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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

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

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

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

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

**ARENA MINERALS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL**  
**POSITION**  
**AS AT**  
**(Unaudited - Expressed in Canadian dollars)**

	Notes	March 31, 2022	December 31, 2021
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 6,257,934	\$ 6,610,397
Receivables	3	81,337	101,631
Prepaid expenses		37,542	32,517
Investments, at fair value through profit or loss	4	989,542	1,746,250
<b>Total current assets</b>		<b>7,366,355</b>	<b>8,490,795</b>
<b>Non-current assets</b>			
Equipment		68,939	69,087
Investment in joint venture	13	20,325,612	20,642,630
<b>Total assets</b>		<b>27,760,906</b>	<b>29,202,512</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		132,036	\$ 995,149
<b>Total current liabilities</b>		<b>132,036</b>	<b>995,149</b>
<b>Equity</b>			
Share capital	6	46,002,021	43,822,168
Reserves	7	6,746,511	7,744,841
Deficit		(25,119,662)	(23,359,646)
<b>Total equity</b>		<b>27,628,870</b>	<b>28,207,363</b>
<b>Total liabilities and equity</b>		<b>\$ 27,760,906</b>	<b>\$ 29,202,512</b>
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Approved on behalf of the Directors:

*"Peter Damouni"*

Director

*"William Randall"*

Director

See accompanying notes to these consolidated financial statements

**ARENA MINERALS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF**  
**OPERATIONS AND COMPREHENSIVE (LOSS)**  
**For the three months ended March 31**  
**(Unaudited – Expressed in Canadian dollars)**

		Three months ended March 31	
	Note	2022	2021
Management and consulting fees	11	361,488	38,726
Accounting and legal		123,989	52,461
Travel and promotion		13,419	1,103
Office and rent		41,881	10,032
Exploration and evaluation expenses	5	255,083	335,981
Regulatory and transfer agent		49,933	14,991
Foreign exchange (gain)		(143,155)	(8,096)
(Loss) before other items		(701,988)	(445,198)
Realized (loss) on investment	4	-	(94,320)
Unrealized (loss) on investments in associate	13	(301,970)	-
Unrealized (loss) gain on investments	4	(756,708)	(193,849)
Income (loss) before taxes		(1,760,016)	(733,367)
(Loss) and comprehensive (loss) for the year		(1,760,016)	(733,367)
(Loss) per share:			
Basic and diluted		\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding:			
Basic and diluted		384,201,908	142,621,090

**ARENA MINERALS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**For the three months ended March 31**  
**(Unaudited – Expressed in Canadian dollars)**

		Three months ended March 31	
	Note	2022	2021
<b>Cash provided by (used in) operations:</b>			
<b>Net (loss) for the period</b>		\$ (1,760,016)	\$ (733,367)
Items not involving cash:			
Realized loss on investment	4	-	94,320
Unrealized loss on investment	4	771,756	193,849
Gain on investment in associate	13	301,970	-
Unrealized foreign exchange (Gain) loss		-	(121,218)
Working capital adjustments			
Change in receivables		20,294	58
Change in prepaid expenses		(5,025)	(18,156)
Change in accounts payable and accrued liabilities		(863,113)	102,021
<b>Net cash from operating activities</b>		<b>(1,534,134)</b>	<b>(482,493)</b>
<b>Investing activities</b>			
Proceeds from sale of investment	4	148	150,963
<b>Net cash from investing activities</b>		<b>148</b>	<b>150,963</b>
<b>Cash provided by (used in) financing activities:</b>			
Proceeds from private placement		-	3,999,477
Cash from warrants exercised		1,181,523	-
<b>Net cash from financing activities</b>		<b>1,181,523</b>	<b>3,999,477</b>
Change in cash		(352,463)	3,667,947
Cash, beginning of year		6,610,397	57,840
<b>Cash, end of period</b>		<b>\$ 6,257,934</b>	<b>\$ 3,725,787</b>

See accompanying notes to these condensed consolidated interim financial statements

