

AERO ENERGY LIMITED

Condensed Consolidated Interim Financial Statements
For the six months ended October 31, 2025 and 2024
(Expressed in Canadian Dollars - Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by the entity's auditor.

AERO ENERGY LIMITED
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
As at

	(unaudited)		April 30, 2025
	October 31, 2025		
ASSETS			
Current assets			
Cash	\$	102,267	\$ 429,421
Marketable securities (Note 3)		-	420,001
Receivables		131,596	87,278
Prepaid expenses and deposits		45,588	93,043
		279,451	1,029,743
Advances to joint venture partners (Note 5)		15,604	131,354
Exploration and evaluation assets (Note 5)		6,606,850	7,716,085
TOTAL ASSETS	\$	6,901,905	\$ 8,877,182
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities (Notes 6 and 10)	\$	348,470	\$ 452,126
Deferred premium on flow-through shares (Note 7)		-	83,677
TOTAL LIABILITIES		348,470	535,803
SHAREHOLDERS' EQUITY			
Share capital (Note 8)		39,419,905	37,103,012
Reserve (Note 9)		1,996,235	1,942,658
Accumulated deficit		(34,862,705)	(30,704,291)
TOTAL SHAREHOLDERS' EQUITY		6,553,435	8,341,379
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	6,901,905	\$ 8,877,182

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

These financial statements were authorized for issue by the Board of Directors on December 24, 2025. 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 condensed consolidated interim financial statements.

AERO ENERGY LIMITED

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars - unaudited)

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>October 31,</u> <u>2025</u>	<u>October 31,</u> <u>2024</u>	<u>October 31,</u> <u>2025</u>	<u>October 31,</u> <u>2024</u>
EXPENSES				
Management fees (Note 10)	\$ 45,000	\$ 68,000	\$ 92,000	\$ 153,500
General and administrative fees	52,345	47,130	96,290	82,651
Professional fees	88,892	19,938	151,419	30,477
Consulting fees	-	143,233	7,500	267,983
Shareholder information and investor relations	420	414,799	66,193	658,913
Transfer agent, regulatory and listing fees	10,909	6,758	50,395	16,373
Foreign exchange gain	(20,267)	1,896	(38,189)	5,389
Stock-based compensation (Note 9)	10,856	160,122	25,260	444,904
	188,155	861,876	450,868	1,660,190
OTHER ITEMS				
Impairment of exploration and evaluation asset (Note 5)	3,794,495	-	3,794,495	-
Recovery of management fees	-	-	-	-
Gain on marketable securities (Note 3)	-	100,000	(3,272)	164,283
Flow-through share premium reversal (Note 7)	(78,758)	(244,631)	(83,677)	(450,731)
NET AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 3,903,892	\$ 717,245	\$ 4,158,414	\$ 1,373,742
Basic and diluted loss per post-consolidation share (Note 14)	\$ 0.22	\$ 0.08	\$ 0.25	\$ 0.14
Weighted average number of post-consolidation common shares outstanding (Note 14)	17,984,959	9,545,944	16,410,983	9,535,799

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

AERO ENERGY LIMITED
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars - unaudited)

	For the Six Months Ended	
	October 31, 2025	October 31, 2024
Cash flows provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (4,158,414)	\$ (1,373,742)
Adjustments for items not affecting cash:		
Stock-based compensation	25,260	444,904
Change in fair value of marketable securities	(3,272)	164,283
Flow-through share premium reversal	(83,677)	(450,731)
Impairment of exploration and evaluation asset	3,794,495	-
Net changes in non-cash working capital items:		
Receivables and prepaid expenses	35,956	611,566
Accounts payable and accrued liabilities	(228,812)	114,325
Net cash flows used in operating activities	(618,464)	(489,395)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(392,793)	(2,736,747)
Advances to joint venture partners	115,750	-
Proceeds from TMEI refund (Note 5)	100,000	-
Cash acquired on acquisition of Kraken Energy Corp. (Note 4)	45,080	-
Proceeds from sale of marketable securities (Note 3)	423,273	-
Net cash flows provided by (used in) investing activities	291,310	(2,736,747)
Net decrease in cash	(327,154)	(3,226,142)
Cash, beginning of period	429,421	3,749,613
Cash, end of period	\$ 102,267	\$ 523,471
Supplemental cash flow information:		
Non-cash share issuance for acquisition of Kraken Energy Corp.	\$ 2,316,893	\$ -
Exploration and evaluation assets included in accounts payable and accrued liabilities	\$ 81,303	\$ -

