



Management Discussion and Analysis For the Year Ended April 30, 2025

This management's discussion and analysis ("MD&A") is management's interpretation of the financial condition and results of operations of Aero Energy Limited (the "Company" or "Aero") for the year ended April 30, 2025. This MD&A should be read in conjunction with the audited financial statements of the Company for the fiscal year ended April 30, 2025, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A complements and supplements, but does not form part of, the Company's financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language included in this MD&A. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of August 27, 2025.

BUSINESS OVERVIEW

The Company was incorporated under the laws of the Canada Business Corporations Act on October 6, 2004. On October 22, 2012, the Company completed a continuation under the BC Business Corporations Act ("BCBCA"). On December 18, 2020, the Company changed its name to Angold Resources Ltd. On February 8, 2024, the Company changed its name from Angold Resources Ltd. to Aero Energy Limited. The Company is listed on the TSX Venture Exchange (the "Exchange") under the trading symbol "AERO". The Company's principal office is located at 918-1030 West Georgia Street, Vancouver, BC, V6E 2Y3.

On June 23, 2025, the Company completed its acquisition of Kraken Energy Corp. ("Kraken"), whereby the Company acquired all of the issued and outstanding common shares of Kraken (the "Transaction"). Pursuant to the terms of the Transaction, all of the issued and outstanding common shares of Kraken were exchanged for an aggregate of 57,922,329 common shares of Aero, on the basis of 0.97037 Aero shares for each Kraken share (the "Exchange Ratio"). All outstanding stock options of Kraken were exchanged for stock options of Aero and all Kraken share purchase warrants became exercisable to acquire Aero shares, in amounts as adjusted by the Exchange Ratio. The acquisition of Kraken brings their U.S. uranium assets, specifically the Apex and Huber Hills projects, into the Company's portfolio.

The Company is a junior mineral exploration company in the business of acquiring, exploring, and evaluating natural resource properties, and either developing these properties further or disposing of them when the evaluation is complete. As at the date of this MD&A, the Company is focused on advancing its flagship optioned properties – Sun Dog, Strike, and Murmac, which are located in the historic Uranium City district within Saskatchewan's Athabasca Basin, as well as the newly acquired Apex and Huber Hills uranium projects, which are located in Nevada, USA.

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 future. Many factors influence the Company's ability to raise funds, including the health of the capital market, the climate for mineral exploration investment and the Company's track record. Actual funding requirements may vary from those planned due to a number of factors, including the acquisition of new projects. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable, or at all.

On June 26, 2023, the Company raised gross proceeds of \$90,000 by way of promissory notes. The promissory notes are non-interest bearing, unsecured, and payable on demand. Of the proceeds, \$30,000 was with an officer and director of the Company.

On October 13, 2023, the Company agreed to settle the loans payable of \$90,000 and a further \$61,000 in indebtedness owing to certain officers of the Company in consideration for services previously rendered to the Company through the issuance of 3,020,000 common shares at a deemed price of \$0.05 per share. The common shares were issued on November 7, 2023.

On November 7, 2023, the Company closed a non-brokered private placement, issuing 16,880,000 common shares at a price of \$0.05 for gross proceeds of \$844,000. On the same date, the Company issued 3,020,000 common shares to settle outstanding indebtedness of \$90,000 owed in connection with working capital loans made to the Company and a further \$61,000 owing to certain officers for services previously rendered to the Company.

On March 6, 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.

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. The Company issued an aggregate of 34,719,349 units for aggregate gross proceeds of \$5,900,000 between the two tranches.

On November 14, 2024, the Company closed a non-brokered private placement for gross proceeds of \$2,034,219 by issuing (i) 8,964,998 non-flow-through units of the Company at a price of \$0.07 per unit; (ii) 7,637,500 flow-through units of the Company at a price of \$0.08 per unit; and (iii) 7,401,572 flow-through charity units at a price of \$0.1075. Each unit consists of one common share of the Company and one-half of one share purchase warrant exercisable at a price of \$0.11 and expiring on November 14, 2026.

On October 20, 2024, the Company issued 1,333,333 common shares and paid \$200,000 to Standard Uranium Ltd. ("Standard") pursuant to the Sun Dog Option.

On December 16, 2024, 2,309,410 options with an exercise price of \$1.65 expired.

On December 20, 2024, the Company issued 1,333,333 common shares and paid \$200,000 to Fortune Bay Corp. ("Fortune Bay") pursuant to the Strike and Murmac Option.

