

**AERO ENERGY LIMITED**  
(formerly Angold Resources Ltd.)

Consolidated Financial Statements  
For the years ended April 30, 2024 and 2023  
(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

# Independent Auditor's Report

To the Shareholders of Aero Energy Limited

## Opinion

We have audited the consolidated financial statements of Aero Energy Limited (formerly Angold Resources Ltd) (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters, that in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

### Vancouver

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Surrey, BC V4A 4N2  
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700 - 2755 Lougheed Hwy  
Port Coquitlam, BC V3B 5Y9  
604.941.8266

### Victoria

320 - 730 View St.  
Victoria, BC V8W 3Y7  
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## Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

August 28, 2024

**AERO ENERGY LIMITED (formerly Angold Resources Ltd.)**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

	April 30, 2024	April 30, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,749,613	\$ 125,176
Marketable Securities (Note 5)	214,283	-
Receivables	88,031	32,814
Prepaid expenses and deposits	1,301,714	16,154
Asset held for sale (Notes 6 and 8)	-	218,614
	<b>5,353,641</b>	<b>392,758</b>
Exploration and evaluation assets (Note 8)	10,067,008	6,522,712
<b>TOTAL ASSETS</b>	<b>\$ 15,420,649</b>	<b>\$ 6,915,470</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 9 and 14)	\$ 125,842	\$ 180,464
Deferred premium on flow-through shares (Note 10)	579,519	-
<b>TOTAL LIABILITIES</b>	<b>705,361</b>	<b>180,464</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	35,411,106	26,782,727
Reserve (Note 12)	1,271,936	1,223,920
Accumulated deficit	(21,967,754)	(21,271,641)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>14,715,288</b>	<b>6,735,006</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 15,420,649</b>	<b>\$ 6,915,470</b>

Nature of operations and going concern (Note 1)  
Subsequent event (Note 18)

These financial statements were authorized for issue by the Board of Directors on August 28, 2024. They are signed on behalf of the Board of Directors by:

"Galen McNamara"  
Director

"Brandon Bonifacio"  
Director

The accompanying notes form an integral part of these consolidated financial statements.

**AERO ENERGY LIMITED. (formerly Angold Resources Ltd.)**  
**Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian Dollars)

	<b>For the Years Ended</b>	
	<b>April 30, 2024</b>	<b>April 30, 2023</b>
<b>EXPENSES</b>		
Management fees (Note 14)	\$ 169,000	\$ 258,268
General and administrative fees	64,370	110,889
Professional fees (Note 14)	171,792	115,350
Consulting fees	248,558	361,932
Shareholder information and investor relations	138,065	200,863
Transfer agent, regulatory and listing fees	75,401	41,313
Foreign exchange (gain) loss	15,327	(86,474)
Stock-based compensation (Notes 12 and 14)	-	5,943
Write-off of deposit (Note 8)	-	97,504
Impairment of exploration and evaluation assets (Notes 6 and 8)	7,897	4,104,368
	890,410	5,209,956
<b>OTHER ITEMS</b>		
Change in fair value of marketable securities (Note 5)	4,331	-
Loss on debt settlement (Note 11)	120,800	-
Reversal of accounts payable	(40,685)	-
Flow through share premium reversal (Note 10 and 13)	(112,578)	-
<b>NET AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>\$ 862,278</b>	<b>\$ 5,209,956</b>
<b>Basic and diluted loss per post-consolidation share for the year</b>	<b>\$ 0.02</b>	<b>\$ 3.90</b>
<b>Weighted average number of post-consolidation common shares outstanding</b>	<b>35,367,603</b>	<b>1,352,370</b>

The accompanying notes form an integral part of these consolidated financial statements.

**AERO ENERGY LIMITED (formerly Angold Resources Ltd.)**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)

	For the Years Ended	
	April 30, 2024	April 30, 2023
<b>Cash flows provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
<b>Net loss for the year</b>	\$ (862,278)	\$ (5,209,956)
<b>Adjustments for item not affecting cash:</b>		
Stock-based compensation	-	5,943
Loss on revaluation of marketable securities	4,331	-
Write-off of deposit	-	97,504
Reversal of accounts payable	(40,685)	
Loss on debt settlement	120,800	-
Impairment of exploration and evaluation assets	7,897	4,104,368
Flow-through premium reversal	(112,578)	-
<b>Net changes in non-cash working capital items:</b>		
Receivables and prepaid expenses	(1,340,777)	125,485
Accounts payable and accrued liabilities	24,765	3,745
<b>Net cash flows used in operating activities</b>	<b>(2,198,525)</b>	<b>(872,911)</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(631,794)	(2,910,652)
<b>Net cash flows used in investing activities</b>	<b>(631,794)</b>	<b>(2,910,652)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from private placement, net of cash share issuance costs	6,364,756	195,101
Proceeds from promissory notes issued	90,000	-
<b>Net cash flows provided by financing activities</b>	<b>6,454,756</b>	<b>195,101</b>
<b>Net decrease in cash</b>	<b>3,624,437</b>	<b>(3,588,462)</b>
<b>Cash, beginning of year</b>	<b>125,176</b>	<b>3,713,638</b>
<b>Cash, end of year</b>	<b>\$ 3,749,613</b>	<b>\$ 125,176</b>
<b>Supplemental cash flow information:</b>		
Non-cash share issuance for exploration and evaluation assets	\$ 2,810,519	\$ 82,768
Fair value of shares issued for debt	\$ 271,800	\$ -
Finder warrants issued in private placement	\$ 214,181	\$ -
Exploration and evaluation assets included in accounts payable and accrued liabilities	\$ 64,470	\$ 42,172

The accompanying notes form an integral part of these consolidated financial statements.