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

AERO ENERGY LIMITED**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars - unaudited)

	Number of shares ¹	Share capital	Reserve	Accumulated deficit	Total
Balance at April 30, 2024	9,525,654	\$ 35,411,106	\$ 1,271,936	\$ (21,967,754)	\$ 14,715,288
Shares issued for exploration and evaluation assets	133,333	200,000	-	-	200,000
Stock-based compensation (Note 9)	-	-	444,904	-	444,904
Net loss for the period	-	-	-	(1,373,742)	(1,373,742)
Balance at October 31, 2024	9,658,987	\$ 35,611,106	\$ 1,716,840	\$ (23,341,496)	\$ 13,986,450
Balance at April 30, 2025	12,192,727	\$ 37,103,012	\$ 1,942,658	\$ (30,704,291)	\$ 8,341,379
Common shares issued for acquisition of Kraken Energy Corp. (Notes 4 and 8)	5,792,232	2,316,893	28,317	-	2,345,210
Stock-based compensation (Note 9)	-	-	25,260	-	25,260
Net loss for the period	-	-	-	(4,158,414)	(4,158,414)
Balance at October 31, 2025	17,984,959	\$ 39,419,905	\$ 1,996,235	\$ (34,862,705)	\$ 6,553,435

¹ – On December 23, 2025, the Company completed a share consolidation of its outstanding common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares. All share and per-share figures have been adjusted to reflect this consolidation (Note 14).

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

AERO ENERGY LIMITED
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended October 31, 2025 and 2024
(Expressed in Canadian Dollars - unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Aero Energy Limited. (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 OTC Pink under the symbol “AAUGF”.

These condensed consolidated interim 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 October 31, 2025, the Company had cash of \$102,267 (April 30, 2025 - \$429,421) and its current liabilities exceed its current assets by \$69,019 (April 30, 2025 – working capital of \$493,940). The Company is an 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 \$34,862,705 as at October 31, 2025 (April 30, 2025 - \$30,704,291). Whether and when the Company can achieve 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 condensed consolidated interim 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

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed, and therefore these condensed consolidated interim financial statements should be read in conjunction with the Company’s April 30, 2025 audited annual consolidated financial statements and the notes to such financial statements.

Basis of Preparation

These condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements.

Basis of Consolidation

These condensed 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, 1443904 B.C. Ltd., Kraken Energy Corp., Kraken Energy (Nevada) Corp., Panerai Capital Corp., and Panerai Capital (USA) Corp. 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.

Presentation and functional currency

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

AERO ENERGY LIMITED

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended October 31, 2025 and 2024

(Expressed in Canadian Dollars - unaudited)

2. BASIS OF PREPARATION (continued)

Material accounting judgments

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions about the future. 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 key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the 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:

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 carrying value and the recoverability of long-lived assets, including exploration and evaluation assets, are evaluated at each reporting date. Management assesses for indicators of impairment, which includes assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

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 (formerly Angold Resources Ltd.) and its subsidiaries to be the Canadian dollar. Such determination involves certain judgments 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.

Business combination versus asset acquisition

Management applied judgement to determine whether the assets acquired and liabilities assumed on acquisition of Kraken (Note 4) constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. During the period ended October 31, 2025, the Company completed the acquisition of Kraken and concluded that the transactions did not qualify as a business combination under IFRS 3, "Business Combinations".

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 condensed consolidated interim 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:

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 October 31, 2025 and April 30, 2025, 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.