On January 2, 2025, the Company granted 2,200,000 stock options with an exercise price of \$0.07 and expiring on January 2, 2030.

Acquisition of 1443904 B.C. 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").

Sun Dog Property (the "Sun Dog Option")

The Sun Dog Option is for the right to acquire a 100% interest from Standard under the following terms:

| | Cash (C\$) | | Consideration Shares (C\$) | | Exploration Expenditures (C\$) | Interest Earned |
|-----------------------|------------------|--------|----------------------------|----------|--------------------------------|-----------------|
| Execution Date | \$200,000 | (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% |

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.

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 under the following terms:

| | Cash (C\$) | | Consideration Shares (C\$) | | Exploration Expenditures (C\$) | Interest Earned |
|------------------------------|--------------------|--------|-------------------------------|----------|-----------------------------------|--------------------|
| Execution Date | \$200,000 | (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 | |

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.

Transaction Terms

Pursuant to the terms of the Transaction, the Company has acquired all the outstanding share capital of NumberCo in consideration for the issuance of 23,500,000 common shares of the Company (the "Payment Shares") to the existing shareholders of NumberCo. The Company has also assumed the obligations of NumberCo related to the Optioned Properties, as summarized above.

The Payment Shares were issued on February 8, 2024 at a fair value of \$2,498,100, based on the closing price of \$0.15 on the date of issuance, less a discount for a lack of marketability due to voluntary pooling agreements. On the same date, the Company issued 1,333,333 common shares to each of Fortune Bay and Standard, at a deemed price of \$0.15, as Consideration Shares pursuant to the respective option agreements, as summarized above.

Dorado and Cordillera Properties, Chile

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

As of April 30, 2025, the Company decided to discontinue further exploration activities at the Chile Properties to focus on the Sun Dog and Fortune Bay projects. Accordingly, the Chile Properties were written off during the year ended April 30, 2025.

Further details on the Company's projects are provided in its news releases, available on the Company's website (www.aeroenergy.ca) and on SEDAR+ (www.sedarplus.ca).

Costs incurred with respect to the properties are summarized below:

| | Sun Dog | Fortune Bay | Uchi | Chile Properties | Total |
|-----------------------------------|--------------|--------------|---------|------------------|---------------|
| Acquisition Costs | | | | | |
| Balance, April 30, 2023 | \$ - | \$ - | \$ - | \$ 284,875 | \$ 284,875 |
| Additions | 1,769,522 | 1,065,250 | - | - | 2,834,772 |
| 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 |
| Deferred Exploration Costs | | | | | |
| 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 |
| 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 |
| Total | | | | | |
| Balance, April 30, 2024 | \$ 2,032,828 | \$ 1,327,696 | \$ - | \$ 6,706,484 | \$ 10,067,008 |
| Balance, April 30, 2025 | \$ 3,833,315 | \$ 3,882,770 | \$ - | \$ - | \$ 7,716,085 |

During the year ended April 30, 2024, the Company staked a package of mining claims in Saskatchewan which are prospective for uranium mineralization, for a cost of \$30,414.

During the year ended April 30, 2024, the Company completed the acquisition of its flagship Optioned Properties – Sun Dog, Strike, and Murmac, as outlined above. The Optioned Properties are all located in proximity to the Company's existing uranium properties.

ANNUAL FINANCIAL INFORMATION

The selected financial information below is derived from the Company's audited consolidated financial statements for the years ended April 30, 2025, 2024 and 2023, prepared in accordance with IFRS. The Company's significant accounting policies and new accounting policies applied in the preparation of its consolidated financial statements are outlined in Note 3 to the Company's audited consolidated financial statements for the years ended April 30, 2025 and 2024.

| | Year ended | | |
|--|----------------|----------------|----------------|
| | April 30, 2025 | April 30, 2024 | April 30, 2023 |
| Total revenue | \$ - | \$ - | \$ - |
| Operating expenses | 9,833,157 | 890,410 | 5,209,956 |
| Other expenses (income) | (1,096,620) | (28,132) | - |
| Net loss | 8,736,537 | 862,278 | 5,209,956 |
| Total comprehensive loss | 8,736,537 | 862,278 | 5,209,956 |
| Basic and diluted loss per common share: | 0.08 | 0.02 | 3.90 |
| As at | | | |
| | April 30, 2025 | April 30, 2024 | April 30, 2023 |
| Cash | \$ 429,421 | \$ 3,749,613 | \$ 125,176 |
| Assets held for sale | - | - | 218,614 |
| Exploration and evaluation assets | 7,716,085 | 10,067,008 | 6,522,712 |
| Total assets | 8,877,182 | 15,420,649 | 6,915,470 |
| Current liabilities | 535,803 | 705,361 | 180,464 |
| Shareholders' equity | 8,341,379 | 14,715,288 | 6,735,006 |

Refer to the "Results of operations" section below for details regarding fluctuations in operating expenses and other expenses (income).

