ARENA MINERALS

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the three months ended March 31, 2022

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 May 30, 2022 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 three-month period ended March 31, 2022 and 2021. 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, 2021 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", and the on the OTCQB market under the symbol "AMRZF". 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.

QUARTERLY HIGHLIGHTS

- On January 7th, the Company announced that the Company's common shares commenced trading today on the OTCQB market under the symbol "AMRZF."
- On January 7th, the Company announced that it has granted 5,300,000 incentive stock options to directors, officers, employees and consultants of the Company. The option to purchase common shares in the capital of the Company, at a price of $0.50 per common share, will be for a period not exceeding 5 years.

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.

A pilot facility is in operation at the Antofalla North claims, where pilot testing is focusing on the manufacturing of brine derived reagents. These reagent types are designed to replace the use of calcium chloride for the reduction of sulphate in lithium processing, while also containing elevated values of lithium. The reagent's intended use is primary treatment of brines at joint venture, Sal De La Puna Project.

SAL DE LA PUNA, ARGENTINA

Property Description

On July 26, 2021, the Company completed the acquisition from Centaur Resources Pty Ltd. ("Centaur") of the Sal de la Puna lithium project (the "Centaur Acquisition"). The aggregate consideration for the acquisition was approximately USD $22 million. Through this acquisition, the Company has acquired a 65% interest in the Sal de la Puna lithium brine project, which covers approximately 11,000 hectares of the Pastos Grandes basin located in the Puna region of Salta province, at an average elevation of 4,000 metres above sea level. The project hosts a large portion of the Pastos Grandes salar adjacent and south of Lithium America Corp's (TSX:LAC; NYSE: LAC) 12,700 hectare Pastos Grandes project and Litica's Pozuelos-Pastos Grandes project which shares the northern portion of the same salar. Litica is a subsidiary of Latin American leading oil and gas producers PlusPetrol S.A., who acquired LSC Lithium in 2019 giving them ownership of their lithium assets in Argentina.

The Company took an assignment of the right to acquire Centaur Resources Holdings from LITH-ARG Acquisition LLC ("LITH-ARG") pursuant to a binding MOU. Under the terms of the MOU, LITH-ARG agreed to assign to Arena all right, title and interest in a heads of agreement entitling it to acquire Centaur Resources Holdings in consideration for payment by Arena to LITH-ARG or to its direction of 49,345,314 common shares of Arena, 18,384,519 share purchase warrants each entitling the holder to acquire one common share of Arena at a price of $0.16 cents per common share for a period of 24 months following closing and a cash payments of $1.98-million (U.S.). These payments were made concurrently with the closing of the Centaur Acquisition.

At closing, the Loan and a deposit of AUD 4,454,791.09 (USD 3,500,000), which was previously paid to Centaur by LITH-ARG, was credited against the Price. AUD 2,000,000 of the Price will be held in escrow for a period of 12 months after closing to fund the costs of ongoing litigation affecting Centaur Resources PG S.A.S (Sociedad por Acciones Simplificada), being the Argentinian subsidiary entity that owns the Project.

On October 15, 2021, the Company announced that Arena and Ganfeng Lithium have entered into a joint venture for the exploration and development of the Sal de la Puna project, holding 65% and 35%, respectively, in a newly incorporated joint venture company ("Sal de la Puna Holdings Ltd.") through which the project is held. Ganfeng Lithium contributed USD $7,789,055 to acquire its stake in the joint venture through the exercise of its right to acquire a 35% interest in any project acquired by the Company.

On October 19, 2021, the Company announced the results of the maiden Mineral Resource Estimate ("MRE") conducted on its Sal de la Puna Project. The MRE was completed by Hydrominex Geoscience (Australia) and Tuareg Geological Services SRL (Argentina). All reported mineral resources occur within a surface area of 690 hectares contained within the Almafuerte block, representing 6.3% of Arena's holdings in the basin. The MRE comprises an Inferred Mineral Resource of 230,000,000 cubic metres ("m3") of brine at an average lithium grade of 460 mg/l, for a total of 106,000 tonnes of lithium metal. The MRE equates to a contained 560,000 tonnes of lithium carbonate equivalent ("LCE"). The MRE extends down to a depth of 500 metres below surface and remains open at depth and on strike north towards the Graciela block and other properties owned by the Company.

On October 28, 2021, the Company announced that the Board of Sal de la Puna Holdings Ltd. approved a comprehensive development work program for the Sal de la Puna Project. The approved work program focuses on expanding the maiden lithium brine resource estimate (please refer to press release dated

October 19, 2021) and advancing processing studies in order to establish an optimal route for the production of high purity lithium products.

Highlights of the approved work program include:

- Drilling to focus on resource upgrade and expansion
- Minimum 3,000 metres of diamond drilling
- 2 large diameter production wells
- Drilling covering 6 claims within Pastos Grandes basin
- Pilot plant and pond construction
- Engineering studies to optimize process routes to produce >30% lithium chloride products (approximately 6% lithium)

The work program is fully permitted. On November 12, 2021, the Company announced commencement of drilling on the Almafuerte claim at Sal de la Puna Project.

ATACAMA COPPER PROJECT, CHILE

Pampa Union

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.

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.

RESULTS OF OPERATIONS – FINANCIAL

The following is a discussion of the results of operations of the Company for the three months ended March 31, 2022. They should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021, and related notes.