AERO ENERGY LIMITED
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended October 31, 2025 and 2024
(Expressed in Canadian Dollars - unaudited)

2. BASIS OF PREPARATION (continued)

New accounting pronouncements

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure of Financial Statements (IFRS 18), which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into the three defined categories of operating, investing and financing, and by specifying certain defined totals and subtotals. Where company-specific measures related to the income statement are provided, IFRS 18 requires companies to disclose explanations around these measures, which are referred to as management-defined performance measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes. IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required, and early application is permitted. Management is currently assessing the effect of this new standard on the financial statements.

3. MARKETABLE SECURITIES

On May 18, 2023, the Company received 10,000,000 shares in Minas Metals Ltd. (“Minas Metals”) as consideration for the Iron Butte and Hope Butte properties.

On December 27, 2024, Minas Metals completed a share consolidation on the basis of 10:1, resulting in the Company holding 1,000,000 post consolidation shares. On May 5, 2025 Minas Metals changed its name to Universal Digital Inc (“Universal Digital”).

During the six months ended October 31, 2025, the Company sold all of its shares in Universal Digital for gross proceeds of \$423,273.

	October 31, 2025	April 30, 2025
Fair value, beginning of period	\$ 420,001	\$ 214,283
Disposals	(423,273)	-
Change in fair value	3,272	205,718
Fair value, end of period	\$ -	\$ 420,001

4. ACQUISITION OF KRAKEN ENERGY CORP.

On June 20, 2025, the Company acquired 100% of the issued and outstanding common shares of Kraken Energy Corp. (“Kraken”), a resource exploration company engaged in uranium exploration at its wholly-owned Apex and Huber Hills properties, by way of a plan of arrangement (the “Arrangement”). Pursuant to the terms of the Arrangement, all of the issued and outstanding common shares of Kraken were exchanged for 5,792,232 common shares of the Company, on the basis of 0.97037 Aero share for each Kraken share (the “Exchange Ratio”). The Aero common shares issued had a fair value of \$2,316,893 based on the share price of the Company on the date of acquisition. The fair value was determined using a level 1 input on June 20, 2025, the date of issuance. In addition, all outstanding stock options of Kraken were exchanged for stock options of Aero (the “Replacement Options”) and all outstanding warrants of Kraken became exercisable to acquire Aero common shares (the “Replacement Warrants”) in amounts and at exercise prices adjusted pursuant to the Exchange Ratio.

The Company accounted for the acquisition of Kraken as an asset acquisition as it did not meet the definition of a business under IFRS 3, “Business Combinations”. As a result, the transaction has been measured at the fair value of the equity consideration paid as determined based on IFRS 2, “Share Based Payments”. 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:

AERO ENERGY LIMITED**Notes to the Condensed Consolidated Interim Financial Statements****For the six months ended October 31, 2025 and 2024**

(Expressed in Canadian Dollars - unaudited)

4. ACQUISITION OF KRAKEN ENERGY CORP. (continued)

Fair value of common shares issued (Note 8)	\$	2,316,893
Fair value of replacement options (Note 9)		8,565
Fair value of replacement warrants (Note 9)		19,752
Total consideration	\$	2,345,210
Assets acquired:		
Cash	\$	45,080
Receivables		9,652
Prepaid expenses		23,167
Exploration and evaluation asset – Apex (Note 5)		2,329,135
Current liabilities assumed		(61,824)
Net assets acquired	\$	2,345,210

The excess of purchase consideration over the net assets acquired was allocated to the Apex project based on the Company's assessment of relative fair value.