The Company's cash balance decreased compared to the prior year, primarily due to the timing of financings and increased expenditures on exploration and evaluation assets. Prepaid expenses and deposits decreased from \$1,235,775 in the prior year to \$93,043 in the current year, reflecting the utilization of prepaids during the period. As of April 30, 2024, the Company had prepaid for marketing services, conferences, and drilling and related exploration services, all of which were consumed during the year ended April 30, 2025.

Exploration and evaluation assets, and accordingly total assets, decreased relative to the prior year due to the impairment of the Chile Properties in the current year, as discussed below. This decrease was partially offset by expenditures at the Sun Dog and Fortune Bay properties. The impairment of the Chile Properties is expected to have minimal impact on the Company's ongoing operations as limited expenditures have been incurred on these properties over the past two years. In addition, the Company is now primarily focused on uranium exploration.

Liabilities fluctuate from year to year, largely driven by the timing of payments. In the current year, liabilities decreased as a result of a lower deferred premium on flow-through shares, with the Company having satisfied the majority of its flow-through expenditure commitments as of April 30, 2025.

Results of operations

The Company incurred a net and comprehensive loss of \$8,736,537 during the year ended April 30, 2025, an increase in loss of \$7,874,259, as compared to the net and comprehensive loss of \$862,278 for the year ended April 30, 2024. The increase in net loss and total comprehensive loss was primarily driven by:

- Impairment of exploration and evaluation assets of \$7,015,406 during the year, compared to \$7,897 in the prior year, reflecting the write-off of the Chile Properties as the Company shifted its focus to the Sun Dog and Fortune Bay projects.
- Stock-based compensation of \$625,450 was recorded in the current year, compared to \$Nil in the prior year. This increase reflects the granting and vesting of stock options during the period, whereas no grants occurred in the prior year.
- Increases in general and administrative expenses of \$102,674, shareholder communications and investor relations costs of \$980,973, consulting fees of \$189,618, and management fees of \$80,500 are attributable to higher overall activity in the Company. This activity resulted from financings completed in Q4 2024 and Q2 2025, as well as expanded corporate development initiatives and active exploration programs carried out during the year.

These increases were partially offset by:

- An increase in the flow-through share premium reversal, which rose to \$849,776 in the current year from \$112,578 in the prior year, reflecting higher eligible exploration expenditures incurred during the period.
- A change in the fair value of marketable securities, resulting in a gain of \$205,717 in 2025 compared to a loss of \$4,331 in 2024, driven by an increase in the fair market value of Minas relative to the prior year.
- A loss on debt settlement of \$120,800 recognized in the prior year, with no comparable activity in the current year.

Previous financings and use of funds

The Company's prior private placement disclosures did not specify intended uses of the proceeds. The Company plans to apply funds raised through flow-through financings to exploration activities, with any remaining amounts allocated to property maintenance, corporate development, and general working capital, as summarized below:

| | Exploration | General Working Capital, Corporate Development and Property Maintenance |
|--------------------------------------|-------------|--|
| Funds Raised on November 7, 2023 | \$ - | \$ 844,000 |
| Funds Raised on March 6, 2024 | 2,674,400 | 1,862,770 |
| Funds Raised on March 8, 2024 | 508,742 | 854,086 |
| Funds Raised on November 14, 2024 | 1,406,669 | 627,550 |
| Less funds used up to April 30, 2025 | (4,222,644) | (4,126,152) |
| Funds Remaining | \$ 367,167 | \$ 62,254 |

