



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

For The Three Months and Period Ended December 31, 2024  
(In 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 are 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 December 31, 2024. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the period ended December 31, 2024, which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standard Board ("IFRS Accounting Standards"). 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](http://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 April 30, 2025.

## 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 right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million ("Dumont Asset") and 10 million or 1.68% of the common shares of Americas Gold and Silver Corporation ("**AGS**"). AGS is listed on the Toronto Stock Exchange under the stock symbol 'USA'.

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 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 held 100% of all 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". The Company is currently listed pursuant to the TSXV Sandbox as the Company did not meet all TSXV's listing requirements, and will remain so until, among other things, Culico has deployed at least \$4,663,000 to at least two qualifying investments that are satisfactory to the TSXV. The Company completed a qualifying \$4,000,000 investment into Americas Gold and Silver Corporation ("AGS") as announced on November 12, 2024, Culico is now required to deploy at least \$663,000 to at least one more qualifying investment prior to August 14, 2025. 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

<b>As at</b>	<b>December 31, 2024</b>
Cash	\$5,958,214
Working capital	5,107,765
Total assets	10,955,385
Total liabilities	1,662,695
Shareholders' equity	9,292,690

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

<b>As at</b>	<b>December 31, 2024</b>
Current assets	\$6,109,097
Current liabilities	1,001,332
Working capital	\$5,107,765

### 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. No carrying value has been assigned to the Dumont nickel right as 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.

### AMERICAS GOLD AND SILVER

The Company holds 10,000,000 or 1.68% of the common shares of Americas Gold and Silver Corporation ("AGS"). AGS is listed on the Toronto Stock exchange under the stock symbol 'USA'. Due to significant representation on both the Culico and AGS boards as well as some commonality of senior management, the Company is considered to have significant influence of AGS and consequently accounts for its investment using the equity method despite having less than a 20% ownership interest.

## FINANCIAL RESULTS

<b>For the periods ended December 31, 2024</b>	<b>Three months</b>	<b>Period to Date</b>
Interest income	\$69,668	\$118,861
Share of loss of associated company	26,357	26,357
General and administrative expenses	2,079,570	2,729,838
Depreciation	8,398	8,398
Accretion	5,225	5,225
Foreign exchange loss	677	914
Income tax recovery	(8,570)	(8,570)
Net loss	2,041,989	2,643,301

### INTEREST INCOME

For the three months ended December 31, 2024, the Company earned interest of \$69,668 on its cash.

For the period ended December 31, 2024, the Company earned interest of \$118,861 on its cash.

### GENERAL AND ADMINISTRATIVE

General and administrative expenses of \$2,079,570 for the three months ended December 31, 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.

General and administrative expenses of \$2,729,838 for the period ended December 31, 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

<b>For the periods ended December 31, 2024</b>	<b>Three months</b>	<b>Period to Date</b>
Cash used in operating activities:		
Before working capital changes	(\$1,040,280)	(\$1,641,612)
Working capital changes	80,993	567,197
Net cash used in operating activities	(959,287)	(1,074,415)
Net cash used in investing activities	(4,000,000)	(4,000,000)
Net cash provided by financing activities	229,809	11,030,809
Net change in cash flows	(4,729,478)	5,956,394
Effect of exchange rate changes on cash and cash equivalents	1,820	1,820
Opening cash	10,685,872	-
Closing cash	\$5,958,214	\$5,958,214

## OPERATING ACTIVITIES

For the three months ended December 31, 2024, cash used in operating activities, prior to changes in non-cash working capital, was \$1,040,280 which was primarily in respect of general and administrative expenses.

For the period ended December 31, 2024, cash used in operating activities, prior to changes in non-cash working capital, was \$1,641,612 which was primarily in respect of general and administrative expenses.

## INVESTING ACTIVITIES

For the three months and period ended December 31, 2024, the Company invested \$4,000,000 into AGS in exchange for 10,000,000 common shares. The market value of the investment at December 31, 2024 was \$5,600,000. The Company accounts for the investment in AGS using the equity method of accounting, recognizing the Company's share of AGS income (losses) and respectively increases (decreases) the net book value of its investment in AGS. The net book value of the AGS investment was \$3,973,641 on December 31, 2024.

## FINANCING ACTIVITIES

For the three months ended December 31, 2024, financing activities provided cash of \$229,809 which was mainly due to a net partial receipt of \$625,000 related to a \$1,600,000 private placement financing agreement partially offset by the cash outflows for share issue costs of \$395,191.