**AERO ENERGY LIMITED (formerly Angold Resources Ltd.)**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(Expressed in Canadian Dollars)

	Number of shares	Share Capital	Reserve	Accumulated deficit	Total
<b>Balance at April 30, 2022</b>	<b>13,252,072</b>	<b>\$ 26,504,858</b>	<b>\$ 1,686,721</b>	<b>\$ (16,530,429)</b>	<b>\$ 11,661,150</b>
Common shares issued on private placement (Note 11)	1,025,000	195,101	-	-	195,101
Common shares issued for property payment (Notes 8 and 11)	193,454	82,768	-	-	82,768
Fair value of expired options (Note 12)	-	-	(468,744)	468,744	-
Stock-based compensation (Note 12)	-	-	5,943	-	5,943
Net loss for the year	-	-	-	(5,209,956)	(5,209,956)
<b>Balance at April 30, 2023</b>	<b>14,470,526</b>	<b>\$ 26,782,727</b>	<b>\$ 1,223,920</b>	<b>\$ (21,271,641)</b>	<b>\$ 6,735,006</b>
Common shares issued on private placement (Note 11)	51,599,349	6,744,000	-	-	6,744,000
Common shares issued on acquisition of 1443904 BC Ltd. (Notes 7 and 11)	23,500,000	2,498,101	-	-	2,498,101
Common shares issued on debt settlement (Note 11)	3,020,000	271,800	-	-	271,800
Common shares issued for mineral properties (Note 8 and 11)	2,666,666	400,000	-	-	400,000
Shares issuance costs (Note 11)	-	(593,425)	214,181	-	(379,244)
Fair value of expired and cancelled stock options (Note 12)	-	-	(166,165)	166,165	-
Flow-through share premium (Note 10)	-	(692,097)	-	-	(692,097)
Net loss for the year	-	-	-	(862,278)	(862,278)
<b>Balance at April 30, 2024</b>	<b>95,256,541</b>	<b>\$ 35,411,106</b>	<b>\$ 1,271,936</b>	<b>\$ (21,967,754)</b>	<b>\$ 14,715,288</b>

On May 26, 2023, the Company completed a share consolidation of its outstanding common shares on the basis of one post-consolidation share for every ten pre-consolidation shares. All share and per-share figures have been adjusted to reflect this consolidation.

The accompanying notes form an integral part of these consolidated financial statements.

# **AERO ENERGY LIMITED (formerly Angold Resources Ltd.)**

## **Notes to the Consolidated Financial Statements**

**For the years ended April 30, 2024 and 2023**

(Expressed in Canadian Dollars)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Aero Energy Limited. (formerly Angold Resources Ltd.) (the “Company” or “Aero”) was incorporated under the Canada Business Corporations Act on October 6, 2004. On October 22, 2012, the Company completed a continuation under the BC Business Corporations Act. The Company’s registered office is located at Suite 2200 – 855 West Georgia Street, Vancouver, BC, V6C 3E8. The Company is listed on the TSX Venture Exchange (the “Exchange”) and trades under the symbol “AERO” and on the OTCQB under the symbol “AAUGF”.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At April 30, 2024, the Company had cash of \$3,749,613 (April 30, 2023 - \$125,176) and its current assets exceed its current liabilities by \$4,648,280 (April 30, 2023 - \$212,294). The Company is a junior mineral exploration stage company in the business of acquiring, exploring, and evaluating natural resource properties. The Company has incurred losses and negative cash flows from operations since inception and had an accumulated deficit of \$21,967,754 as at April 30, 2024 (April 30, 2023 - \$21,271,641). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These uncertainties may cast significant doubt on the ability of the Company to continue as a going concern.

The Company’s ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the next twelve months and in the future. These consolidated financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

### **2. BASIS OF PREPARATION**

#### **(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

#### **(b) Basis of presentation**

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss (“FVTPL”), which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these consolidated financial statements.

#### **(c) Presentation and functional currency**

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. All amounts in these consolidated financial statements are expressed in Canadian dollars, unless otherwise indicated.

#### **(d) Significant accounting judgments and estimates**

The preparation of financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions about the future and to exercise judgment in applying the Company’s accounting policies. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The critical judgments and assumptions made by management and other major sources of measurement uncertainty are discussed in Note 4.

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

For the years ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

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### 3. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these consolidated financial statements are as follows:

#### (a) Basis of consolidation

The Company's consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Federal Gold Corp. ("Federal"), TY & Sons Explorations (Chile) Inc., Rio Explorations SpA, Angold Resources (USA) Ltd. and 1443904 B.C. Ltd. Subsidiaries are entities controlled by the Company, where control is achieved by the Company being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

#### (b) Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### (c) Financial instruments

##### i) Classification and measurement

###### Financial asset

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value less, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue, and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

###### *Amortized cost*

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company's receivables are classified and measured at amortized cost.

###### *Fair value through other comprehensive income ("FVTOCI")*

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. The Company does not have any assets classified and measured at FVTOCI.

###### *Fair value through profit or loss ("FVTPL")*

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. The Company's cash and marketable securities are classified in this category.

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

For the years ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

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### 3. MATERIAL ACCOUNTING POLICIES (*continued*)

#### (c) Financial instruments (*continued*)

##### i) Classification and measurement (*continued*)

###### Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Accounts payable and accrued liabilities are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid.

##### ii) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

##### iii) Derecognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss.

#### (d) Restoration, rehabilitation, and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other assets. The increase in the restoration provision due to the passage of time is recognized as accretion expense.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

For the years ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

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### 3. MATERIAL ACCOUNTING POLICIES (*continued*)

#### (e) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits are recorded as a reduction to the cumulative costs incurred and capitalized on the related property in the period it is received.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

#### (f) Share capital

##### *Common shares*

Common shares issued are classified as share capital, a component of shareholders' equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from share capital.

##### *Equity units*

Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated to the common shares up to their fair value, determined by reference to the quoted market price of the common shares, and the remaining balance, if any, to the reserve account for warrants.

#### (g) Share options and warrants

All share options and warrants are included in reserves, a component of shareholders' equity, until exercised. Upon exercise, the consideration received plus the amounts in reserves attributable to the options and/or warrants being exercised are credited to share capital. When share options and warrants expire unexercised or are cancelled, other than cancellations resulting from forfeitures when vesting conditions are not satisfied, the amounts recognized in reserves are reclassified to accumulated deficit.

