



Condensed Interim Financial Statements

For the three and six months ended December 31, 2022 and 2021

**NOTICE OF NO AUDITOR REVIEW OF
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CULLINAN METALS CORP.

Condensed Interim Statements of Financial Position

As at December 31, 2022 and June 30, 2022

(Expressed in Canadian dollars)

	Notes	December 31, 2022	June 30, 2022
		\$	\$
Assets			
Current			
Cash		385,602	173,284
GST and other receivable		26,832	12,741
Prepaid expenses		256,661	30,000
		669,095	216,025
Exploration and evaluation assets	3	308,000	70,000
Total assets		977,095	286,025
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		15,181	39,055
Shareholders' equity			
Share capital	4	1,443,001	522,473
Reserves	4	193,015	101,939
Deficit		(674,102)	(377,442)
Total equity		961,914	246,970
Total liabilities and equity		977,095	286,025
Nature of operations and going concern	1		
Subsequent events	7		

Approved on behalf of the Board of Directors:

(Signed) "Richard Ko"

Director

(Signed) "Peter Born"

Director

The accompanying notes are an integral part of these financial statements

CULLINAN METALS CORP.

Condensed Interim Statements of Comprehensive Loss
For the three and six months ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

		Three months ended December 31,		Six months ended December 31,	
	Notes	2022	2021	2022	2021
		\$	\$	\$	\$
Expenses					
Consulting fees		27,925	-	27,925	-
General and administration		25,150	131	25,918	131
Investor relations		67,248	-	85,248	-
Management fees	5	24,700	1,500	51,400	3,000
Professional fees	5	3,104	30,387	11,720	44,583
Regulatory and transfer agent fees		8,441	11,232	21,892	16,482
Share-based compensation	4(e), 5	68,889	-	72,557	-
Loss and comprehensive loss		225,457	43,250	296,660	64,196
Loss per share - basic and diluted		(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of common shares outstanding		23,719,242	7,500,001	22,745,021	7,500,001

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CULLINAN METALS CORP.

Condensed Interim Statements of Changes in Equity
 For the six months ended December 31, 2022 and 2021
 (Expressed in Canadian dollars)

	Notes	Number of shares	Share capital	Reserves	Deficit	Total
		#	\$	\$	\$	\$
Balance, June 30, 2022		21,590,002	522,473	101,939	(377,442)	246,970
Shares issued for cash (net of share issue cost)	4(b)	2,809,333	842,800	-	-	842,800
Share issuance costs		-	(42,585)	18,519	-	(24,066)
Shares issued for exercise of warrants	4(b), 4(d)	406,250	20,313	-	-	20,313
Shares issued for exploration and evaluation assets	3, 4(b)	221,154	100,000	-	-	100,000
Share-based compensation	4(e)	-	-	72,557	-	72,557
Loss for the period		-	-	-	(296,660)	(296,660)
Balance, December 31, 2022		25,026,739	1,443,001	193,015	(674,102)	961,914
Balance, June 30, 2021		15,000,002	300,000	-	(26,315)	273,685
Loss for the period		-	-	-	(64,196)	(64,196)
Balance, December 31, 2021		15,000,002	300,000	-	(90,511)	209,489

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CULLINAN METALS CORP.

Condensed Interim Statements of Cash Flow
For the six months ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

	Six months ended December 30,	
	2022	2021
	\$	\$
Operating activities		
Loss for the period	(296,660)	(64,196)
Items not affecting cash		
Share-based compensation	72,557	-
Changes in non-cash working capital items		
GST and other receivable	(14,091)	-
Prepaid expenses	(226,661)	(10,000)
Accounts payable and accrued liabilities	(23,874)	13,915
	(488,729)	(60,281)
Investing activities		
Acquisition of exploration and evaluation assets	(138,000)	(25,000)
Financing activities		
Shares issued for cash, net of share issuance costs	818,734	-
Proceeds from exercise of warrants	20,313	-
	839,047	-
Increase (decrease) in cash	212,318	(85,281)
Cash, beginning of period	173,284	259,770
Cash, end of period	385,602	174,489
Non-cash transaction		
Shares issued for exploration and evaluation assets	100,000	-

The accompanying notes are an integral part of these financial statements

CULLINAN METALS CORP.

Notes to the Condensed Interim Financial Statements
Three and six months ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

(a) Nature of operations

Cullinan Metals Corp. (the "Company") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on January 29, 2021. The address of the Company's registered office is 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

The Company is currently in the exploration stage of developing its exploration and evaluation properties and has not yet determined whether they contain mineral reserves that are economically recoverable.

On February 17, 2022, the Company completed its Initial Public Offering ("IPO"), in connection with its listing on the Canadian Securities Exchange (the "Exchange"). The common shares of the Company effectively commenced trading on the Exchange on March 9, 2022 under the symbol "CMT".

(b) Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the six months ended December 31, 2022, the Company had not commenced exploration activities, had no profits, had an accumulated deficit of \$674,102 (June 30, 2022 - \$377,442) and expects to incur further losses until it successfully develops its business.