Three months ended March 31, 2022

	Three Months Ended 31-Mar-22	Three Months Ended 31-Mar-21
(Loss) Gain and comprehensive (loss) gain	$ (1,760,016)	$ (733,367)
Management and consulting fees	(361,488)	(38,726)
Travel and promotion	(13,419)	(1,103)
Office and rent	(41,881)	(10,032)
Accounting and legal	(123,989)	(52,461)
Regulatory and transfer agent	(49,933)	(14,991)
Exploration expense	(255,083)	(335,981)
Foreign exchange (loss) gain	143,155	8,096
Realized (loss) on investments	-	(94,320)
Unrealized gain on investments	(756,708)	(193,849)
Unrealized loss in associate	(301,970)	-

For the three months ended March 31, 2022, the Company recorded a comprehensive loss of $1,458,046 (0.00 per share) compared to a comprehensive loss of $733,367 ($0.01 per share) in 2021. The loss in 2021 were largely due to exploration costs during the period were expensed in the quarter.

Management and consulting fees were $361,488 compared $38,726 for the three months ended March 31, 2021. The increase was due to the suspension of fees in 2021 due to COVID-19.

Travel and promotion were $13,419 compared to $1,103 for the three months ended March 31, 2021. The increase reflects increased travel compared to 2021 travel restrictions.

Office and rent were $41,881, compared to $10,032 for the three months ended March 31, 2021. The increase was due to increase in office and IT costs related to increased exploration in Argentina.

Accounting and legal was $123,989 compared to $52,461 for the three months ended March 31, 2021. The increase was due to increased activities requiring legal services.

Exploration expense was $255,083 compared to $335,981 for the three months ended March 31, 2021. The decrease was mainly due to shifting focus on the Sal de La Puna project.

Foreign exchange gain was $144,455 compared to $8,096 gain for the three months ended December 31, 2020. 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 $Nil compared to loss of $94,320 for the three months ended March 31, 2021. The realized loss was generated from the sale of 100,000 Fiore Exploration Ltd. shares in Q1 2021.

RESULTS OF OPERATIONS – FINANCIAL (Continued)

Unrealized loss on investment was $756,708 compared to an unrealized loss of $193,849 for the three months ended March 31, 2021. The unrealized loss was a result of lower fair market value in Astra Exploration Ltd.

Unrealized loss in associate was $301,970 compared to $nil for the three months ended March 31, 2021. The unrealized loss was a result of operations in the Sal De La Puna project which is accounted for by the equity method.

Cash Flows

For the three months ended March 31, 2022, $1,534,134 was used in operating activities compared to $482,493 used in the same period of last year. The decrease in operating cash flow for the period ended March 31, 2022 was a result paying down a large portion of payables.

For the three months ended March 31, 2022, the Company provided $148 in investing activities compared to $150,963 provided in the same period of last year. In 2021, the Company disposed more of their liquid investments

During the three-month period ended March 31, 2022 the Company generated $1,181,523 in financing activities compared to $3,999,477 in the same period of 2021. The Company completed a private placement in Q1 2021. There was also exercises of warrants and options in 2022

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 March 31, 2022, the Company had working capital of $7,234,319 compared to working capital of $3,678,590 as at March 31, 2021.

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

	Assets (liabilities) at amortized cost	Assets /(liabilities) at fair value through profit and loss	Total
March 31, 2022			
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)

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 period ended March 31, 2022. 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, 2021, 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, 2021, the contingent payments have not been reflected in these consolidated financial statements. Minimum commitments remaining under these contracts were approximately $435,000 all due within one year.

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:

	Mar 31 2022	Dec 31 2021	Sept 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020
Revenue	-	-	-	-	-	-	-	-
Net income (loss)	$ (1,760,016)	$ (5,526,856)	$ (3,025,563)	$ (139,373)	$ (733,367)	$ (23,549)	$ (262,274)	$ 660,737
Income(loss) per Share	$ (0.00)	$ 0.02	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.00)	$ (0.00)	$ -
Total Assets	$ 27,760,906	$ 29,202,512	$ 21,703,045	$ 2,717,198	$ 4,343,911	$ 975,779	$ 7,503,585	$ 7,503,585

The loss in the third and fourth quarter 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 losses in the fiscal 2021 result primarily from the exploration expenses incurred in the year.

The losses in the first quarter in 2022 result primarily from exploration expenses incurred, as well as unrealized losses in investments.

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, 2021	December 31, 2020	December 31, 2019
Revenues	$Nil	$Nil	$Nil
Income (loss) and comprehensive income (loss) for the year	$(5,526,856)	$(53,704)	$(1,595,240)
Basic and diluted income (loss) per share	$(0.02)	$(0.00)	$(0.01)
Total assets	$29,202,512	$975,779	$822,578
Total current assets	$8,490,795	$975,779	$822,578
Total long-term financial liabilities	$Nil	$Nil	$Nil
Cash dividends declares per share	$Nil	$Nil	$Nil

A significant amount of the Company's fiscal 2020 and 2019 losses were realized losses on investments and general operations.

A significant amount of the Company's fiscal 2021 loss was mainly due to increased exploration expenses incurred in the year.

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 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.

At March 31, 2022, the Company had an accounts payable balance of $79,011 (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.

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 9 of the Company's consolidated financial statements.

OUTSTANDING SHARE DATA

As at May 30, 2022, the Company has 388,465,318 common shares issued and outstanding. Stock options, warrants and convertible securities outstanding as at May 30, 2022 are as follows:

Stock Options:
2,850,000 at an exercise price of $0.09 expiring September 21, 2023
750,000 at an exercise price of $0.06 expiring March 19, 2024
5,798,444 at an exercise price of $0.15 expiring June 10, 2026
5,300,000 at an exercise price of $0.50 expiring December 30, 2025

Warrants:
26,185,987 at an exercise price of $0.15 expiring February 25, 2024
21,428,571 at an exercise price of $0.25 expiring July 23, 2023
14,160,713 at an exercise price of $0.25 expiring October 14, 2023

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

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.

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 period 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.