



MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Three Months and Period Ended September 30, 2024
(In thousands of Canadian dollars)

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("**MD&A**") constitutes the information and factors that management believe is relevant to understanding the consolidated financial condition and operating performance of Culico Metals Inc. and its subsidiaries ("**Culico**" or the "**Company**") for the three months and period ended September 30, 2024. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three months and period ended September 30, 2024, which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as applicable to the presentation of interim financial statements including International Accounting Standard ("**IAS**") 34, Interim Financial Reporting, as well as other reports filed on SEDAR. This MD&A contains certain forward-looking statements and reference should be made to the 'Cautionary Statement Regarding Forward-Looking Information' found at the end of this MD&A.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers information to be material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors.

Additional information relating to the Company, including its Listing Application dated August 12, 2024, is available on SEDAR+ at www.sedarplus.ca.

Certain non-IFRS measures are included in this MD&A. The Company believes that these measures provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Results are reported in Canadian dollars, unless otherwise noted. Information contained herein is presented as at November 27, 2024.

OVERVIEW

Culico is 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 is a company focused on creating value in the mineral exploration, development and production sector. Culico's current assets include a 1% lithium royalty on certain mining interests (the "Lithium Royalty Rights") held by Kali Metals Limited (ASX:KM1) ("**Kali**"), the Dumont project is a large-scale nickel deposit located 25 km west of the town of Amos in the established Abitibi mining camp in the mining-friendly Canadian province of Québec. The Company has the right to receive a deferred consideration payment due to the on-sale of the Dumont project up to US\$30 million ("**Dumont Asset**").

On April 8, 2024, Karora Resources Inc. ("**Karora**") and Westgold Resources Limited ("**Westgold**") entered into an arrangement agreement pursuant to which, among other things, Westgold indirectly acquired all of the issued and outstanding common shares of Karora pursuant to a court approved plan of

arrangement under the Canada Business Corporations Act (the "**Arrangement**"). Pursuant to the arrangement agreement, Karora and Culico agreed to enter into a contribution agreement providing for, among other things, the transfer of certain property and assets owned, directly or indirectly, by Karora to Culico, including (i) \$4,826,000 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, (ii) the Lithium Royalty Rights, (iii) the Dumont Payment Rights for an amount up to US\$30 million, and (iv) \$5,000,000 in cash. Pursuant to a letter agreement dated July 21, 2024 among Karora, Westgold and Culico, Karora agreed to make an additional cash payment of \$4,825,999.60 to Culico in lieu of transferring the Kali Shares to Culico, with such cash payment to be reflected in the contribution agreement based on the ten-day volume weighted average trading price of the Kali Shares on the Australian Securities Exchange ("ASX") immediately prior to the effective date of the Arrangement. Following the completion of the Arrangement, former shareholders of Karora hold 100% all of the issued and outstanding common shares of Culico. Karora shareholders of record as at June 17, 2024 approved the Arrangement at Karora's annual and special meeting of shareholders held on July 19, 2024. Karora obtained the final order of the court with respect to the Arrangement from the Ontario Superior Court of Justice (Commercial List) on July 24, 2024, and the Arrangement closed on August 1, 2024.

Under the Arrangement, Karora shareholders received 0.3 of a common share in the capital of Culico for every Karora share held on the effective date of the Arrangement. Upon closing of the Arrangement, Culico was 100% owned by the former shareholders of Karora.

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 Company'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 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>).

OPERATIONS AND FINANCIAL POSITION

As at	September 30, 2024
	\$
Cash and cash equivalents	10,685,872
Working capital	9,758,238
Total assets	10,822,505
Total liabilities	1,014,267
Shareholders' equity	9,808,238

Working capital is a non-IFRS measure which assist management in assessing liquidity, enabling informed decision making and is calculated as follows:

	September 30, 2024
	\$
Current assets	10,772,505
Current liabilities	1,014,267
Working capital	9,758,238

DUMONT PAYMENT RIGHT

The Company is party to an agreement that provides for the Company to receive up to US\$30 million in relation to a trailing asset sale proceeds for the Dumont nickel asset. Specifically, the Company has the right to receive a portion of future proceeds of any future Dumont sale or other monetization event. On a sale or other monetization event, the Company will be entitled to receive 15% of the net proceeds from the transaction (net of certain agreed costs and deductions) up to a maximum of an additional US\$ 30 million. As at September 30, 2024, the Company determined there was insufficient certainty of receiving proceeds from this agreement to record a financial asset.

LITHIUM ROYALTY RIGHTS

As a part of the Lithium Royalty Rights divestment, the Company holds a right that if in the future Kali mines lithium from the Higginsville Gold Operations tenement package, Kali is obliged to pay a 1% net smelter royalty to the Company. No carrying value has been attributed to the Lithium Royalty Rights on the basis that Kali has not established a Lithium Mineral Resource estimate to underpin any estimate of carrying value.

FINANCIAL RESULTS

For the periods ended September 30, 2024	Three months	Period to Date
	\$	\$
Interest income	49,193	49,193
General and administrative expenses	650,288	650,288
Foreign exchange loss	237	237
Net loss	601,332	601,332

INTEREST INCOME

For the three months and period ended September 30, 2024, the Company earned interest of \$49,193 on its cash and cash equivalents.

