared to $111,929 for the year ended December 31, 2019. The increase reflects increased due diligence on potential new deals and acquisitions.

Exploration expense was $148,889 compared to $1,027,652 for the year ended December 31, 2019. This due to the change in the accounting policy of capitalizing exploration and evaluation expenditures in 2020. The exploration expense for 2020 and 2019 were restated to reflect the adjustments in its accounting policy.

Foreign exchange gain was $44,585 compared to $102,685 gain for the year ended December 31, 2019. The gain was due to the fluctuation of the Canadian dollar currency against US dollars and Chilean Peso, and the inflationary Argentinian Peso.

Realized loss on investment was $338,867 compared to $1,238,257 loss for the year ended December 31, 2019. The realized loss was generated from the sale of 260,000 shares of Fiore offset by the sale of 12,000 BTO shares.

Unrealized gain on investments was $856,689 compared to an unrealized gain of $1,503,027 for the year ended December 31, 2019. The unrealized gain was a result of a higher fair market values in Fiore Exploration Ltd. and B2 Gold.

Cash Flows

For the year ended December 31, 2020, $327,360 was used in operating activities compared to $1,759,647 last year. The decrease in operating cash flow for the year ended December 31, 2020 was a result of decrease in activities due to Covid-19.

For the year ended December 31, 2020, the Company earned $322,483 from investing activities compared to $588,345 last year. In 2020, the Company invested less in exploration due to Covid-19..

During the year ended December 31, 2020 and 2019 the Company generated $nil in financing activities.

LIQUIDITY AND CAPITAL RESOURCES

In management's view, given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will depend upon the acquisition of a property that leads to the discovery of economically recoverable reserves. Such development may take years to complete, if the Company is ever successful, and the amount of resulting income, if any, is difficult to determine.

As at December 31, 2020, the Company had working capital of $442,635 compared to working capital of $466,184 as at December 31, 2019.

The Company's estimate of the adequacy of its working capital is a forward-looking statement as it involves known and unknown risks, uncertainties and other factors. Actual results could differ, perhaps materially; with the result that the adequacy of working capital required for the fiscal year 2020 expressed by such forward-looking statement is materially different than so stated. Also, the ability of the Company to successfully acquire and develop additional properties in the resource sector or to continue development of its current properties is conditional on its ability to secure financing when required. The Company proposes to meet any additional financing requirements through equity financing. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Company. See "Cautionary Statement Regarding Forward Looking Information".

Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates.

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

	Argentinian Peso		Chilean Peso		US Dollars		Total	
Cash	$	6,986	$	13,479	$	20,443	$	40,908
Receivables		-	$	2,153		-	$	2,153
Accounts payable and accrued liabilities		(53,527)		(85,571)		-	$	(139,098)
Total	$	(46,541)	$	(69,939)	$	20,443	$	(96,037)
Effect of +/- 1% change in exchange rate	$	(465)	$	(699)	$	204	$	(960)

At December 31, 2020 the United States dollar was converted at a rate of $1.2754 Canadian dollars to $1.00 US dollar and the Chilean Peso was converted at a rate of $0.001795 Canadian dollars to $1.00 Chilean Peso. The Argentinian Peso was converted at a rate of $0.01517 Canadian dollars to $1.00 Argentinian Peso

Capital Risk Management

The Company includes equity, comprising of issued common shares, share-based payment reserves and deficit, in the definition of capital. The Company's objectives when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. 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 and consultants to sustain future development of the business.

The Company's properties are in the exploration state and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise the required additional funds.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes in the Company's approach to capital management during the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements except 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 December 31, 2020, the Company did not believe it was in violation of such requirements.

COMMITMENTS

The Company's current focus of its exploration program is on the Atacama property in Chile, as well the progressing the AMSA purchase.

Environmental Commitments

The Company's mining and exploration activities are subject to various federal, provincial and international 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.

Management Contract Commitments

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 December 31, 2020, 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.

Disposed of Operations

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.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
	2020	2020	2020	2020	2019	2019	2019	2019
Revenue	-	-	-	-	-	-	-	-
Net income (loss)	$ (23,549)	$ (3,184)	$ (471,143)	$ 30,020	$(1,000,911)	$ (296,440)	$ (21,230)	$ (276,659)
Income(loss) per Share	$ 0.00	$ (0.00)	$ -	$ 0.00	$ 0.00	$ (0.00)	$ 0.00	$ (0.01)
Total Assets	$975,779	$ 7,503,585	$7,503,585	$ 7,237,584	$ 822,578	$7,202,563	$7,468,841	$7,512,310

The loss for the quarters of fiscal 2019 relates primarily to ongoing operating activities associated with consulting, accounting, legal, travel and promotion, filing fees of the Company offset by realized gain on investment and operator fees, and the restated of exploration costs to expenses due to changes in accounting policy in 2020.

The loss second and third quarters of 2020 relates primarily to unrealized loss on investments, ongoing operating activities associated with consulting, office and rent, accounting, legal, and travel and promotion, and foreign exchange loss.

The gain in the first and fourth quarter of 2020 resulted from unrealized gains on investment.