**ARENA MINERALS INC.**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Unaudited - Expressed in Canadian dollars)

	Number of Shares	Share Capital	Options	Warrants	Deficit	Total
<b>Balance, December 31, 2020</b>	<b>142,621,090</b>	<b>\$ 17,529,757</b>	<b>\$ 489,412</b>	<b>\$ 431,300</b>	<b>\$ (18,037,989)</b>	<b>\$ 412,480</b>
Loss and comprehensive loss for the period	-	-	-	-	(733,367)	(733,367)
Warrants issued	-	(262,530)	-	262,530	-	-
Options and warrants exercised	-	136,735	(19,487)	(117,248)	-	-
Shares issued	68,276,975	3,999,477	-	-	-	3,999,477
<b>Balance, March 31, 2021</b>	<b>210,898,065</b>	<b>21,403,439</b>	<b>469,925</b>	<b>576,582</b>	<b>(18,771,356)</b>	<b>3,678,590</b>
<b>Balance, December 31, 2021</b>	<b>380,755,799</b>	<b>43,822,168</b>	<b>3,327,828</b>	<b>4,417,013</b>	<b>(23,359,646)</b>	<b>28,207,363</b>
Loss and comprehensive loss for the period	-	-	-	-	(1,760,016)	(1,760,016)
Options and warrants exercised	7,384,519	2,179,853	-	(998,330)	-	1,181,523
<b>Balance, March 31, 2022</b>	<b>388,140,318</b>	<b>\$ 46,002,021</b>	<b>\$ 3,327,828</b>	<b>\$ 3,418,683</b>	<b>\$ (25,119,662)</b>	<b>\$ 27,628,870</b>

See accompanying notes to these condensed consolidated interim financial statements

**Arena Minerals Inc.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**Three months ended March 31, 2022**  
(Expressed in Canadian dollars unless otherwise noted)

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**1. Nature of operations and going concern**

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

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

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

At March 31, 2022, the Company had working capital of \$7,234,319 and a cumulative loss since inception of \$25,119,662. 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 unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

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

(b) Approval of the financial statements

These condensed consolidated interim financial statements of the Company were approved for issue by the Board of Directors on May 30 2022.



**Arena Minerals Inc.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**Three months ended March 31, 2022**  
(Expressed in Canadian dollars unless otherwise noted)

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**2. Basis of preparation (continued)**

(c) New and future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2022, or later. Updates that are not applicable or are not consequential to the Company have been excluded.

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

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

IAS 1 – In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

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

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

(d) Currency translation

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

**Arena Minerals Inc.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**Three months ended March 31, 2022**  
(Expressed in Canadian dollars unless otherwise noted)

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**2. Basis of preparation (continued)**

(e) Significant accounting judgments, estimates and assumptions

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

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

*Estimation of decommissioning and restoration costs and the timing of expenditure*

Cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. As at March 31, 2022 and 2021, the Company estimated that it had no material decommissioning or restoration obligations.

*Taxes, income taxes and deferred taxes*

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

*Share-based payments*

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

*Fair value of investments not quoted in an active market or private company investments*

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

**Arena Minerals Inc.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**Three months ended March 31, 2022**  
(Expressed in Canadian dollars unless otherwise noted)

**2. Basis of preparation (continued)**

*Significant influence*

The Company classifies an investment as an associate based on management's judgment that the Company has significant influence through board representation, % of the voting rights or both. Management determined that as of March 31, 2022, the Company does not have significant influence over its investment in Astra Exploration Ltd.

*Joint arrangement*

The Company has a joint arrangement under which it has joint control over Sal de la Puna Holdings Ltd. ("SDLP"), unanimous consent is required from all parties to the agreements for certain key strategic, operating, investing and financing policies. The Company's joint arrangement is structured as a corporation ("JV Company") and provides the parties to the agreement with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement has been classified as a joint venture and has been recorded as an investment in associate.