Stock-based compensation to employees are measured at the fair value of the instruments granted. Stock-based compensation is measured at the fair value of the goods or services received or the fair value of the equity instruments issued as calculated using the Black-Scholes Option Pricing Model. The offset to the recorded expense is to reserves. The fair value of awards is calculated using the Black-Scholes Option Pricing Model which considers the following factors: exercise price; current market price of the underlying shares; expected life of the award; risk-free interest rate; forfeiture rate; and expected volatility. Share-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods and services cannot be reliably measured, and are recorded at the date the goods or services are received.

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

For the years ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

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### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### (h) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on taxable income for the period.

Deferred tax is provided for using the asset and liability method of accounting, whereby deferred tax assets and liabilities are recognized for the future tax effects of differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the tax bases of the assets and liabilities (temporary differences), unused tax losses and other income tax deductions. Temporary differences on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss are not provided for. Deferred tax assets and liabilities are measured based on the expected manner of realization or settlement of the carrying amounts of the related assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### (i) Loss per share

Loss per share is calculated by dividing loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive.

#### (j) Impairment of non-financial assets

Impairment tests on non-financial assets, including exploration and evaluation assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

Impairment losses are recognized in profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

#### (k) Asset held for sale

The Company classifies assets as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of the asset.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

For the years ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

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### 3. MATERIAL ACCOUNTING POLICIES (*continued*)

#### (l) Flow-through shares

The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions, the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and, accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("deferred premium on flow through shares"). As the qualifying expenditures are incurred, a deferred tax liability is recognized and the deferred premium will be reversed provided that the Company has renounced, or there is reasonable expectation that the Company will renounce, the tax benefits associated with the related expenditures. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability.

#### (m) New accounting standards and interpretations

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### 4. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

#### Significant accounting judgments

The critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

#### *Going concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

#### *Impairment of long-lived assets*

The Company evaluates each long-term asset each reporting period to determine if there are any indications of impairment. If any such indications exist, an estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The estimates and assumptions used to estimate the recoverable amount of the long-lived assets are subject to risk and uncertainty and there is the possibility that changes in circumstances will alter these estimates and assumptions.

#### *Determination of functional currency*

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates; the Company has determined the functional currency of Aero Energy Limited and its subsidiaries to be the Canadian dollar. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

#### Key sources of estimation uncertainty

The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the consolidated statement of financial position that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

For the years ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

### 4. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

#### *Income taxes*

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

As at April 30, 2024 and 2023, the Company has not recognized any deferred tax assets for deductible temporary differences. Changes in any of the above-mentioned estimates can materially affect the amount of income tax assets recognized. In addition, where applicable tax laws and regulations are either unclear or subject to varying interpretations, changes in these estimates can occur that materially affect the amounts of income tax assets recognized. The Company reassesses unrecognized income tax assets at the end of each reporting period.

#### *Valuation of stock-based compensation*

The Company uses the Black-Scholes Option Pricing Model for valuation of stock-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

#### *Assets held for sale*

Assets held for sale are measured at the lower of their carrying value or their fair value less costs to sell. The determination of the fair value less costs to sell requires estimation of the fair value. Changes in the assumptions when estimating the fair value can materially affect the fair value estimate of the assets held for sale.

### 5. MARKETABLE SECURITIES

On May 18, 2023, the Company received 10,000,000 shares in Minas Metals Ltd. ("Minas") as consideration for the Iron Butte and Hope Butte properties ("USA Properties") (Notes 6 and 8). The fair value on the date the shares were received was determined to be \$218,614 (Note 6). The shares are subject to a lock-up restriction expiring on May 18, 2024.

	April 30, 2024	April 30, 2023
Fair value at May 17, 2023	\$ 218,614	\$ -
Change in fair value	(4,331)	-
<b>Fair value, end of year</b>	<b>\$ 214,283</b>	<b>\$ -</b>

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

For the years ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

### 6. ASSETS HELD FOR SALE

On May 17, 2023, the Company completed the sale of its USA Properties to Minas for consideration of 10,000,000 common shares of Minas. Following the sale, Minas assumed all obligations associated with the USA Properties.

Included in the assets held for sale is a bond of \$45,993 on the Iron Butte property, which was previously recorded as a deposit (Note 8).

The Company recognized an impairment loss during the year ended April 30, 2023 to adjust the carrying value of the USA Properties held for sale to its estimated fair value less costs to sell. The fair value less costs to sell was estimated based on the fair value of the shares received from the purchaser, considering discount on resale restriction.

Exploration and evaluation assets (Note 8)	\$	3,903,445
Fair value less costs to sell (Note 5)		(218,614)
<b>Impairment (Note 8)</b>	<b>\$</b>	<b>3,730,824</b>

### 7. ACQUISITION OF 1443904 BC LTD.

On February 8, 2024, the Company completed the acquisition (the "Transaction") of 1443904 B.C. Ltd. ("NumberCo") for consideration of 23,500,000 common shares of the Company. NumberCo holds options to acquire up to 70% of the Murmac Property and Strike Property and 100% of the Sun Dog Property (collectively, the "Optioned Properties").