5. EXPLORATION AND EVALUATION ASSETS

	Sun Dog		Fortune Bay		Apex		Huber Hills		Chile Properties		Total	
Acquisition Costs												
Balance, April 30, 2024	\$	1,769,522	\$	1,065,250	\$	-	\$	-	\$	284,875	\$	3,119,647
Additions		293,333		266,667		-		-		-		560,000
Impairment		-		-		-		-		(284,875)		(284,875)
Balance, April 30, 2025		2,062,855		1,331,917		-		-		-		3,394,772
Acquired from Kraken (Note 4)		-		-		2,329,135		-		-		2,329,135
Impairment		(2,062,855)		-		-		-		-		(2,062,855)
Balance, October 31, 2025	\$	-	\$	1,331,917	\$	2,329,135	\$	-	\$	-	\$	3,661,052
Deferred Exploration Costs												
Balance, April 30, 2024	\$	263,306	\$	262,446	\$	-	\$	-	\$	6,421,609	\$	6,947,361
Geophysics		439,011		124,386		-		-		-		563,397
General project costs		23,765		68,428		-		-		308,922		401,115
Drilling		1,044,378		2,095,593		-		-		-		3,139,971
Impairment		-		-		-		-		(6,730,531)		(6,730,531)
Balance, April 30, 2025		1,770,460		2,550,853		-		-		-		4,321,313
Drilling		-		233,265		-		-		-		233,265
Permitting		-		-		106,986		-		-		106,986
General project costs		11,180		92,229		-		12,465		-		115,874
TMEI refund		(50,000)		(50,000)		-		-		-		(100,000)
Impairment		(1,731,640)		-		-		-		-		(1,731,640)
Balance, October 31, 2025	\$	-	\$	2,826,347	\$	106,986	\$	12,465	\$	-	\$	2,945,798
Total												
Balance, April 30, 2025	\$	3,833,315	\$	3,882,770	\$	-	\$	-	\$	-	\$	7,716,085
Balance, October 31, 2025	\$	-	\$	4,158,264	\$	2,436,121	\$	12,465	\$	-	\$	6,606,850

Fortune Bay Properties

On December 15, 2023, the Company signed a definitive option agreement with 7153945 Canada Inc. and Fortune Bay Corp. ("Fortune Bay") 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").

AERO ENERGY LIMITED

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended October 31, 2025 and 2024

(Expressed in Canadian Dollars - unaudited)

5. EXPLORATION AND EVALUATION ASSETS (continued)

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

(1) Paid by NumberCo prior to the Transaction.

On December 11, 2025, the Company amended the terms of the option agreement with Fortune Bay to extend the deadline to incur the required exploration expenditures from December 15, 2025 to March 15, 2026. The cash payment was made and consideration shares were issued subsequent to October 31, 2025 (Note 14).

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.

Pursuant to the option agreement, Fortune Bay will act as the operator of the work programs, which are to be funded by the Company. As of October 31, 2025, the Company had advanced \$15,604 (April 30, 2025 - \$98,869) to Fortune Bay to be spent on exploration expenditures, which had not yet been incurred.

The Murmac property is subject to an existing 2% net smelter returns ("NSR") royalty.

During the six months ended October 31, 2025, the Company received a \$50,000 refund pursuant to the government of Saskatchewan's TMEI program for expenditures incurred on the Fortune Bay properties (April 30, 2025 - \$Nil).

Apex Property

On June 20, 2025, the Company acquired the Apex Property in connection with its acquisition of Kraken (Note 4). The Apex Property remains subject to a 3% net smelter return ("NSR") royalty in favour of the original property vendors.

Huber Hills Property

On June 20, 2025, the Company acquired the Huber Hills Property in connection with its acquisition of Kraken (Note 4). The Company did not allocate any consideration to the Huber Hills Property. The Huber Hills Property is located in Elko County, Nevada.

Sun Dog Property

On October 20, 2023, the Company signed a definitive option agreement with Standard Uranium Ltd. ("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
Execution Date	\$200,000 ⁽¹⁾	(paid)	\$200,000	(issued)	<i>Nil</i>	
October 20, 2024	\$200,000	(paid)	\$200,000	(issued)	\$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	
Total	\$650,000		\$650,000		\$6,500,000	100%

(1) Paid by NumberCo prior to the Transaction.

AERO ENERGY LIMITED

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended October 31, 2025 and 2024

(Expressed in Canadian Dollars - unaudited)

5. EXPLORATION AND EVALUATION ASSETS (continued)

During the six months ended October 31, 2025, the Company received a \$50,000 refund pursuant to the government of Saskatchewan's Targeted Mineral Exploration Incentive ("TMEI") program for expenditures incurred on the Sun Dog property (April 30, 2025 - \$Nil).