*Joint arrangement (continued)*

Judgement is required to determine the type of joint arrangement that exists. This judgement involves considering its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

*Commitments and contingencies*

Refer to Note 13.

**3. Receivables**

	March 31, 2022	December 31, 2021
HST receivable	\$ 77,422	\$ 99,629
Supplier advances	3,915	2,002
	<u>\$ 81,337</u>	<u>\$ 101,631</u>

**4. Investments, at fair value through profit and loss**

Astra Explorations Ltd.

During the year ended December 31, 2021, the Company sold certain exploration and evaluation properties in Chile to Astra Exploration Ltd. ("Astra") in exchange for 5,820,834 common shares of Astra. As Astra was a private company during the year ended December 31, 2021, these common shares were valued on the date of receipt based on the most recent financing price of Astra which was \$0.20 per share for a total value of \$1,164,167. As at December 31, 2021 the Company held 5,820,831 common shares of Astra which were valued at \$0.30 per share for total fair value of \$1,746,250. The value of the Astra shares was determined based on the most recent financing price prior to December 31, 2021. Astra started trading publicly on January 27<sup>th</sup>, 2022.

B2Gold Corp.

During the year ended December 31, 2021, the Company sold the remaining 78,000 shares of B2Gold for a realized gain of \$35,40

Fiore Exploration Ltd.

During the year ended December 31, 2021, the Company sold the remaining 234,175 shares of Fiore for a realized loss of \$376,988.

**Arena Minerals Inc.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**Three months ended March 31, 2022**  
(Expressed in Canadian dollars unless otherwise noted)

**5. Exploration and evaluation assets**

Exploration and evaluation properties comprise the following:

a) Antofalla Minerals S.A., Argentina

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

b) Sal De La Puna Holdings LTD, Argentina

The Company owns 65% of certain projects in Argentina through joint venture interest in, SDLP.

**6. Share capital**

	Number of Shares	Amount
Balance, December 31, 2021	380,755,799	\$ 43,822,168
Options and warrants exercised	7,384,519	2,179,853
Balance, March 31, 2022	388,140,318	46,002,021

**7. Reserves**

	Options			Warrants			Total Value
	Number of Options	Weighted average exercise prices	Value of options	Number of warrants	Weighted average exercise prices	Value of warrants	
December 31, 2019	7,880,000	\$ 0.14	\$ 723,394	46,000,000	\$ 0.10	\$ 431,300	\$ 1,154,694
Expired	(1,980,000)	0.12	(233,982)	-	-	-	(233,982)
December 31, 2020	5,900,000	\$ 0.08	\$ 489,412	46,000,000	\$ 0.10	\$ 431,300	\$ 920,712
Grant	11,150,000	0.32	3,103,488	82,109,790	0.20	5,942,401	9,045,889
Expired	(950,000)	0.35	(194,370)	(1,155,000)	0.10	(10,829)	(205,199)
Exercised	(1,201,556)	0.09	(70,702)	(57,670,000)	0.11	(1,945,859)	(2,016,561)
December 31, 2021	14,898,444	0.24	3,327,828	69,284,790	0.20	4,417,013	7,744,841
Exercised	-	-	-	(7,384,519)	0.16	(998,330)	(998,330)
March 31, 2022	14,898,444	0.24	3,327,828	61,900,271	0.20	3,418,683	6,746,511

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.

**Arena Minerals Inc.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**Three months ended March 31, 2022**  
(Expressed in Canadian dollars unless otherwise noted)

**7. Reserves (continued)**

The following options were in existence at March 31, 2022:

Number outstanding	Grant date	Expiry date	Exercise price	Fair value at grant date	Grant date share price	Expected volatility	Remaining life (yrs)	Expected dividend yield	Risk-free interest rate
200,000	09-May-17	09-May-22	\$ 0.20	\$ 37,853	\$ 0.170	77%	0.35	0%	1.04%
2,850,000	21-Sep-18	21-Sep-23	\$ 0.09	\$ 158,678	\$ 0.090	87%	1.72	0%	2.17%
750,000	19-Mar-19	19-Mar-24	\$ 0.06	\$ 34,483	\$ 0.060	104%	2.22	0%	1.83%
5,798,444	10-Jun-21	10-Jun-26	\$ 0.15	\$ 750,652	\$ 0.145	104%	4.44	0%	0.82%
5,300,000	30-Dec-21	30-Dec-25	\$ 0.50	\$ 2,346,162	\$ 0.490	148%	4.00	0%	0.82%
14,898,444				\$ 3,327,828					

The following warrants were in existence at March 31, 2022:

Number outstanding	Grant date	Expiry date	Exercise price	Fair value at grant date	Grant date share price	Expected volatility	Remaining life (yrs)	Expected dividend yield	Risk-free interest rate
26,185,987	25-Feb-21	25-Feb-24	\$ 0.15	\$ 645,917	\$ 0.18	175%	2.15	0%	0.42%
21,428,571	23-Jul-21	23-Jul-23	\$ 0.25	\$ 1,658,035	\$ 0.16	201%	1.56	0%	0.45%
14,285,713	14-Oct-21	14-Oct-23	\$ 0.25	\$ 1,114,903	\$ 0.37	204%	1.79	0%	0.72%
61,900,271				3,418,683					

**8. Operating segments**

*Geographical information*

The Company operates in Canada, Argentina and Chile. The Company's information about its current assets by geographical location as at March 31, 2022 and December 31, 2021, are detailed below:

	<u>Current assets</u>	<u>Non-current assets</u>
<u>March 31, 2022</u>		
Argentina	\$ 20,759	\$ 1,924,206
Canada	7,338,773	18,599,989
Chile	6,823	836,097
	<u>\$ 7,366,355</u>	<u>\$ 21,360,292</u>
<u>December 31, 2021</u>		
Argentina	\$ 42,531	\$ 69,087
Canada	8,441,001	20,642,630
Chile	7,263	-
	<u>\$ 8,490,795</u>	<u>\$ 20,711,717</u>

**Arena Minerals Inc.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**Three months ended March 31, 2022**  
(Expressed in Canadian dollars unless otherwise noted)

**9. Financial instruments**

Financial assets and financial liabilities as at March 31, 2022 and December 31, 2021, were as follows:

	Assets (liabilities) at amortized cost	Assets /(liabilities) at fair value through profit and loss	Total
<u>March 31, 2022</u>			
Cash	\$ 6,257,934	\$ -	\$ 6,257,934
Amounts receivable	81,337	-	81,337
Investments, at fair value through profit and loss	-	989,542	989,542
Accounts payable and accrued liabilities	(132,036)	-	(132,036)
<u>December 31, 2021</u>			
Cash	\$ 6,610,397	\$ -	\$ 6,610,397
Amounts receivable	101,631	-	101,631
Investments, at fair value through profit and loss	-	1,746,250	1,746,250
Accounts payable and accrued liabilities	(995,149)	-	(995,149)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the period ended March 31, 2022 and December 31, 2021.

**Credit risk**

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

**Liquidity risk**

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

As at March 31, 2022, the Company had current assets of \$7,366,355 to settle current liabilities of \$132,036.

**Market risk**

(a) **Interest rate risk**

The Company's cash is subject to interest rate cash flow risk as they carry variable rates of interest. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. Based on cash balances on hand at March 31, 2022, a 1% charge in interest rates could result in a corresponding change in annual loss of approximately \$62,579.