The Company accounted for the purchase as an asset acquisition as it did not meet the definition of a business under IFRS 3, "Business Combinations". The following table summarizes the total consideration, the fair value of the acquired identifiable assets and liabilities assumed as of the date of the acquisition:

Fair value of common shares issued (Note 11)	\$	2,498,101
Transaction costs		24,253
<b>Total consideration</b>	<b>\$</b>	<b>2,522,354</b>
Assets acquired:		
Cash	\$	108,782
Other current assets		15,750
Exploration and evaluation asset – Sun Dog (Note 8)		1,569,522
Exploration and evaluation asset – Fortune Bay (Note 8)		865,250
Current liabilities assumed		(36,950)
<b>Net assets acquired</b>	<b>\$</b>	<b>2,522,354</b>

#### *Sun Dog Property (the "Sun Dog Option")*

The Sun Dog Option is for the right to acquire a 100% interest from Standard Uranium Ltd. ("Standard") under the following terms:

	Cash (C\$)	Consideration Shares (C\$)	Exploration Expenditures (C\$)	Interest Earned
<b>Execution Date</b>	\$200,000 (paid)	\$200,000 (issued)	<i>Nil</i>	
October 20, 2024	\$200,000	\$200,000	\$1,500,000	
October 20, 2025	\$250,000	\$250,000	\$2,000,000	
October 20, 2026	<i>Nil</i>	<i>Nil</i>	\$3,000,000	
<b>Total</b>	<b>\$650,000</b>	<b>\$650,000</b>	<b>\$6,500,000</b>	<b>100%</b>

Following exercise of the Sun Dog Option, Standard will retain a 2% net smelter returns royalty, which may be reduced to 1% for a \$1,000,000 cash payment.

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

For the years ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

### 7. ACQUISITION OF 1443904 BC LTD. (continued)

#### Strike and Murmac Properties (the "Strike and Murmac Option")

The Strike and Murmac Option is for the right to acquire up to 70% in the Strike and Murmac properties from Fortune Bay Corp. ("Fortune Bay") under the following terms:

	Cash (C\$)	Consideration Shares (C\$)	Exploration Expenditures (C\$)	Interest Earned
<b>Execution Date</b>	\$200,000 (paid)	\$200,000 (issued)	<i>Nil</i>	
December 15, 2024	\$200,000	\$200,000	\$1,000,000	
December 15, 2025	\$250,000	\$250,000	\$2,000,000	
<b>Total (First Option)</b>	<b>\$650,000</b>	<b>\$650,000</b>	<b>\$3,000,000</b>	<b>51%</b>
December 15, 2026	\$300,000	\$300,000	\$3,000,000	
<b>Total (Second Option)</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$3,000,000</b>	<b>60%</b>
December 15, 2027	\$400,000	\$1,200,000	<i>Nil</i>	
<b>Total (Third Option)</b>	<b>\$400,000</b>	<b>\$1,200,000</b>	<b><i>Nil</i></b>	<b>70%</b>
<b>Grand Total</b>	<b>\$1,350,000</b>	<b>\$2,150,000</b>	<b>\$6,000,000</b>	

The Murmac property is subject to an existing 2% net smelter returns royalty.

After earning-in a 51%, 60% or 70% interest (whichever the case may be), the Company and Fortune Bay will form a joint venture with standard pro-rata funding requirements.

On February 8, 2024, the Company issued 1,333,333 common shares to each of Fortune Bay and Standard with a fair value of \$200,00 as Consideration Shares pursuant to the respective option agreements (Note 11).

### 8. EXPLORATION AND EVALUATION ASSETS

	Sun Dog	Fortune Bay	Uchi	USA Properties	Chile Properties	Total
<b>Acquisition Costs</b>						
Balance, April 30, 2022	\$ -	\$ -	\$ 17,000	\$ 191,054	\$ 284,875	\$ 492,929
Additions	-	-	-	304,899	-	304,899
Impairment	-	-	(17,000)	(495,953)	-	(512,953)
Balance, April 30, 2023	-	-	-	-	284,875	284,875
Additions (Note 7)	1,769,522	1,065,250	-	-	-	2,834,772
Balance, April 30, 2024	\$ 1,769,522	\$ 1,065,250	\$ -	\$ -	\$ 284,875	\$ 3,119,647
<b>Deferred Exploration Costs</b>						
Balance, April 30, 2022	\$ -	\$ -	\$ 194,720	\$ 1,302,852	\$ 5,752,541	\$ 7,250,113
Consulting fees	-	-	10,565	-	-	10,565
Drilling	-	-	-	1,215,919	-	1,215,919
Exploration	-	-	132,626	570,504	35,480	738,610
Permitting and staking fees	-	-	-	182,879	217,781	400,660
General project costs	-	-	18,633	135,338	232,035	386,006
Impairment	-	-	(356,544)	(3,188,878)	-	(3,545,422)
Transferred to assets held for sale	-	-	-	(218,614)	-	(218,614)
Balance, April 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ 6,237,837	\$ 6,237,837
Exploration	-	-	-	-	1,206	1,206
Permitting and staking fees	15,207	15,207	-	-	82,192	112,606
Geophysics	119,690	240,759	-	-	-	360,449
General project costs	128,409	6,480	7,897	-	100,374	243,160
Impairment	-	-	(7,897)	-	-	(7,897)
Balance, April 30, 2024	\$ 263,306	\$ 262,446	\$ -	\$ -	\$ 6,421,609	\$ 6,947,361
<b>Total</b>						
Balance, April 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ 6,522,712	\$ 6,522,712
Balance, April 30, 2024	\$ 2,032,828	\$ 1,327,696	\$ -	\$ -	\$ 6,706,484	\$ 10,067,008

**AERO ENERGY LIMITED (formerly Angold Resources Ltd.)****Notes to the Consolidated Financial Statements****For the years ended April 30, 2024 and 2023**

(Expressed in Canadian Dollars)

**8. EXPLORATION AND EVALUATION ASSETS (continued)***Sun Dog Property*

On October 20, 2023, the Company signed a definitive option agreement with Standard Uranium, whereby the Company has the option to acquire 100% of the Sun Dog property by completing the following requirements:

	Cash (C\$)		Consideration Shares (C\$)		Exploration Expenditures (C\$)	Interest Earned
<b>Execution Date</b>	\$200,000	(paid)	\$200,000	(issued)	<i>Nil</i>	
October 20, 2024	\$200,000		\$200,000		\$1,500,000	
October 20, 2025	\$250,000		\$250,000		\$2,000,000	
October 20, 2026	<i>Nil</i>		<i>Nil</i>		\$3,000,000	
<b>Total</b>	<b>\$650,000</b>		<b>\$650,000</b>		<b>\$6,500,000</b>	<b>100%</b>