Subsequent to October 31, 2025, the Company determined to relinquish its option agreement in respect of the Sun Dog Project, to concentrate its efforts on its highest-priority uranium exploration projects. Accordingly, the Sun Dog Project was written off during the three-months ended October 31, 2025, resulting in an impairment expense of \$3,794,495. As of October 31, 2025, the Company had advanced \$70,833 to Standard Uranium which was to be reimbursed to the Company upon relinquishing the option agreement and accordingly was recorded in accounts receivable as of October 31, 2025.

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% NSR royalty which may be reduced to 1% for a payment of \$2,000,000 at any time. During the year ended April 30, 2025, the Company determined it was not going to proceed with further exploration work at the Chile Properties, to focus its efforts on the Sun Dog and Fortune Bay properties, and accordingly, the Chile Properties were written off.

Subsequent to October 31, 2025, the Company entered into a purchase and sale agreement with Batik Resources Ltd. to sell 100% of Rio Explorations SpA which directly holds the Dorado and Cordillera Properties (Note 14).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At October 31, 2025 and April 30, 2025, the Company's accounts payable and accrued liabilities are composed of the following:

	October 31, 2025		April 30, 2025	
Accounts payable (Note 10)	\$	335,687	\$	424,724
Accrued liabilities		12,783		27,402
Total	\$	348,470	\$	452,126

7. DEFERRED PREMIUM ON FLOW-THROUGH SHARES

	October 31, 2025		April 30, 2025	
Balance, beginning of period	\$	83,677	\$	579,519
Deferred premium on flow-through shares issued		-		353,934
Flow-through share premium reversal		(83,677)		(849,776)
Balance, end of period	\$	-	\$	83,677

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. 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.

During the year ended April 30, 2025, the Company received \$1,406,669 from the issuance of flow-through common shares at a premium to the market price and recognized a deferred premium on flow-through common shares of \$353,934.

As at October 31, 2025, the Company had fulfilled its remaining qualifying expenditure commitment of \$367,167 from the proceeds of flow-through shares issued on November 14, 2024, thereby reducing the deferred premium on flow-through shares balance at October 31, 2025 to \$Nil (April 30, 2025 - \$83,677). All expenditures are required to be incurred on eligible exploration activities by December 31, 2025 in accordance with flow-through share agreements and applicable tax legislation.

AERO ENERGY LIMITED

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended October 31, 2025 and 2024

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8. SHARE CAPITAL

As of October 31, 2025, the Company had an unlimited number of common shares authorized without par value and 17,984,959 common shares outstanding (April 30, 2025 – 12,192,727).

Six months ended October 31, 2025

On June 20, 2025, the Company issued 5,792,232 pursuant to the acquisition of Kraken (Note 4). The common shares had a fair value of \$2,316,893 based on the share price of the Company on the date of acquisition.

Six months ended October 31, 2024

On October 20, 2024, the Company issued 133,333 to Standard Uranium as an option payment on the Sun Dog Property.

9. OPTIONS AND WARRANTS

a) 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 six months ended October 31, 2025 and 2024 are as follows:

	October 31, 2025		October 31, 2024	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of period	817,050	\$ 2.61	37,050	\$ 30.75
Replacement Options issued	181,942	8.57	-	-
Granted	-	-	560,000	1.50
Outstanding, end of period	998,992	\$ 3.69	597,050	\$ 3.31

During the six months ended October 31, 2025, the Company issued 181,942 stock options to the former Kraken option holders ("Replacement Options"), pursuant to its acquisition of Kraken (Note 4). The Black-Scholes Option Pricing Model inputs for the Replacement Options are as follows:

Grant Date	Expiry Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield	Fair Value
June 20, 2025	June 9, 2027	\$13.10	2.64%	1.61 years	100%	0	\$0.001
June 20, 2025	October 11, 2027	\$10.40	2.67%	1.95 years	100%	0	\$0.002
June 20, 2025	April 3, 2028	\$5.20	2.67%	2.42 years	100%	0	\$0.005
June 20, 2025	May 25, 2029	\$2.10	2.89%	3.40 years	100%	0	\$0.016

Additionally, the Black-Scholes Option Pricing Model inputs for the options granted during the six months ended October 31, 2024 is as follows:

Grant Date	Expiry Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield	Fair Value
May 4, 2024	May 4, 2029	\$1.50	3.67%	5 years	93%	0	\$0.10

During the three and six months ended October 31, 2025, the Company recognized stock-based compensation expense of \$10,856 and \$25,260 (2024 - \$160,122 and \$444,904) relating to the vesting of options.