For the period ended December 31, 2024, financing activities provided cash of \$11,030,809 which was mainly due to the transfer of certain property and assets spinout of Karora to Culico valued at \$9,825,999 and a \$1,600,000 private placement financing agreement partially offset by the cash outflow for share issue costs of \$536,128.

## GOING CONCERN

The financial statements of the Company have been prepared on a historical cost basis in accordance with 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. The Company reported a net loss of \$2,643,301 for the period ended December 31, 2024 which could cast significant doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS Accounting Standards applicable to a going concern. The Company's ability to continue future operations and fund its investments is dependent on management's ability to secure additional funding in the future or liquidating some of its assets and there can be no assurance it will be able to do so in the future.

## OUTLOOK

Culico is focused on investing in and acquiring past producing, development and currently producing mining assets, 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 \$4,000,000 investment. 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 April 30, 2025, the Company had 80,733,519 common shares issued and 8,025,000 outstanding options, which are exercisable for common shares.

## OFF-BALANCE SHEET ARRANGEMENTS

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

## RELATED-PARTY TRANSACTIONS

As of the date of this MD&A, the Company have the following related-party transactions.

Remuneration of key management, which consists of the Company's directors and executive officers:

<b>For the period ended December 31, 2024</b>	
Employee related and directors fees expense	\$815,219
Share incentive plan expense	1,042,004
	<b>\$1,857,223</b>

On December 31, 2024, in respect of the above noted remuneration, the Company owed \$458,814 which was included in accounts payable and accrued liabilities on the statement of financial position.

The Company has an office property lease for which a portion will be charged to AGS commencing in the first quarter of 2025. Refer to note 6 in the audited consolidated financial statements.

## SUBSEQUENT EVENTS

The Company entered into a subscription agreement dated April 22, 2025 with Karrouba Copper Company Inc. (“**KCC**”) under which it will acquire 30 million common shares of KCC for a total subscription amount of US\$3 million. The transaction closed on April 22, 2025.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of audited consolidated financial statements in conformity with IFRS Accounting Standards requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is disclosure of the Company's critical accounting policies and accounting estimates in note 3 of the audited consolidated financial statements for the year ended December 31, 2024.

## DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures (“DCP”) are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting (“ICFR”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

statements for external purposes in accordance with IFRS. Venture issuer companies are not required to provide representations in the annual or interim filings relating to the establishment and maintenance of DCP and ICFR, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual or interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The CEO and CFO being the Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer (as defined in NI 52-109) to design and implement on a cost-effective basis DCP and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of annual filings and other reports provided under securities legislation.

## CONTROLS AND PROCEDURES

In connection with NI 52-109 the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the audited consolidated financial statements and respective accompanying MD&A as at December 31, 2024 (together the "Annual Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## 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 audited consolidated financial statements for the year ended December 31, 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 have the below contractual commitments and contingencies.

The Company accounted for RSUs and DSUs which are issuable only subject to clearing certain conditions with the TSXV. Refer to Note 9 of the audited consolidated financial statements for the period ended December 31, 2024.

The following table summarizes the expected maturity of the Company's financial liabilities based on the remaining period from the balance sheet date to the contracted maturity date:

As at December 31, 2024	Payments by period				Total	Carrying Value
	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years		
Accounts payable and accrued liabilities	\$851,695	\$-	\$-	\$-	\$851,695	\$851,695
Income tax liability	88,674	-	-	-	88,674	88,674
Lease obligations	124,538	370,895	393,482	34,188	923,103	722,326
	<b>\$1,064,907</b>	<b>\$370,895</b>	<b>\$393,482</b>	<b>\$34,188</b>	<b>\$1,863,472</b>	<b>\$1,662,695</b>

## ADDITIONAL INFORMATION

Additional information relating to Culico can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), or on Culico's web-site at [www.culicometals.com](http://www.culicometals.com).

Investors are advised that the Company is currently listed on the TSXV pursuant to the TSXV Sandbox as the Company did not meet all TSXV's listing requirements, and will remain so until, among other things, Culico has deployed at least \$4,663,000 to at least two qualifying investments that are satisfactory to the TSXV. The Company completed a qualifying \$4 million Investment into Americas Gold and Silver Corporation as announced on November 12, 2024, Culico is now required to deploy at least \$663,000 to at least one more qualifying investment prior to August 14, 2025. 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.