GENERAL AND ADMINISTRATIVE

General and administrative expenses of \$650,288 for the three months and period ended September 30, 2024 was mainly attributable to employee related expenses as well as consulting fees which include due diligence costs in exploring assets and opportunities to deploy cash to grow the company.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

For the periods ended September 30, 2024	Three months	Period to Date
	\$	\$
Cash used in operating activities:		
Before working capital changes	(601,332)	(601,332)
Working capital changes	486,204	486,204
Cash used in operating activities	(115,128)	(115,128)
Cash provided by financing activities	10,800,999	10,801,000
Change in cash flows	10,685,871	10,685,872
Opening cash and cash equivalents	1	-
Closing cash and cash equivalents	10,685,872	10,685,872

OPERATING ACTIVITIES

For the three months and period ended September 30, 2024, cash used in operating activities, prior to changes in non-cash working capital, was \$601,332 which was primarily in respect of general and administrative expenses.

INVESTING ACTIVITIES

For the three months and period ended September 30, 2024, the Company made no investments.

FINANCING ACTIVITIES

For the three months and period ended September 30, 2024, financing activities provided cash of \$10,800,999 which was mainly due to the transfer of certain property and assets spinout of Karora to Culico valued at C\$9,825,999 and partial receipt of \$975,000 related to a \$1,600,000 private placement financing agreement.

OUTLOOK

Culico is focused on investing in and acquiring past producing, development and currently producing operations, with a focus on base and battery metals assets. To date, the Company has identified an investment opportunity in Americas Gold & Silver Corporation, resulting in a C\$4 million investment as discussed in the Subsequent Event section of this MD&A. Concurrently, Culico has been evaluating additional investment opportunities in the base and battery metals sector, with a focus on producing or past producing copper operations located in mining friendly jurisdictions.

OUTSTANDING SHARE DATA

As at November 27, 2024, the Company had 80,733,519 common shares issued and outstanding and had the following securities outstanding, which are exercisable for common shares:

As at November 27, 2024, the Company had	Number of Securities
Stock options	8,025,000

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

SUBSEQUENT EVENTS

On October 5, 2024, the Company granted 8,025,000 options to management and employees. The exercise price of the options was \$0.105 per share being the closing price on the day preceding the grant date. The options vest over three years and have an expiration date of five years from the grant date.

On November 12, 2024, the Company subscribed for 10,000,000 shares of Americas Gold and Silver Corporation (“**AGS**”). The shares were issued pursuant to a private placement which AGS announced on October 30, 2024. AGS is listed on the Toronto Stock Exchange under the stock symbol ‘**USA**’. The issue price was \$0.40 per share for a purchase price of \$4,000,000. The Company will account for the investment as a marketable security and changes in the fair value of the investment will be accounted for in the consolidated statement of loss. As the shares trade on an active market, the investment will be considered a Level 1 asset in the fair value hierarchy.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company’s management, including the Chief Executive Officer (“**CEO**”) and the Chief Financial Officer (“**CFO**”) of the Company, is responsible for establishing and maintaining the Company’s internal controls over financial reporting (“**ICFR**”) and disclosure controls and procedures (“**DCP**”), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (“**NI 52-109**”).

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation.

CHANGES TO INTERNAL CONTROLS OVER FINANCIAL REPORTING

NI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings requires public companies in Canada to disclose in their MD&A any change in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR.

There were no changes in internal controls of the Company during the three months ended September 30, 2024 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

Management, with the participation of the CEO and the CFO, assessed the effectiveness of our DCP as of September 30, 2024. Based upon the results of that evaluation, the CEO and the CFO concluded that our DCP were effective to provide reasonable assurance that material information relating to the Company is accumulated and communicated to management to allow timely decisions regarding required disclosure, and that the information disclosed by us in the reports that we file is appropriately recorded, processed, summarized and reported within the time period specified in applicable securities legislation.

PROPOSED TRANSACTIONS

From time to time, in the normal course of business, the Company considers potential acquisitions, joint ventures, and other opportunities. The Company will disclose such an opportunity if and when required under applicable securities rules.

MATERIAL ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The Company's material accounting policies are disclosed in note 3 of the unaudited condensed interim consolidated financial statements for the three months and period ended September 30, 2024.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual outcomes could differ from these estimates and assumptions. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

CONTRACTUAL COMMITMENTS AND CONTINGENCIES

As of the date of this MD&A, the Company does not have any contractual commitments and contingencies other than those assumed pursuant to the Arrangement.

ADDITIONAL INFORMATION

Additional information relating to Culico can be found on SEDAR+ at www.sedarplus.ca, or on Culico's web-site at www.culicometals.com.

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 Company'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 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>).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking statements" under applicable Canadian securities laws concerning the business, operations and financial performance and condition of Culico. Except for statements of historical fact relating to Culico, all statements included herein are forward-looking statements. The words "believe", "expect", "strategy", "target", "plan", "scheduled", "commitment", "opportunities", "guidance", "project", "continue", "on track", "estimate", "growth", "forecast", "potential", "future", "extend", "planned", "will", "could", "would", "should", "may" and similar expressions typically identify forward-looking statements.

Forward-looking statements are necessarily based on the opinions and estimates of management at the date the statements are made and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of Culico and there is no assurance they will prove to be correct.

These factors are discussed in greater detail in Culico's TSXV Form 2B – Listing Application, filed under the Company's issuer profile on SEDAR+, which also provides additional general assumptions in connection with these statements. Culico cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail.

Although Culico has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Culico undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Comparative market information is as of a date prior to the date of this

document. Further, the forward-looking statements included herein speak only as of the date of this news release.