AERO ENERGY LIMITED**Notes to the Condensed Consolidated Interim Financial Statements****For the six months ended October 31, 2025 and 2024**

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9. OPTIONS AND WARRANTS (continued)

As of October 31, 2025, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

Expiry date	Options outstanding	Options exercisable	Exercise price	Remaining contractual life (in years)
December 29, 2025	23,450	23,450	\$ 40.00	0.16
January 26, 2027	11,600	11,600	\$ 16.50	1.24
June 9, 2027	19,407	19,407	\$ 13.10	1.61
October 11, 2027	111,592	111,592	\$ 10.40	1.95
April 3, 2028	12,129	12,129	\$ 5.20	2.42
April 26, 2028	2,000	2,000	\$ 5.00	2.49
March 25, 2029	38,814	38,814	\$ 2.10	3.40
May 4, 2029	560,000	560,000	\$ 1.50	3.51
January 2, 2030	220,000	165,000	\$ 0.70	4.18
	998,992	943,992	\$ 3.69	3.32

b) Warrants

A continuity schedule of the Company's outstanding warrants for the six months ended October 31, 2025 and 2024 is as follows:

	October 31, 2025		October 31, 2024	
	Warrants outstanding	Weighted average exercise price	Warrants outstanding	Weighted average exercise price
Outstanding, beginning of period	3,195,300	\$ 1.93	2,404,225	\$ 5.76
Granted	-	-	-	-
Replacement Warrants issued	286,847	1.95	-	-
Outstanding, end of period	3,482,147	\$ 1.93	2,404,225	\$ 5.76

During the six months ended October 31, 2025, the Company assumed 286,847 warrants which are exercisable into Aero common shares pursuant to its acquisition of Kraken ("Replacement Warrants") (Note 4). The Black-Scholes Option Pricing Model inputs for the Replacement Warrants are as follows:

Grant Date	Expiry Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield	Fair Value
June 20, 2025	June 28, 2027	\$1.95	2.67%	2.02 years	100%	0	\$0.007

At October 31, 2025, the Company had outstanding warrants exercisable to acquire common shares of the Company as follows:

Expiry date	Warrants outstanding	Warrants exercisable	Exercise price	Remaining contractual life (in years)
March 4, 2026	1,416,668	1,416,668	\$ 2.50	0.34
March 8, 2026	489,693	489,693	\$ 2.50	0.52
November 14, 2026	1,288,939	1,288,939	\$ 1.10	1.04
June 28, 2027	286,847	286,847	\$ 1.95	1.66
	3,482,147	3,482,147	\$ 1.93	0.73

AERO ENERGY LIMITED

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10. 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 three and six months ended October 31, 2025 and 2024 were as follows:

	Three Months Ended		Six Months Ended	
	October 31, 2025	October 31, 2024	October 31, 2025	October 31, 2024
Management fees	\$ 45,000	\$ 48,000	\$ 92,000	\$ 116,000
Total	\$ 45,000	\$ 48,000	\$ 92,000	\$ 116,000

- (b) During the three and six months ended October 31, 2025, the Company incurred stock-based compensation expense of \$4,934 and \$11,112 (2024 - \$101,505 and \$263,755) related to stock options granted to officers and directors of the Company.
- (c) At October 31, 2025, the Company had \$81,290 (April 30, 2025 - \$25,854) owing to related parties. These amounts are non-interest bearing and have no fixed term of repayment.

11. 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 six months ended October 31, 2025.

