

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 – Name and Address of Company

Kraken Energy Corp. (the “**Company**” or “**Kraken**”)
Suite 907 - 1030 West Georgia St.
Vancouver, British Columbia
V6E 2Y3

Item 2 – Date of Material Change

April 1, 2025

Item 3 – News Release

A news release relating to the material changes referred to in this Material Change Report was issued and disseminated via Newsfile and filed on SEDAR+ on April 2, 2025.

Item 4 – Summary of Material Change

The Company entered into a definitive arrangement agreement dated April 1, 2025 (the “**Arrangement Agreement**”) with Aero Energy Limited (the “**Aero**”), pursuant to which, among other things, Aero will acquire 100% of the issued and outstanding common shares in the capital of Kraken (the “**Kraken Shares**”) pursuant to a plan of arrangement (the “**Transaction**”).

Item 5 – Full Description of Material Change

5.1 Full Description of Material Change

Transaction Details

The Transaction is valued at approximately \$0.02754 per Kraken Share (the “**Purchase Price**”) or approximately \$1.64 million. The Purchase Price represents a premium of 20% to the 15-day volume-weighted average trading price of the Kraken Shares on the Canadian Securities Exchange (the “**CSE**”).

Pursuant to the terms of the Arrangement Agreement, all of the issued and outstanding Kraken Shares will be exchanged for Aero common shares (the “**Aero Shares**”) on the basis of 0.97037 Aero Shares for each Kraken Share (the “**Exchange Ratio**”).

As at the date hereof, there are 59,690,981 Kraken Shares issued and outstanding and 121,927,277 Aero Shares issued and outstanding. Upon completion of the Transaction, Aero is expected to have approximately 169,978,517 Aero Shares issued and outstanding, on an undiluted basis. Approximately 68% of the Aero Shares are expected to be held by the current shareholders of Aero, and approximately 32% of the Aero Shares are expected to be held by the former Kraken shareholders (the “**Kraken Shareholders**”).

The Transaction will be effected by way of a plan of arrangement under the *Business Corporations Act* (British Columbia), requiring the approval of: (i) at least 66 2/3% of the votes cast by Kraken

Shareholders; and (ii) if, and to the extent required, a majority of the votes cast by Kraken Shareholders, excluding votes attached to Kraken Shares held by any person as required under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*, at a special meeting of Kraken Shareholders expected to be convened in June, 2025 (the "**Kraken Meeting**"). An information circular providing further information of the Transaction will be provided to Kraken Shareholders in connection with the Kraken Meeting.

In addition to Kraken Shareholder and Court approvals, the Transaction is subject to approval of the TSX Venture Exchange, the CSE and the satisfaction of certain other closing conditions customary in transactions of this nature. The Transaction is expected to close in June, 2025.

All outstanding stock options of Kraken will be exchanged for options of Aero and all warrants of Kraken will become exercisable to acquire Aero Shares, in amounts and at exercise prices adjusted in accordance with the Exchange Ratio.

The Arrangement Agreement includes certain customary provisions, including non-solicitation provisions, as well as certain representations, covenants and conditions which are customary for a transaction of this nature. The Arrangement Agreement also includes provision for the payment of a break fee of \$250,000 by Kraken to Aero in the event that it is terminated under certain circumstances.

The board of directors of Aero following the closing of the Transaction is expected to consist of five members with three nominees from Aero and two nominees from Kraken. Upon closing the Transaction, Galen McNamara will serve as CEO and Director, and Martin Bajic will serve as CFO, of Aero.

Kraken Shareholder Support

All of the directors and executive officers of Kraken have entered into voting support agreements pursuant to which they have agreed, subject to the terms thereof, to vote their Kraken Shares, representing in aggregate approximately 8% of the issued and outstanding Kraken Shares, in favour of the Transaction.

Recommendation of the Kraken Board of Directors

The Kraken board of directors, after seeking and considering advice from financial and legal advisors, unanimously determined that the Transaction is in the best interests of Kraken and the Kraken Shareholders, the Purchase Price is fair, from a financial point of view, to the Kraken Shareholders, and unanimously recommended that Kraken Shareholders vote in favour of the resolutions approving the Transaction and related matters at the Kraken Meeting.

Full details of the Arrangement Agreement and the Kraken Meeting will be included in a management information circular of the Company to be filed with applicable regulatory authorities and mailed to Kraken Shareholders in accordance with applicable securities laws.

Shareholders and other interested parties are advised to read the materials relating to the proposed Transaction, including the Arrangement Agreement that will be filed by the Company with securities regulatory authorities in Canada when they become available. Anyone may obtain copies of these documents when available free of charge on the Company's profile at the Canadian Securities Administrators' website at www.sedarplus.ca.