Summary of quarterly results

The following table provides a summary of financial data for the Company's most recent eight quarters derived from the Company's unaudited condensed interim financial statements prepared in accordance with IAS 34:

| | | | Loss before other income and expenses | Total comprehensive loss | Basic and diluted income (loss) per common share |
|-------|----------------------|----------------|--|-------------------------------------|---|
| | Quarter ended | Revenue | | | |
| Q4/25 | April 30, 2025 | \$ - | \$ (7,463,195) | \$ (6,778,953) | \$ (0.06) |
| Q3/25 | January 31, 2025 | \$ - | \$ (698,789) | \$ (572,858) | \$ (0.01) |
| Q2/25 | October 31, 2024 | \$ - | \$ (872,860) | \$ (728,229) | \$ (0.01) |
| Q1/25 | July 31, 2024 | \$ - | \$ (798,314) | \$ (656,497) | \$ (0.01) |
| Q4/24 | April 30, 2024 | \$ - | \$ (354,974) | \$ (234,499) | \$ (0.01) |
| Q3/24 | January 31, 2024 | \$ - | \$ (190,423) | \$ (939,908) | \$ (0.03) |
| Q2/24 | October 31, 2023 | \$ - | \$ (188,584) | \$ 354,652 | \$ 0.02 |
| Q1/24 | July 31, 2023 | \$ - | \$ (156,429) | \$ (42,523) | \$ (0.00) |

The primary factors affecting the magnitude and variations of the Company's losses are as follows:

- During Q4 2025: The Company recorded wrote off its Chile Properties, resulting in an impairment of \$7,015,406.
- Q1 and Q2 2025: The Company began active exploration work on its properties resulting in an overall increase in activity compared to the comparative periods.
- Q4 2024: The Company incurred professional fees in relation to the acquisition of NumberCo.
- Q3 2024: The Company recognized a loss on marketable securities of \$628,685 on its shares in Minas Metals Ltd., as well as a loss on debt settlement of \$120,800, driving the increased net and comprehensive loss in the quarter.
- Q2 2024: The Company recognized a gain on marketable securities of \$543,236 driven by the shares held in Minas Metals Ltd., driving the net and comprehensive income for the quarter.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial statements for the fiscal year ended April 30, 2025 have been prepared on a going concern basis, which assumes that the Company will continue in operation in the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At April 30, 2025, the Company had cash of \$429,421 (April 30, 2024: \$3,749,613) and its current assets exceeded its current liabilities by \$493,940 (April 30, 2024: \$4,582,341). The Company currently has no active business and is not generating any revenues. It has incurred losses and negative cash flows from operations since inception and had an accumulated deficit of \$30,704,291 as at April 30, 2025 (April 30, 2024: \$21,967,754).

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. The consolidated financial statements for the year ended April 30, 2025 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.

Cash flows

Cash used in operating activities for the year ended April 30, 2025 was \$774,911 compared to \$2,132,586 for the year ended April 30, 2024. The lower outflow was mainly due to non-cash items such as the impairment of exploration assets and stock-based compensation, as well as positive changes in working capital, partially offset by a flow-through premium reversal.

Cash used in investing activities for the year ended April 30, 2025 was \$4,476,393 compared to \$697,733 in the comparative period, primarily due to increased spending on exploration and an advance to JV partners.

Cash provided by financing activities for the year ended April 30, 2025 was \$1,931,112 compared to proceeds from the issuance of shares in the comparative period of \$6,454,756.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of its key management personnel and close family members of its key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consist of its directors, the Chief Executive Officer and the Chief Financial Officer.

During the year ended April 30, 2025 the Company incurred key management compensation as follows:

- \$170,000 (2024 - \$135,000) for CEO consulting services provided by 101252098 Saskatchewan Ltd., a company wholly owned by the Company's CEO, Galen McNamara.
- \$72,000 (2024 - \$Nil) for CFO consulting services provided by 1950 Consulting Ltd., a company wholly owned by the Company's former CFO, Martin Bajic.
- \$7,500 (2024 - \$24,000) for CFO consulting services provided by Carson Halliday.

In addition, the Company incurred legal fees of \$9,871 (2024 - \$62,243) provided by LYC Abogados SPA, a law firm at which a director of the Company, Rony Zimmerman, is a partner.

As at April 30, 2025, there was \$25,854 owing to related parties in respect of services provided to the Company and \$Nil owing in respect of expenses incurred on behalf of the Company.

During the year ended April 30, 2025, the Company incurred stock-based compensation expenses to related parties of \$379,333 (2024 - \$Nil).