12. FINANCIAL INSTRUMENTS

a) Categories of financial instruments and fair value measurements

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

	October 31, 2025	April 30, 2025
Financial assets:		
<i>Fair value through profit and loss</i>		
Cash	\$ 102,267	\$ 429,421
Marketable securities	\$ -	\$ 420,001
<i>Amortized cost</i>		
Receivables	\$ 131,596	\$ 87,278
Financial liabilities:		
<i>Amortized cost</i>		
Accounts payable	\$ 335,687	\$ 424,724

Amounts due to related parties are included within accounts payable (Note 10).

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

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12. FINANCIAL INSTRUMENTS (continued)

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 October 31, 2025 and April 30, 2025, the Company had no financial assets measured and recognized on the condensed 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 October 31, 2025, the Company was exposed to credit risk on its cash.

The Company's cash is held with a high credit quality financial institution in Canada and as at October 31, 2025, 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 October 31, 2025, the Company had cash of \$102,267 (April 30, 2025 - \$429,421) and accounts payable and accrued liabilities of \$348,470 (April 30, 2025 - \$452,126) with contractual maturities of less than one year. The Company assessed its liquidity risk as high as at October 31, 2025. To address the liquidity risk, the Company completed a non-brokered financing subsequent to October 31, 2025 (Note 14).

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 October 31, 2025.

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 October 31, 2025, 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 dollar equivalent of financial assets and liabilities that are denominated in US dollars and Chilean Peso:

	October 31, 2025	April 30, 2025
Cash	\$ 42,618	\$ 275
Accounts payable	(17,702)	(187,349)
Net exposure	\$ (24,916)	\$ (187,074)

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13. 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, Canada, and the United States. 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:

	Chile	United States	Canada	Total
As at April 30, 2025				
Current assets	\$ 275	\$ -	\$ 1,029,468	\$ 1,029,743
Advances to joint venture partners	-	-	131,354	131,354
Exploration and evaluation assets	-	-	7,716,085	7,716,085
	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 8,876,907</u>	<u>\$ 8,877,182</u>
As at October 31, 2025				
Current assets	\$ 4,816	\$ -	\$ 274,635	\$ 279,451
Advances to joint venture partners	-	-	15,604	15,604
Exploration and evaluation assets	-	2,448,586	4,158,264	6,606,850
	<u>\$ 4,816</u>	<u>\$ 2,448,586</u>	<u>\$ 4,448,503</u>	<u>\$ 6,901,905</u>

14. SUBSEQUENT EVENTS

On December 9, 2025, the Company entered into a purchase and sale agreement to sell 100% of the issued and outstanding shares of Rio Explorations SpA, which directly holds the Dorado and Cordillera gold projects, to Batik Resources Ltd. ("Batik"). The total consideration is \$3,600,000, payable as follows:

- \$700,000 cash payable on closing, less customary Chilean withholding taxes which are expected to be recoverable; and
- \$2,900,000 in common shares of Batik, to be issued upon listing of Batik's common shares on a recognized stock exchange at a price equal to the listing price or concurrent financing price.

On December 9, 2025, the Company issued 29,557 warrants to an eligible arm's length finder in connection with its November 14, 2024 non-brokered private placement. The warrants are exercisable at \$1.10 until November 14, 2026.

On December 16, 2025 and December 23, 2025, the Company issued 166,666 common shares and paid \$250,000, respectively, to Fortune Bay as consideration payments pursuant to the option agreement in respect of the Murmac and Strike Properties.

On December 23, 2025, the Company completed a share consolidation on the basis of ten pre-consolidation common shares for every one post-consolidation common share. All share and per-share figures have been adjusted to reflect this consolidation.

On December 23, 2025, the Company completed the first tranche of a non-brokered private placement for gross proceeds of \$1,265,550 through the issuance of 5,502,392 common shares, at a price per share of \$0.23. In connection with the first tranche, the Company incurred finders fees of \$62,796 and issued 273,026 finders warrants ("Finders Warrants"). The Finders Warrants are exercisable at \$0.23 until December 23, 2027.