*Fortune Bay Properties*

On December 15, 2023, the Company signed a definitive option agreement with 7153945 Canada Inc. and Fortune Bay Corp whereby the Company has the option to acquire up to a 70% interest in the properties, which includes the Murmac Property, the Strike Property, and any additional mineral rights acquired pursuant to the agreement (the "Properties"). The phased requirements for the Company to earn up to a 70% interest are as follows:

	Cash (C\$)		Consideration Shares (C\$)		Exploration Expenditures (C\$)	Interest Earned
<b>Execution Date</b>	\$200,000	(paid)	\$200,000	(issued)	<i>Nil</i>	
December 15, 2024	\$200,000		\$200,000		\$1,000,000	
December 15, 2025	\$250,000		\$250,000		\$2,000,000	
<b>Total (First Option)</b>	<b>\$650,000</b>		<b>\$650,000</b>		<b>\$3,000,000</b>	<b>51%</b>
December 15, 2026	\$300,000		\$300,000		\$3,000,000	
<b>Total (Second Option)</b>	<b>\$300,000</b>		<b>\$300,000</b>		<b>\$3,000,000</b>	<b>60%</b>
December 15, 2027	\$400,000		\$1,200,000		<i>Nil</i>	
<b>Total (Third Option)</b>	<b>\$400,000</b>		<b>\$1,200,000</b>		<b><i>Nil</i></b>	<b>70%</b>
<b>Grand Total</b>	<b>\$1,350,000</b>		<b>\$2,150,000</b>		<b>\$6,000,000</b>	

After earning-in a 51%, 60% or 70% interest (whichever the case may be), the Company and Fortune Bay will form a joint venture with standard pro-rata funding requirements.

*Chile Properties*

The Lajitas and Dorado claims comprise the Dorado property and is located in the Maricunga region of Chile. The Nevada claim comprises the Cordillera property and is also located in the Maricunga region of Chile. The Company has a 100% interest in the Dorado and the Cordillera Properties that include a 2% net smelter royalty which may be reduced to 1% for a payment of \$2,000,000 at any time.

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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### 8. EXPLORATION AND EVALUATION ASSETS (continued)

#### USA Properties

##### Iron Butte

On July 25, 2020, the Company entered into a property option agreement whereby the Company has the option to acquire a 100% interest in the Iron Butte Property, subject to a net smelter royalty. To earn the option, the Company must pay USD\$1,320,000 and issue common shares worth USD\$252,750 over 6 years:

##### Cash payments:

- a. USD\$20,000 on effective date of July 25, 2020 (paid \$27,063);
- b. USD\$50,000 on or before the 1<sup>st</sup> year anniversary of a going public transaction (paid \$64,666);
- c. USD\$100,000 on or before the 2<sup>nd</sup> year anniversary of a going public transaction (paid \$138,670);
- d. USD\$150,000 on or before the 3<sup>rd</sup> year anniversary of a going public transaction;
- e. USD\$200,000 on or before the 4<sup>th</sup> year anniversary of a going public transaction;
- f. USD\$300,000 on or before the 5<sup>th</sup> year anniversary of a going public transaction; and
- g. USD\$500,000 on or before the 6<sup>th</sup> year anniversary of a going public transaction.

##### Share issuance:

- (i) Issuance of payment shares with a value of USD\$18,750 based on the payment share price on or before the 1<sup>st</sup> year anniversary of a going public transaction (issued with a fair value of \$24,325).
- (ii) Issuance of payment shares with a value of USD\$36,000 based on the payment share price on or before the 2<sup>nd</sup> year anniversary of a going public transaction (issued with a fair value of \$48,330) (Note 11);
- (iii) Issuance of payment shares with a value of USD\$45,000 based on the payment share price on or before the 3<sup>rd</sup> year anniversary of a going public transaction;
- (iv) Issuance of payment shares with a value of USD\$63,000 based on the payment share price on or before the 4<sup>th</sup> year anniversary of a going public transaction; and
- (v) Issuance of payment shares with a value of USD\$90,000 based on the payment share price on or before the 5<sup>th</sup> year anniversary of a going public transaction.

In addition, within 180 days of the effective date of July 25, 2020, the Company was required to complete a public listing and upon the listing issue 187,500 common shares. On December 18, 2020, the Company issued 187,500 common shares with a fair value of \$75,000 to the optionor of the Iron Butte Property.

As at April 30, 2024, the Company had a deposit of \$nil (April 30, 2023 - \$45,993) for bond payments related to the Iron Butte property, which was transferred to assets held for sale (Note 6). During the year ended April 30, 2023, a deposit of \$97,504 related to drilling services at the Iron Butte Property was written off.

##### Hope Butte

On October 12, 2022, (the "Effective Date") the Company entered into a property option agreement whereby the Company has the option to acquire a 100% interest in the Hope Butte Project ("Hope Butte"), located in Malheur County, Oregon, USA. To earn the option, the Company must complete the following:

##### Cash payments:

- (i) USD\$50,000 on Effective Date (paid \$69,449);
- (ii) USD\$75,000 on or before the 1<sup>st</sup> anniversary of the Effective Date;
- (iii) USD\$150,000 on or before the 2<sup>nd</sup> anniversary of the Effective Date;
- (iv) USD\$200,000 on or before the 3<sup>rd</sup> anniversary of the Effective Date;
- (v) USD\$250,000 on or before the 4<sup>th</sup> anniversary of the Effective Date, and each succeeding anniversary until the Company completes the purchase of the property for total proceeds of US\$2,000,000.

##### Share issuances:

- (i) Issuance of payment shares with a value of USD\$25,000 on the Effective Date (issued with a fair value of \$34,438) (Note 11);
- (ii) Issuance of payment shares with a value of USD\$50,000 on or before the 1<sup>st</sup> anniversary of the Effective Date;
- (iii) Issuance of payment shares with a value of USD\$75,000 on or before the 2<sup>nd</sup> anniversary of the Effective Date.