SELECTED ANNUAL INFORMATION

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

	IFRS		
	December 31, 2020	December 31, 2019	December 31, 2018
Revenues	$Nil	$Nil	$Nil
Income (loss) and comprehensive income (loss) for the year	$(23,549)	$(1,595,240)	$(1,919,827)
Basic and diluted income (loss) per share	$(0.00)	$(0.01)	$(0.02)
Total assets	$975,779	$822,578	$2,333,664
Total current assets	$975,779	$822,578	$2,333,664
Total long-term financial liabilities	$Nil	$Nil	$Nil
Cash dividends declares per share	$Nil	$Nil	$Nil

A significant amount of the Company's fiscal 2018 and 2019 losses were realized losses on investments and general operations.

A significant amount of the Company's fiscal 2020 gain was mainly due to unrealized gains.

OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Company is committed.

RELATED PARTY TRANSACTIONS

Compensation of directors and management personnel of the Company:

The remuneration of directors and other members of key management personnel during the year ended December 31, 2020 and 2019 were as follows:

	2020	2019
Short-term benefits	$ 147,270	$ 785,735
Share-based payments	$ -	$ 34,483

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

At December 31, 2020, the Company had an accounts payable balance of $309,339 (December 31, 2019 - $139,625) 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.

Financial Instruments and Other Instruments

The carrying value of cash and cash equivalents, receivable, investment at fair value through profit or loss, accounts payable and accrued liabilities approximate their fair values due to the short maturity of those instruments. See Note 11 of the Company's consolidated financial statements.

Mineral Properties Expenditures

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.

Outstanding Share Data

As at April 30, 2021, the Company has 211,098,065 common shares issued and outstanding. Stock options, warrants and convertible securities outstanding as at April 30, 2021 are as follows:

Stock Options:
950,000 at an exercise price of $0.35 expiring May 17, 2021
200,000 at an exercise price of $0.20 expiring May 9, 2022
3,650,000 at an exercise price of $0.09 expiring September 21, 2023
750,000 at an exercise price of $0.06 expiring March 19, 2024

Warrants:
33,495,000 at an exercise price of $0.10 expiring September 6, 2021

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which includes the acquisition, financing, exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company.

Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with the development of its properties. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

Nature of Mining, Mineral Exploration and Development Projects

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in the mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Current market conditions are forcing many mining operations to increase capital and operating cost estimates. Indeed, there have been a number of mining operations that have ceased or been suspended or delayed because operation costs are estimated to be greater than projected prices of product. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

No Revenues

To date the Company has recorded no revenues from exploration operations and the Company has not commenced commercial production or development on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses for the foreseeable future. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration. There can be no assurance that the Company will generate any revenues or achieve profitability.

Foreign Exchange

The Company is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the US dollar. The Company supports its operations by raising financing in Canadian dollars and mineral commodities are sold in US dollars. A decline in the US dollar would result in a decrease in the real value of Arena's future revenues, if any, and adversely affect its financial performance.

Licenses and Permits, Laws and Regulations

The Company's exploration and development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities and are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become costlier. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that Arena will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Mineral Commodity Prices

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

Environmental

The Company's activities are subject to extensive federal, provincial state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. Title to the mining claims may be disputed or may not be properly recorded with the applicable regulatory authority and may be invalid or void. The Corporation's rights and interest in and to its properties may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by undetected defects. In addition, the Corporation may be unable to operate its properties as permitted or enforce its rights with respect to its properties, and the title to its mineral properties may also be impacted by government or state action.

Dependence on Key Personnel

The Company's development to date has largely depended, and in the future will continue to depend, on the efforts of key management. Loss of any of these people could have a material adverse effect on the Company and its business.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration-stage companies such as the Company, have experienced wide fluctuations in price which have not necessarily been related to the underlying asset values or prospects of such companies. Price fluctuations likely will continue to occur in the future.

Risks Associated with Exploration Activities in Foreign Countries

The Company will conduct exploration activities in Chile and Argentina which has, from time to time, experienced political and economic instability. The Company may be materially adversely affected by risks associated with political instability and violence, war and civil disturbance, acts of terrorism, expropriation or nationalization, change in fiscal regimes, fluctuations in currency exchange rates, high rates of inflation, underdeveloped industrial and economic infrastructure; and enforceability of contractual rights.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could result in significant liabilities to the company and increase costs of projects.

Competition

Arena competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Dependence on Outside Parties

Arena has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop processes to extract the commodity from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on Arena.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of Arena may have a conflict of interest in negotiating and concluding terms respecting such participation.

Litigation

Arena has entered into legally binding agreements with various third parties on a consulting basis. The interpretation of the rights and obligations that arise from such agreements is open to interpretation and Arena may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause Arena to incur legal costs in the future. Given the speculative and unpredictable nature of litigation, the outcome of any such disputes could have a material adverse effect on Arena.

SIGNIFICANT ACCOUNTING POLICIES

New and future accounting changes

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.

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.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 9 - On January 1, 2018 the Company adopted IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for the annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities is unchanged.

Critical Accounting Estimates

The preparation of the Company's 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.

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. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. 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

The cost estimates are updated annually during the life of a mine 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.

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.

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.