

CULICO METALS INC.
(formerly 1000853883 Ontario Inc.)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended June 30, 2024
(in Canadian dollars)

Culico Metals Inc.

(formerly 1000853883 Ontario Inc.)

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Culico Metals Inc.
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Interim Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

As at	Note	June 30, 2024 \$
ASSETS		
Current assets		
Cash		1
Total assets		1
SHAREHOLDERS' EQUITY		
Share capital	5	1
Retained earnings		-
Total shareholders' equity		1
Total liabilities and shareholders' equity		1

The accompanying notes are an integral part of these financial statements.

Culico Metals Inc.
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Interim Consolidated Statement of Earnings (Loss)
(Expressed in Canadian dollars)

For the period ended June 30,	Note	2024 \$
General and administrative		-
Finance expense, net		-
Loss on derivatives		-
Foreign exchange loss		-
Unrealized gain on revaluation of marketable securities		-
Other expense, net		-
Earnings (loss) before income tax		-
Income tax expense - current		-
Income tax expense - deferred		-
Net earnings (loss)		-
Currency translation adjustments		-
Comprehensive earnings (loss)		-
Net earnings (loss) attributable to common shareholders per share		
Basic		-
Diluted		-
Weighted average number of shares		
Basic		-
Diluted		-

The accompanying notes are an integral part of these financial statements.

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Interim Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

For the period ended June 30,	2024 \$
FINANCING ACTIVITIES	
Common shares issued	1
Net cash provided by financing activities	1
Net increase in cash	1
Cash, beginning of period	-
Cash, end of period	1

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Interim Consolidated Statement of Changes in Equity

(Expressed in Canadian dollars, except share numbers)

	Share capital (note 5)		Retained earnings	Total equity
	Number	\$	\$	\$
Balance as at April 5, 2024	-	-	-	-
Equity issue	1	1	-	1
Comprehensive earnings (loss)	-	-	-	-
Balance as at June 30, 2024	1	1	-	1

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Notes to the Financial Statements
For the period ended June 30, 2024
(Expressed in Canadian dollars, unless otherwise indicated)

Notes to the Financial Statements

1. NATURE OF OPERATIONS

Culico Metals Inc. (formerly 1000853883 Ontario Inc.) ("**Culico**" or "**Company**") is a company domiciled in Canada and was incorporated on April 5, 2024, under the Canada Business Corporations Act. The Company's registered office is located at 100 King Street West, Suite 3400, 1 First Canadian Place, Toronto, Ontario, M5X 1A4, Canada.

Culico was established as a spinout investment business to hold certain assets and rights currently held by Karora Resources Inc. ("**Karora**"). On April 8, 2024, Karora and Australian Stock Exchange ("**ASX**") listed issuer Westgold Resources Limited ("**Westgold**") entered into an arrangement agreement pursuant to which Westgold indirectly acquired 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement (the "**Plan of Arrangement**") under the *Canada Business Corporations Act* (the "**Arrangement**"). The Arrangement was subject to the approval by Karora shareholders at a meeting held July 19, 2024. Karora obtained the final court order from the Ontario Superior Court of Justice (Commercial List) approving the arrangement on July 24, 2024. In addition to shareholder and court approvals, the Arrangement was subject to applicable regulatory approvals, including those of the Foreign Investment Review Board, the Toronto Stock Exchange and the ASX, and the satisfaction of certain other closing conditions customary for a transaction of this nature. The Company subsequently became a reporting issuer of the TSX Venture Exchange ("**TSXV**") on August 16, 2024 and the following Karora assets and rights (the "**Transferred Assets**") which form the "**Spinout Investment Business**", were transferred to Culico in accordance with the contribution agreement entered into between Karora and Culico and the Plan of Arrangement effective on the effective date of July 31, 2024:

- \$5 million in cash;
- right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million ("**Dumont Asset**");
- \$4.826 million in cash representing the economic equivalent value of the 31,863,345 shares of Kali Metals Limited ("**Kali**"), whose ordinary shares are listed on the ASX; and
- 1% lithium royalty for any lithium mined by Kali from the relevant Higginsville tenement package (collectively, the "**Royalty Rights**");

(collectively the "**Spinout Investment Business**").

Under the Arrangement, Karora shareholders received 0.3 of a Company share for every Karora share held on the effective date of the Arrangement and the Company is 100% owned by the existing shareholders of Karora.

These unaudited condensed interim financial statements of the Company are as at and for the period from April 5, 2024 to June 30, 2024.

The Company is a reporting issuer under applicable securities legislation in each of the provinces of Canada and its outstanding common shares are listed on the TSXV under the symbol "**CLCO**". Investors are advised that the Company has been listed on TSXV as a TSXV Sandbox Listing as the Company did not meet all TSXV's listing requirements at the time of listing. Investors are advised to read the Company's news release dated August 14, 2024 to review all waivers granted in connection with the Corporation's listing, details on the listing conditions imposed on the Company, the exit conditions the Company must meet in order to exit TSXV Sandbox, and any consequences if the Company does not meet these exit conditions. There can be

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Notes to the Financial Statements
For the period ended June 30, 2024
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no assurance that the Company will meet all the exit conditions. For details on TSXV Sandbox, please visit (<https://www.tsx.com/en/listings/tsx-and-tsxv-issuer-resources/tsx-venture-exchange-issuer-resources/tsxv-sandbox>).

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors of Culico on August 29, 2024.

Basis of preparation

These financial statements have been prepared on a historical cost basis in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

3. MATERIAL ACCOUNTING POLICIES

Basis of measurement

These financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and Presentation Currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**") being the Canadian dollar. The financial statements are presented in Canadian dollars.

Cash

Cash comprise cash at bank and on hand.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period that the transaction occurs.

4. STATEMENT OF EARNINGS

The Company had no income or expense items in the reporting period from incorporation April 5, 2024 to June 30, 2024.

5. SHARE CAPITAL

The Company is authorized to issue an unlimited amount of common shares. On April 5, 2024, the Company issued one common share to Karora upon incorporation for \$1.

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6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets. In order to maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company will prepare annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. It is expected that the annual and updated budgets will be subject to approval by the Board of Directors once it is appointed.

7. MANAGEMENT OF FINANCIAL RISKS

The Company relies upon Karora, its parent company, in managing its capital structure. The Company is exposed to the following risk:

- (i) Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company intends to reduce its credit risk on its cash by deposits and investments with major Canadian banks rated "A" or higher.
- (ii) Liquidity risks associated with the inability to meet obligations as they become due is minimised through its dependence on Karora. Under the Arrangement, the Company was injected with cash along with certain assets and rights to establish independent liquidity.

8. SUBSEQUENT EVENTS

As described in Note 1, under the Plan of Arrangement, Karora transferred the following Transfer Assets to Culico on July 31, 2024

- \$5 million in cash;
- right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million ("**Dumont Asset**") which were valued at \$0 at transfer;
- \$4.826 million in cash representing the economic equivalent value of the 31,863,345 shares of Kali Metals Limited ("**Kali**"), whose ordinary shares are listed on the ASX; and
- 1% lithium royalty for any lithium mined by Kali from the relevant Higginsville tenement package (collectively, the "**Royalty Rights**") which were valued at \$1 at transfer.

On August 29, 2024 Culico had a cash balance of \$9.756 million and current liabilities of \$0.5 million.