

CULICO METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Period Ended June 30, 2024
(In thousands of Canadian dollars)

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of the operations of Culico Metals Inc. ("**Culico**" or the "**Corporation**") and constitutes management's review of the factors that affected the Corporation's financial and operating performance for the period ended June 30, 2024. This MD&A should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements and related notes for the period ended June 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 language at the end of this MD&A.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information 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 Corporation'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 Corporation, including its Listing Application dated August 12, 2024, is available on SEDAR+ at www.sedarplus.ca.

Results are reported in Canadian dollars, unless otherwise noted. Information contained herein is presented as at August 29, 2024.

OVERVIEW

Culico is domiciled in Canada and was incorporated on April 5, 2024, under the *Canada Business Corporations Act*. The Corporation'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 right to receive a deferred consideration payment due to the on-sale of the Dumont project (the "**Dumont Payment Right**") and approximately \$10 million in cash. 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. Culico holds an interest in the net proceeds from a future sale or other monetization event involving the Dumont project.

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) ordinary shares held in the capital of Kali (the "**Kali Shares**"), (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 on August 16, 2024 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 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

<i>(in Canadian dollars)</i>	June 30, 2024
Cash and cash equivalents	\$1
Total assets	1
Shareholders' equity	1

DUMONT PAYMENT RIGHT

The Corporation is party to an agreement that provides for the Corporation to receive up to US\$30 million in relation to a trailing asset sale proceeds for the Dumont nickel asset. Specifically, the Corporation 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 Corporation 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 June 30, 2024, the Corporation determined there was insufficient certainty of receiving proceeds from this agreement to record a financial asset.

KALI SHARES

Subsequent to the arrangement agreement and pursuant to a letter agreement dated July 21, 2024, Westgold and Karora agreed that Karora is to transfer the cash economic equivalent value of the 31,863,345 Kali shares held by Karora to the Corporation. On the closing of the Arrangement, the exact value of the cash to be transferred to the Corporation for the value of the Kali shares was determined by

using the ten-day volume weighted average trading price of the Kali shares on the ASX immediately prior to the effective date of the Arrangement, being \$4,825,999.60.

LITHIUM ROYALTY RIGHTS

As a part of the Lithium Royalty Rights divestment, the Corporation 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 Corporation. 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.

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.

FINANCIAL RESULTS

The Corporation did not engage in any activities or transactions during the period ended June 30, 2024.

CASH FLOWS

The Corporation received \$1 in respect of the issuance of share capital recorded as a financing activity.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is disclosure of the Corporation’s critical accounting policies and accounting estimates in note 3 of the audited carve-out financial statements for the year ended December 31, 2023 included in the Corporation's listing application dated August 12, 2024 filed on SEDAR+.

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 Corporation's assets and liabilities are accounted for prospectively.

The key accounting judgment applied in the preparation of these financial statements relate to the estimations used for the measurements of the equivalent economic value of the 31,863,345 Kali shares.

CONTRACTUAL COMMITMENTS AND CONTINGENCIES

As of the date of this MD&A, the Corporation 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 Corporation has been listed on TSXV as a TSXV Sandbox Listing as the Corporation did not meet all TSXV's listing requirements at the time of listing. Investors are advised to read the Corporation'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 Corporation, the exit conditions the Corporation must meet in order to exit TSXV Sandbox, and any consequences if the Corporation does not meet these exit conditions. There can be no assurance that the Corporation 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 Corporation'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.