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

For the years ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

### 8. EXPLORATION AND EVALUATION ASSETS (continued)

#### Hope Butte (continued)

The Company is also subject to a lease agreement on the Hope Butte property, pursuant to which it owes US\$10,000 annually to the original landowner.

During the year ended April 30, 2023, the Company determined to dispose of the USA Properties. Accordingly, the USA Properties were transferred to assets held for sale as of April 30, 2023 (Note 6).

#### Uchi Property

The Company has a 100% interest in the Uchi Property, located in Ontario, Canada. The Uchi Property was initially staked in 2019 and in 2020 the Company staked an additional 80 claims contiguous to the north and west of the property. The Company determined it was not going to renew the claims upon expiry in September and October of 2023. Therefore, the Uchi Property was written off during the year ended April 30, 2023, resulting in an impairment loss of \$373,544 during the year ended April 30, 2023 and an impairment loss of \$7,897 relating to general project costs incurred on the project during the year ended April 30, 2024.

### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At April 30, 2024 and 2023, the Company's accounts payable and accrued liabilities are composed of the following:

	April 30, 2024		April 30, 2023	
Accounts payable (Note 14)	\$	108,023	\$	68,782
Accrued liabilities (Note 14)		17,819		111,682
<b>Total</b>	<b>\$</b>	<b>125,842</b>	<b>\$</b>	<b>180,464</b>

### 10. DEFERRED PREMIUM ON FLOW THROUGH SHARES

	April 30, 2024		April 30, 2023	
Balance, beginning of the year	\$	-	\$	-
Deferred premium on flow-through shares issued		692,097		-
Flow-through premium reversal		(112,578)		-
<b>Balance, end of year</b>	<b>\$</b>	<b>579,519</b>	<b>\$</b>	<b>-</b>

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company indemnified the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended April 30, 2024, the Company received \$3,183,142 from the issuance of flow through shares at a premium to the market price and recognized a deferred premium on flow-through shares of \$692,097. The Company incurred and renounced eligible expenditures of \$486,064 during the year ended April 30, 2024. These expenditures will not be available to the Company for future deduction from taxable income.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as a liability. As at April 30, 2024, the Company had a remaining qualifying expenditure commitment of \$2,697,079 from the proceeds of flow-through shares issued on March 5, 2024 and March 8, 2024 that must be spent on eligible exploration expenditures prior to December 31, 2025.

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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### 11. SHARE CAPITAL

As of April 30, 2024, the Company had an unlimited number of common shares authorized without par value and 95,256,541 (April 30, 2023 – 14,470,526) common shares outstanding. As of April 30, 2024, there were no shares (April 30, 2023 – 589,615) held in escrow.

#### *Year ended April 30, 2024*

On November 7, 2023, the Company completed a non-brokered private placement for gross proceeds of \$844,000 through the issuance of 16,880,000 common shares at a price of \$0.05. No finders' fees were paid in connection with the private placement. The Company incurred share issuance costs of \$25,723.

On the same date, the Company settled the loans payable of \$90,000 and accounts payable of \$61,000 through the issuance of 3,020,000 common shares (the "Settlement Shares"). The Settlement Shares were issued under the same terms as the non-brokered private placement. The fair value of the Settlement Shares was determined to be \$271,800 based on the closing price of \$0.09 on November 7, 2023, the date of issuance, resulting in a loss on settlement of \$120,800.

On February 8, 2024, the Company issued 1,333,333 common shares to each of Fortune Bay and Standard with a fair value of \$200,000 as Consideration Shares pursuant to the respective option agreements (Note 7 and 8).

On February 8, 2024, the Company acquired NumberCo for consideration of 23,500,000 common shares of the Company with a fair value of \$2,498,101 (Note 7).

On March 5, 2024, the Company closed the first tranche of a non-brokered private placement (the "Offering") for gross proceeds of \$4,537,170. In connection with the first tranche of the Offering, the Company issued (i) 12,418,468 non-flow-through units of the Company (each, an "NFT Unit") at a price of \$0.15 per NFT Unit; (ii) 8,425,144 flow-through units of the Company (each, an "FT Unit") at a price of \$0.175 per FT Unit; and (iii) 5,274,724 flow-through charity units (each, a "Charity Unit") at a price of \$0.2275. Each NFT Unit consists of one non-flow-through common share of the Company (each, a "Share") and one-half of one share purchase warrant (a "Warrant"). Each FT Unit and Charity Unit consists of one Share, each of which will qualify as "flow-through-shares" under the Income Tax Act (Canada), and one-half of one Warrant. Each Warrant entitles the holder thereof to acquire one additional common share of the Company (each, a "Warrant Share") at a price of \$0.25 per Warrant Share until March 5, 2026. The Warrant Shares will be issued on a non-flow-through basis. In connection with the first tranche of the Offering, a total of \$227,317 cash was paid and a total of 1,107,525 finder's warrants were issued to eligible arm's length finders with a fair value of \$149,791. The fair value of finder's warrants was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of 4.04%; Expected life of 2 years; Expected volatility of 116% and dividend yield of \$Nil. The finder's warrants were issued on the same terms as the Warrants.

On March 8, 2024, the Company closed the second and final tranche of the Offering for additional gross proceeds of \$1,362,830, comprised of (i) 5,693,913 NFT units and (ii) 2,907,100 FT units, under the same terms as the first tranche. A total of \$126,204 cash was paid and a total of 596,430 finder's warrants were issued to eligible arm's length finders in connection with the second tranche. The finder's warrants were issued on the same terms as the Warrants and had a fair value of \$64,390. The fair value of finder's warrants was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of 4.03%; Expected life of 2 years; Expected volatility of 116% and dividend yield of \$Nil.

#### *Year ended April 30, 2023*

On October 27, 2022, the Company issued 41,997 common shares with a fair value of \$34,438 in accordance with the option agreement on the Hope Butte Property (Note 8).