The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities, its ability to attain profitable operations and generate funds therefrom and raise equity capital or borrowings sufficient to meet current and future obligations. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

The factors above indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not include any adjustments to amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

CULLINAN METALS CORP.

Notes to the Condensed Interim Financial Statements
Three and six months ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

2. Basis of Presentation

These condensed interim financial statements (the “Financial Statements”) have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Financial Statements should be read in conjunction with the Company’s annual financial statements as at and for the year ended June 30, 2022 (the “Annual Financial Statements”). The accounting policies and critical estimates applied by the Company in the Financial Statements are the same as those applied in the Annual Financial Statements. The Financial Statements do not include all the information required for full annual financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the most recent Annual Financial Statements.

On April 12, 2022, the Company completed a two for one share split of all of its issued and outstanding common shares, and as a result, one additional common share was issued for every one common share outstanding. Outstanding stock options and warrants were also adjusted by the stock split ratio and their respective exercise prices were adjusted accordingly. All share and per share data presented in the Financial Statements have been retroactively adjusted to reflect the share split unless otherwise noted.

The Financial Statements were approved by the Board of Directors on February 8, 2023.

3. Exploration and Evaluation Assets

(a) On February 28, 2021, the Company entered into an option agreement to acquire the Lac Chavigny Gold Property located in Quebec comprising 14 contiguous claims. The Company may acquire a 100% interest in the property for the following consideration:

(i) Cash payments:

- \$25,000 upon execution of the Agreement (paid);
- \$25,000 on or before December 1, 2021 (paid); and
- \$100,000 on August 17, 2023.

(ii) Issuance of 1,400,000 common shares as follows:

- 400,000 shares on February 17, 2022 (issued); and
- 1,000,000 on August 17, 2023.

(iii) Completion of an aggregate of \$575,000 in exploration expenditures as follows:

- \$75,000 on or before August 17, 2023; and
- \$500,000 on or before June 17, 2024.

The agreement is subject to a 1% Net Smelter Return (“NSR”) royalty, one-half of which can be repurchased by the Company for \$1,000,000.

As at December 31, 2022, the Company paid \$50,000 and issued 400,000 common shares with a fair value of \$20,000 towards the acquisition of the Lac Chavigny Gold Property.

CULLINAN METALS CORP.

Notes to the Condensed Interim Financial Statements
Three and six months ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

3. Exploration and Evaluation Assets (Continued)

(b) On September 22, 2022, the Company entered into an option agreement to acquire the Lac des Iles West Graphite Property located in Quebec comprising 43 mining claims. The Company may acquire a 100% interest in the property for the following consideration:

- (i) Cash payments:
 - \$50,000 upon Exchange approval (paid);
 - \$50,000 on September 22, 2023; and
 - \$50,000 on September 22, 2024.
- (ii) Issuance of common shares equivalent to a value of \$350,000 as follows:
 - Common shares with a value of \$50,000 upon Exchange approval (subject to a one-year resale restriction) (issued);
 - Common shares with a value of \$100,000 on September 22, 2023; and
 - Common shares with a value of \$200,000 on September 22, 2024.
- (iii) Completion of an aggregate of \$425,000 in exploration expenditures as follows:
 - \$50,000 by September 22, 2023;
 - \$125,000 by September 22, 2024; and
 - \$250,000 by September 22, 2025.

The agreement is subject to a 2% NSR royalty, of which, 1% can be repurchased by the Company for \$1,000,000.

As at December 31, 2022, the Company paid \$50,000 and issued 125,000 common shares (Note 4(b)(ii)) with a fair value of \$50,000 towards the acquisition of the Lac des Iles West Graphite Property.

(c) On October 27, 2022, the Company entered into an option agreement to acquire the Smiley Lithium Property located in Ontario comprising five mining claims. The Company may acquire a 100% interest in the property for the following consideration:

- (i) Cash payments:
 - \$88,000 upon signing of agreement (paid);
 - \$100,000 on October 27, 2023;
 - \$200,000 on October 27, 2024; and
 - \$2,000,000 on October 27, 2025.
- (ii) Issuance of common shares equivalent to a value of \$175,000 as follows:
 - Common shares with a value of \$50,000 upon execution of agreement (issued); and
 - Common shares with a value of \$125,000 on October 27, 2023.

The agreement is subject to a 2.5% NSR royalty, of which, 0.5% can be repurchased by the Company for \$500,000.

As at December 31, 2022, the Company paid \$88,000 and issued 96,154 common shares (Note 4(b)(iv)) with a fair value of \$50,000 towards the acquisition of the Smiley Lithium Property.

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Notes to the Condensed Interim Financial Statements
Three and six months ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

4. Share Capital

(a) Authorized

Unlimited common shares without par value.

(b) Issued and outstanding

As at December 31, 2022, the Company's issued and outstanding share capital consisted of 25,026,739 (June 30, 2022 – 21,590,002) issued and fully paid common shares.