FOURTH QUARTER

| | April 30, 2025 | April 30, 2024 | Change |
|---|---------------------|-------------------|---------------------|
| Management fees | \$ 48,000 | \$ 56,500 | \$ (8,500) |
| General and administrative | 2,902 | 30,043 | (27,141) |
| Professional fees | 75,703 | 30,520 | 45,183 |
| Consulting fees | 24,660 | 76,523 | (51,863) |
| Shareholder information and investor relations | 179,940 | 128,613 | 51,327 |
| Transfer agent, regulatory and listing fees | 10,600 | 32,322 | (21,722) |
| Foreign exchange | 23,095 | (7,444) | 30,539 |
| Stock-based compensation | 82,888 | - | 82,888 |
| Impairment of exploration and evaluation assets | 7,015,406 | - | 7,015,406 |
| Other items | (684,241) | (112,578) | (571,663) |
| Net loss | \$ 6,778,953 | \$ 234,499 | \$ 6,544,454 |

The Company incurred a net loss and total comprehensive loss of \$6,778,953 during the three months ended April 30, 2025, compared to a loss of \$234,499 for the same period in 2024, representing an increase of \$6,544,454. The increase was primarily driven by:

- The impairment charge of \$7,015,406 related to the Chile properties,
- Stock-based compensation of \$82,888, due the vesting of option grants in the current year.
- Higher professional fees and increased investor relations activities, for reasons outlined above.

For further details, refer to the discussion under "Results of operations" and "Summary of quarterly results".

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgments and estimates 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 for the year ended April 30, 2025 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 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.

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, 2025 and April 30, 2024, 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.

NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS NOT YET EFFECTIVE

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. The Company is currently assessing the effect of this new standard on its financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the year ended April 30, 2025.

FINANCIAL INSTRUMENTS AND RELATED RISKS

Classifications

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

| | April 30, 2025 | April 30, 2024 |
|--|----------------|----------------|
| Financial assets: | | |
| <i>Fair value through profit and loss</i> | | |
| Cash | \$ 429,421 | \$ 3,749,613 |
| Marketable securities | \$ 420,001 | \$ 214,283 |
| <i>Amortized cost</i> | | |
| Receivables | \$ 87,278 | \$ 88,031 |
| Financial liabilities: | | |
| <i>Amortized cost</i> | | |
| Accounts payable | \$ 452,126 | \$ 125,842 |

Accounts payable includes amounts due to related parties.

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

Financial instrument risk exposure

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, 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 April 30, 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 April 30, 2025, the Company had cash of \$429,421 (April 30, 2024 - \$3,749,613) and accounts payable and accrued liabilities of \$452,126 (April 30, 2023 - \$125,842) with contractual maturities of less than one year. The Company assessed its liquidity risk as high as at April 30, 2025.

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, 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 April 30, 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.

OUTSTANDING SHARE CAPITAL DATA

At the date of this MD&A, the Company has 179,849,606 common shares, 34,821,496 warrants and 9,989,942 stock options outstanding.

The Company has authorized an unlimited number of common shares without par value.

RISKS AND UNCERTAINTIES

The Company's business remains mineral property acquisition, exploration and development business and as a result it may be exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods. Refer to the Company's Filing Statement dated December 18, 2020 for a list of further risk factors impacting the Company.

CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the BCBCA dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of Aero are required to act honestly, in good faith, and in the best interest of Aero.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements" and "forward-looking information" within the meaning of Canadian securities legislation. All statements included in this MD&A, other than statements of historical fact, are forward-looking statements. When used in this MD&A, words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict", "foresee" and other similar terminology, or sentences/statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance.

These statements reflect the Company's current expectations regarding future events, performance and results, and are accurate only at the time of this MD&A and may be superseded by more current information. Forward-looking statements also involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company or its mineral projects to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

In making such statements, the Company has made assumptions regarding, among other things: general business and economic conditions; the availability of additional; the supply and demand for, inventories of, and the level and volatility of the prices of metals; the timing and receipt of governmental permits and approvals; changes in regulations; political factors; the accuracy of the Company's interpretation of the geology of the Company's properties and prospective properties; the availability of equipment, skilled labour and services needed for the exploration of mineral properties; and currency fluctuations.

Although the forward-looking statements or information contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. They should not be read as guarantees of future performance or results. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: the factors discussed below and under "Risks and Uncertainties"; unanticipated changes in general business and economic conditions or conditions in the financial markets; fluctuations in the price of metals; stock market volatility; the availability of exploration capital and financing generally; changes in national and local government legislation; changes to taxation; changes in interest or currency exchange rates; loss of key personnel; inaccurate geological assumptions; competition; unavailability of materials and equipment; government action or delays in the receipt of permits or government approvals; and unanticipated events related to health, safety and environmental matters, including the impact of epidemics.

Forward-looking information is designed to help readers understand management's current views of the Company's near and longer-term prospects, and it may not be appropriate for other purposes. The Company will not update any forward-looking statements or forward-looking information unless required by applicable securities laws.