5.2 – Disclosure for Restructuring Transactions

Not applicable

Item 6 – Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable

Item 7 – Omitted Information

Not applicable

Item 8 – Executive Officer

Kraken Energy Corp.
Brian Goss
Interim CEO, President and Director
Email: Info@KrakenEnergyCorp.com
Telephone: (604) 628-2669

Item 9 – Date of Report

April 7, 2025

Cautionary Statement Regarding Forward-Looking Information

Certain information contained herein may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities legislation, that involve known and unknown risks, assumptions, uncertainties and other factors. Undue reliance should not be placed on any forward-looking statements. Forward-looking statements may be identified by words like "anticipates", "estimates", "expects", "indicates", "forecast", "intends", "may", "believes", "could", "should", "would", "plans", "proposed", "potential", "will", "target", "approximate", "continue", "might", "possible", "predicts", "projects" and similar expressions, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Material Change Report include but are not limited to: statements about the implied value of the Transaction and the Purchase Price which are subject to change with the trading values of each of the Aero Shares and Kraken Shares prior to closing of the Transaction; the strategic rationale for, and anticipated benefits from, the Transaction, all as more particularly set forth in this Material Change Report; Kraken's ability to potentially fast-track the timeframe for obtaining permits at the Apex Property; that the Transaction is anticipated to close in early June, 2025; the timing of the Kraken Meeting; and all statements about strategy, plans, objectives, and priorities.

This Material Change Report also contains forward-looking statements concerning the anticipated completion of the Transaction and the anticipated timing thereof. Aero and Kraken have provided these anticipated times in reliance on certain assumptions that it believes are reasonable, including assumptions as to time required to prepare meeting materials for mailing, the timing of receipt of the necessary regulatory, Kraken Shareholder and Court approvals and the satisfaction of, and the time necessary to satisfy, the conditions to the closing of the Transaction. These dates may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary regulatory, Kraken Shareholder or Court approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the Transaction. In addition, there are no assurances the Transaction will be completed.

Accordingly, readers should not put undue reliance on the forward-looking statements contained in this Material Change Report concerning the completion of the Transaction or the timing thereof.

Such statements reflect the current views of Aero and Kraken, with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause results to differ materially from those expressed in the forward-looking statements. These risks and uncertainties include but are not limited to: that the Transaction is not completed on the timing anticipated or at all; the occurrence of any event, change or other circumstances that could give rise to the termination of the Arrangement Agreement; the inability to complete the Transaction due to the failure to obtain approval of Kraken Shareholders, the court, regulatory bodies or stock exchanges, as required; the risk that Aero may not be able to realize the anticipated benefits of the Transaction; risks related to capital market liquidity; risks related to the retention or recruitment, or changes required in, officers, key employees or directors following completion of the Transaction; the possibility that Aero and/or Kraken may be adversely affected by other economic, business, and/or competitive factors; the impact of general economic conditions; volatility in market prices for uranium; industry conditions; currency fluctuations; imprecision of reserve estimates; liabilities inherent in uranium operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; the lack of availability of qualified personnel, drilling rigs or other services; changes in income tax laws or changes in royalty rates and incentive programs relating to the uranium industry including abandonment and reclamation programs; hazards such as fire, explosion, blowouts, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; ability to access sufficient capital from internal and external sources; litigation and regulatory enforcement risks, including the diversion of management time and attention and the additional costs and demands on resources; general economic and business conditions; risks related to the uranium industry, such as operational risks in exploring for, developing and producing uranium and market demand; pricing pressures and supply and demand in the uranium industry; fluctuations in currency and interest rates; risks related to debt agreements and access to capital; inflation; risks of war, hostilities, civil insurrection, pandemics and epidemics, and general political and economic instability; severe weather conditions including wildfires and risks related to climate change; terrorist threats; risks associated with technology; changes in laws and regulations, including environmental, regulatory and taxation laws, and the application of such changes to Aero and/or Kraken's future business; availability of adequate levels of insurance; and difficulty in obtaining necessary regulatory approvals and the maintenance of such approvals. Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties.

With respect to forward-looking statements contained in this Material Change Report, Aero and Kraken have made assumptions regarding, among other things: the satisfaction of the conditions to completion of the Transaction, including the timely receipt of required Kraken Shareholder, Court, regulatory and stock exchange approvals, as required; the ability of Aero to realize benefits and efficiencies with respect to the Transaction; future uranium prices; future currency exchange rates and interest rates; ability to obtain equipment and services in a timely manner to carry out development activities; ability to market uranium successfully to current and new customers; the impact of competition; the general stability of the economic and political environments in which Aero and Kraken operate; the ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; that Aero and Kraken will have sufficient financial resources required to fund the expenses in connection with the Transaction, capital and operating expenditures and other requirements as needed; that Aero will have the ability to develop its uranium properties in the manner currently contemplated; and other matters. Although Aero and Kraken believe that the expectations reflected in the forward-looking statements contained in this Material Change Report, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing list is not an exhaustive list of all assumptions which have been considered.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this Material Change Report in order to provide Kraken Shareholders with a more complete perspective on Aero's and Kraken's current and future operations and such information may not be appropriate for other purposes. Actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits may be derived therefrom.

The forward-looking statements contained in this Material Change Report speak only as of the date of this Material Change Report. Accordingly, forward-looking statements should not be relied upon as representing Aero and Kraken's views as of any subsequent date, and except as expressly required by applicable securities laws, Aero and Kraken do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.