On January 12, 2023, the Company issued 151,457 common shares with a fair value of \$48,330 in accordance with the option agreement on the Iron Butte Property (Note 8).

On March 1, 2023, the Company closed a non-brokered private placement, issuing 1,025,000 common shares at a price of \$0.20 for gross proceeds of \$205,000. Share issuance costs of \$9,899 were incurred in connection with the private placement.

### 12. OPTIONS AND WARRANTS

**AERO ENERGY LIMITED (formerly Angold Resources Ltd.)****Notes to the Consolidated Financial Statements****For the years ended April 30, 2024 and 2023**

(Expressed in Canadian Dollars)

**a) Options**

During the year ended April 30, 2024, the Company recognized stock-based compensation expense of \$Nil (2023 - \$5,943) relating to the vesting of previously granted options.

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The terms of the granted options are fixed by the Board of Directors and are not to exceed ten years. The exercise price of options is determined by the Board of Directors, but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the options are granted, less any discount permitted by the Exchange. Options granted under the plan may vest immediately on grant, or over a period as determined by the Board of Directors or, in respect of options granted for investor relations services, as prescribed by Exchange policy.

A continuity schedule of the Company's outstanding stock options for the years ended April 30, 2024 and 2023 are as follows:

	<u>April 30, 2024</u>		<u>April 30, 2023</u>	
	<b>Number outstanding</b>	<b>Weighted average exercise price</b>	<b>Number outstanding</b>	<b>Weighted average exercise price</b>
<b>Outstanding, beginning of period</b>	473,000	\$ 3.04	690,000	\$ 3.10
Granted	-	-	20,000	0.50
Expired	(20,000)	3.00	(30,000)	3.40
Cancelled	(82,500)	2.87	(207,000)	2.89
<b>Outstanding, end of period</b>	<b>370,500</b>	<b>\$ 3.08</b>	<b>473,000</b>	<b>\$ 3.04</b>

The 102,500 options that expired or were cancelled had a fair value of \$166,165 and were reclassified to deficit during the year ended April 30, 2024.

At April 30, 2024, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

<b>Expiry date</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price</b>	<b>Remaining contractual life (in years)</b>
December 29, 2025	234,500	234,500	\$ 4.00	1.66
January 26, 2027	116,000	116,000	\$ 1.65	2.74
April 26, 2028	20,000	20,000	\$ 0.50	3.99
	<b>370,500</b>	<b>370,500</b>	<b>\$ 3.08</b>	<b>2.12</b>

A continuity schedule of the Company's outstanding warrants for the years ended April 30, 2024 and 2023 is as follows:

	<u>April 30, 2024</u>		<u>April 30, 2023</u>	
	<b>Warrants outstanding</b>	<b>Weighted average exercise price</b>	<b>Warrants outstanding</b>	<b>Weighted average exercise price</b>
<b>Outstanding, beginning of year</b>	<b>4,978,652</b>	<b>\$ 1.82</b>	<b>4,978,652</b>	<b>\$ 1.82</b>
Granted	19,063,624	0.25	-	-
<b>Outstanding, end of year</b>	<b>24,042,276</b>	<b>\$ 0.58</b>	<b>4,978,652</b>	<b>\$ 1.82</b>

**12. OPTIONS AND WARRANTS (continued)**

**AERO ENERGY LIMITED (formerly Angold Resources Ltd.)****Notes to the Consolidated Financial Statements****For the years ended April 30, 2024 and 2023**

(Expressed in Canadian Dollars)

**b) Warrants**

At April 30, 2024, the Company had outstanding warrants exercisable to acquire common shares of the Company as follows:

<b>Expiry date</b>	<b>Warrants outstanding</b>	<b>Warrants exercisable</b>	<b>Exercise price</b>	<b>Remaining contractual life (in years)</b>
December 16, 2024	2,309,410	2,309,410	\$ 1.65	0.63
April 5, 2025	1,956,640	1,956,640	\$ 2.00	0.93
April 5, 2025	136,964	136,964	\$ 1.40	0.93
April 14, 2025	575,638	575,638	\$ 2.00	0.95
March 5, 2026	14,166,688	14,166,688	\$ 0.25	1.86
March 8, 2026	4,896,936	4,896,936	\$ 0.25	1.85
	24,042,276	24,042,276	\$ 0.58	1.64

**13. INCOME TAXES**

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	<b>April 30, 2024</b>	<b>April 30, 2023</b>
Net loss for the year	\$ (862,278)	\$ (5,209,956)
Canadian federal and provincial statutory income tax rate	27.00%	27.00%
Income tax benefit based on Canadian statutory income tax rates	(232,815)	(1,406,688)
Effects of the following:		-
Impact of flow-through shares	98,000	
Permanent differences	23,000	1,605
Other	1,156,353	(2,840,404)
Share issuance costs	(102,000)	(2,673)
Change in valuation allowance	(942,538)	4,248,160
Income tax benefit	\$ -	\$ -

At April 30, 2024 and 2023, the Company had deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized as follows:

	<b>April 30, 2024</b>	<b>April 30, 2023</b>
Non-capital loss carry-forwards	\$ 5,930,083	\$ 6,114,652
Deductible temporary differences relating to:		
Exploration and evaluation assets, property and equipment	(1,276,567)	(437,814)
Share issue cost	179,797	158,039
Asset held for sale	-	(59,026)
Reclamation bond	12,418	12,418
Investment tax credit	3,730	3,730
	4,849,461	5,791,999
Valuation allowance	(4,849,461)	(5,791,999)
	\$ -	\$ -

**13. INCOME TAXES (continued)**

**AERO ENERGY LIMITED (formerly Angold Resources Ltd.)****Notes to the Consolidated Financial Statements****For the years ended April 30, 2024 and 2023**

(Expressed in Canadian Dollars)

The non-capital losses at April 30, 2024 expire as follows:

<b>Expiry date</b>	<b>Amount</b>
2025	\$ 66,856
2026	114,492
2027	38,826
2028	27,672
2029	23,167
2031	1,178,697
2032	89,549
2033	379,357
2034	328,039
2035	269,348
2036	171,328
2037	702,669
2038	429,355
2039	189,943
2040	544,496
2041	895,543
2042	1,907,726
2043	1,015,788
2044	1,001,779
No expiry	13,581,760
	\$ 22,956,380

# AERO ENERGY LIMITED (formerly Angold Resources Ltd.)

## Notes to the Consolidated Financial Statements

For the years ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

### 14. RELATED PARTY TRANSACTIONS

The Company's related parties consist of its key management personnel, including its directors and officers.