**Arena Minerals Inc.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**Three months ended March 31, 2022**  
(Expressed in Canadian dollars unless otherwise noted)

**9. Financial instruments (continued)**

(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 March 31, 2022, the Company had the following financial assets and liabilities denominated in foreign currency presented below in Canadian dollars:

	Argentinian Peso	Chilean Peso
Cash	\$ 5,985	\$ 4,942
Receivables	-	\$ 1,881
Accounts payable and accrued liabilities	(768,887)	(144,287)
<b>Total</b>	<b>\$ (762,902)</b>	<b>\$ (137,464)</b>
Effect of +/- 1% change in exchange rate	\$ (7,629)	\$ (1,375)

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

	<u>Argentinian Peso</u>	<u>Chilean Peso</u>	<u>Total</u>
Cash	\$ 20,180	\$ 5,261	\$ 25,441
Receivables	-	\$ 2,002	\$ 2,002
Accounts payable and accrued liabilities	\$ (808,161)	(153,587)	\$ (961,748)
<b>Total</b>	<b>\$ (787,981)</b>	<b>\$ (146,324)</b>	<b>\$ (934,305)</b>
Effect of +/- 1% change in exchange rate	\$ (7,880)	\$ (1,463)	\$ (9,343)

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

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**9. Financial instruments (continued)**

(c) Price risk

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

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

(d) Fair value

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

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

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

At March 31, 2022, the Company's financial instruments that are carried at fair value, consisted of investments of securities value of \$989,542 Astra Shares (December 31, 2021 – \$1,745,250) which have been classified as Level 1 within the fair value hierarchy.

The Company's investment in Astra is measured at fair value as at March 31, 2022 and is classified as level 1 within the fair value hierarchy because it is quoted on an exchange.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 1 as at March 31, 2022:

Description	Fair Value	Valuation Technique	Significant unobservable inputs
Astra	\$989,542	Quoted price	Marketability of shares, 0% discount

There were no level 3 investments during the period ended March 31, 2022.



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**10. Capital management**

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

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the periods ended March 31, 2022 and December 31, 2021. The Company is not subject to externally imposed capital requirements other than that of the TSX-V, which has certain working capital and financial resource requirements to be available to maintain operations and cover general and administration expenses. As of March 31, 2022, the Company did not believe it was in violation of such requirements.

**11. Related party disclosures**

Compensation of key management personnel of the Company:

The remuneration of directors and other members of key management personnel during the period ended March 31, 2022 and 2021, were as follows:

	2022	2021
Short-term benefits	\$ 60,099	\$ 35,196

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. See also Note 13.

At March 31, 2022, the Company had an accounts payable balance of \$132,036 (2021 - \$353,013) 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.

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**12. Commitments and contingencies**

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

The Company is party to certain management contracts. These contracts require that additional payments of up to approximately \$1,155,000 be made upon the occurrence of certain events such as a change of control. As no triggering event has taken place as at March 31, 2022, the contingent payments have not been reflected in these interim consolidated financial statements. Minimum commitments remaining under these contracts were approximately \$435,000 all due within one year.

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

**Novel Coronavirus**

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

**13. Investment in Joint Venture**

The Company owns a 65% interest in the Sal de la Puna Joint Venture ("SDLP") which was acquired in 2021. The Company accounts for its 65% interest in this joint venture by using the equity method.

A continuity of the investment in SDLP is as follows:

Balance December 31, 2021	\$20,627,582
Share of the loss for the year	\$(301,970)
Balance December 31, 2021	\$20,325,612

Summarized financial information for SDLP as at March 31, 2022 is as follows:

Total assets	\$524,137
Total liabilities	\$1,106,829
Net loss	\$464,570

**14. Subsequent Events**

On May 24<sup>th</sup>, 2022, the Company announced it had entered into a Pastos Grandes Technical Collaboration Agreement (the "Collaboration Agreement") with Lithium Americas Corp (TSX: LAC; NYSE: LAC) ("Lithium Americas"). The intention of the Collaboration Agreement is to share technical information and explore opportunities for collaborating on potential development alternatives with the overall objective of optimizing the production profile of the Pastos Grandes basin.

On May 24<sup>th</sup>, 2022, the Company also announced the appointment of Xiaofeng Luo (Jason) as a Non-Executive Director of the Board nominated by Ganfeng Lithium Inc., with effect from May 24, 2022, replacing Sam Pigott, who has resigned from the Board of Arena Minerals on the same date.