During the normal course of business, the Company enters into transactions with its related parties that are considered to be made at normal market prices and on normal commercial terms.

- (a) Key management compensation included in management fees for the years ended April 30, 2024 and 2023 were as follows:

	April 30, 2024	April 30, 2023
Legal fees	\$ 62,243	\$ 55,680
Management fees	\$ 159,000	\$ 258,268
Total	\$ 221,243	\$ 459,615

- (b) During the year ended April 30, 2024, the Company incurred stock-based compensation expense of \$nil (2023 - \$2,292) related to stock options granted to officers and directors of the Company.
- (c) At April 30, 2024, the Company had \$nil (April 30, 2023 - \$91,237) owing to related parties. These amounts are non-interest bearing and have no fixed term of repayment (Note 9).
- (d) During the year ended April 30, 2024, the Company received reimbursements of \$nil (2023 - \$45,347) from Summa Silver Corp. ("Summa"). As of April 30, 2024, Summa owed the Company \$nil (April 30, 2023 - \$14,547). Summa is a related party due to a common director and officer.
- (e) On June 26, 2023, the Company entered into a promissory note with an officer in the amount of \$30,000. The note was unsecured, non-interest bearing and payable on demand. On November 7, 2023, the promissory note was settled through the issuance of 600,000 common shares (Note 11).
- (f) On November 7, 2023, the Company settled \$61,000 of accounts payable with an officers through the issuance of 1,220,000 common shares (Note 11).

### 15. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to continue its business and maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company's capital includes the components of its shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets, or adjust the amount of cash. In order to preserve cash, the Company does not pay any dividends.

The Company is not subject to any externally imposed capital requirements. The Company did not change its capital management approach during the year ended April 30, 2024.

**16. FINANCIAL INSTRUMENTS**

**a) Categories of financial instruments and fair value measurements**

The Company's financial assets and liabilities are classified as follows:

	April 30, 2024	April 30, 2023
<b>Financial assets:</b>		
<i>Fair value through profit and loss</i>		
Cash	\$ 3,749,613	\$ 125,176
<b>Financial liabilities:</b>		
<i>Amortized cost</i>		
Accounts payable	\$ 125,842	\$ 68,782

The amount of accounts payable includes amounts due to related parties (Note 11).

The fair values of the Company's cash and accounts payable approximate their carrying amounts due to the short-term nature of these instruments.

IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that reflects the significance of inputs used in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At April 30, 2024 and April 30, 2023, the Company had no financial assets measured and recognized on the consolidated statement of financial position at fair value belonging in Level 2 or Level 3 of the fair value hierarchy.

Cash is measured using level 1 inputs.

**b) Management of financial risks**

The Company's financial instruments expose the Company to certain financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. At April 30, 2024, the Company was exposed to credit risk on its cash.

The Company's cash are held with a high credit quality financial institution in Canada and as at April 30, 2024, management considers its exposure to credit risk to be low.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate cash and managing its capital and expenditures.

At April 30, 2024, the Company had cash of \$3,749,613 (April 30, 2023 - \$125,176) and accounts payable and accrued liabilities of \$125,842 (April 30, 2023 - \$180,464) with contractual maturities of less than one year. The Company assessed its liquidity risk as low as at April 30, 2024.

**AERO ENERGY LIMITED (formerly Angold Resources Ltd.)****Notes to the Consolidated Financial Statements****For the years ended April 30, 2024 and 2023**

(Expressed in Canadian Dollars)

**16. FINANCIAL INSTRUMENTS (continued)****Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk at April 30, 2024.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies.

As at April 30, 2024, the Company is exposed to foreign currency risk, as it has cash, accounts payables and accrued liabilities denominated in US Dollars and Chilean Peso. Based on its volume of transactions, the Company determines its foreign currency risk is not significant. The following is the Canadian equivalent of financial assets and liabilities that are denominated in US dollars and Chilean Peso:

	<b>April 30, 2024</b>		<b>April 30, 2023</b>	
Cash	\$	159,951	\$	61,255
Accounts payable		(37,879)		(97,256)
<b>Net exposure</b>	<b>\$</b>	<b>122,072</b>	<b>\$</b>	<b>36,001</b>

**17. SEGMENTED INFORMATION**

The Company is organized into business units based on exploration and evaluation assets and has three reportable operating segments, being that of acquisition and exploration and evaluation activities in Chile, United States and Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	<b>Chile</b>	<b>United States</b>	<b>Canada</b>	<b>Total</b>
<b>As at April 30, 2023</b>				
Current assets	\$ 48,037	\$ -	\$ 126,107	\$ 174,144
Assets held for sale	-	218,614	-	218,614
Exploration and evaluation assets	6,522,712	-	-	6,522,712
	<b>\$ 6,570,749</b>	<b>\$ 218,614</b>	<b>\$ 126,107</b>	<b>\$ 6,915,470</b>
<b>As at April 30, 2024</b>				
Current assets	\$ 159,951	\$ -	\$ 5,193,690	\$ 5,353,641
Exploration and evaluation assets	6,706,484	-	3,360,524	10,067,008
	<b>\$ 6,866,435</b>	<b>\$ -</b>	<b>\$ 8,554,214</b>	<b>\$ 15,420,649</b>

**18. SUBSEQUENT EVENT**

On May 4, 2024, the Company granted 5,600,000 incentive stock options with an exercise price of \$0.15. The options vest quarterly over a one-year period following the grant date and expire on May 4, 2029.