Six months ended December 31, 2022

- (i) On September 20, 2022, the Company closed a non-brokered private placement of 1,663,333 units at a price of \$0.30 per unit for gross proceeds of \$499,000. Each unit consisted of one common share and one share purchase warrant exercisable at a price of \$0.40 per share until September 20, 2024.
- (ii) On October 24, 2022, the Company issued 125,000 common shares with a fair value of \$50,000 with respect to the Lac des Iles West Graphite Property option agreement. Note 3(b)
- (iii) On October 27, 2022, the Company issued 406,250 common shares pursuant to exercise of warrants for gross proceeds of \$20,313.
- (iv) On November 14, 2022, the Company issued 96,154 common shares with a fair value of \$50,000 with respect to the Smiley Lithium Property option agreement. Note 3(c)
- (v) On December 28, 2022, the Company closed a non-brokered private placement of 1,146,000 units at a price of \$0.30 per unit for gross proceeds of \$343,800. Each unit consisted of one common share and one-half of one share purchase warrant, with each whole warrant exercisable at a price of \$0.60 per share until December 28, 2024.

Total share issuance costs with respect to the private placement were of \$42,585 which consisted of finder's fees of \$24,066 and 80,220 broker warrants with a fair value of \$18,519. Each broker warrant is exercisable at \$0.60 per share until December 28, 2024. The fair value of the broker warrants was estimated at \$0.23 per share using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of issuance: risk free rate of 4.03%; dividend yield of 0%; stock price volatility of 85.52%; and an expected life of 2 years.

(c) Escrowed securities

In connection with the IPO, 400,002 common shares and 400,000 warrants held by principals of the Company were deposited in escrow. On the listing date of February 17, 2022, 10% of these shares and warrants were released from escrow with 15% of the remainder will be released every 6 months following February 17, 2022. At December 31, 2022, 300,002 common shares and 300,002 warrants were held in escrow.

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Notes to the Condensed Interim Financial Statements
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(Expressed in Canadian dollars)

4. Share Capital (Continued)

(d) Warrants

Each warrant entitles the holder to purchase one common share of the Company. A summary of the status of the warrants outstanding follows:

	Warrants	Weighted average exercise price
	#	\$
Balance, June 30, 2021 and 2022	15,000,000	0.05
Issued	2,316,553	0.46
Exercised	(406,250)	0.05
Balance, December 31, 2022	16,910,303	0.15

The following table summarizes the warrants outstanding as at December 31, 2022:

Exercise Price	Expiry date	Warrants
\$		#
0.05	April 23, 2026	5,000,000
0.05	June 30, 2026	9,593,750
0.40	September 20, 2024	1,663,333
0.60	December 28, 2024	653,220
		16,910,303

As at December 31, 2022, the weighted average remaining contractual life of the warrants was 3.21 years.

(e) Stock options

The Company has a rolling incentive stock option plan (the "Plan") which provides that the aggregate maximum number of common shares that may be issued upon the exercise of options granted under the Plan shall not exceed 10% of the Company's issued and outstanding shares. The exercise price of any options granted under the Plan is determined by the Board but shall not be less than the exercise price permitted by the Exchange. Options have expiry dates of no later than ten years from the date of grant.

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4. Share Capital (Continued)

(e) Stock options (continued)

A summary of the status of the options outstanding follows:

	Options	Weighted average exercise price
	#	\$
Balance, June 30, 2021	-	-
Granted	1,570,000	0.11
Exercised	(620,000)	0.055
Balance, June 30, 2022	950,000	0.15
Granted	670,000	0.40
Balance, December 31, 2022	1,620,000	0.25

The following table summarizes the options outstanding and exercisable as at December 31, 2022:

Exercise Price	Expiry date	Options outstanding	Options exercisable
\$		#	#
0.055	March 1, 2026	700,000	600,000
0.40	June 9, 2027	250,000	250,000
0.40	October 28, 2027	670,000	-
		1,620,000	850,000

As at December 31, 2022, the weighted average remaining contractual life of the options was 4.05 years.

During the three and six months ended December 31, 2022, the Company recorded share-based compensation of \$68,889 and \$72,557, respectively (December 31, 2021 - \$Nil), for stock options granted and vested during the period.

The fair value of the stock options at the date of grant was estimated at \$0.42 per option (June 30, 2022 - \$0.08 per option) using the Black-Scholes option pricing with the following weighted average assumptions:

	December 31, 2022	June 30, 2022
Risk-free annual interest rate	3.54%	1.70%
Expected annual dividend yield	0%	0%
Expected stock price volatility	126%	126%
Expected life of options (years)	4	4
Forfeiture rate	0%	0%

CULLINAN METALS CORP.

Notes to the Condensed Interim Financial Statements
Three and six months ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

5. Related Party Transactions

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company, and is comprised of the Company's Board of Directors and executive officers.

Compensation of key management personnel

	Three months ended December 31,		Six months ended December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
CEO management fees	22,500	-	45,000	-
Former CEO fees	1,000	1,500	4,000	3,000
Director's fees	1,200	-	2,400	-
Professional fees	-	3,393	-	3,393
Share based compensation ⁽¹⁾	471	-	1,388	-
	25,171	4,893	52,788	6,393

⁽¹⁾ Share-based compensation represents the fair value of options granted and vested to directors and officers of the Company.

6. Financial Instruments

As at December 31, 2022, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term maturity.

7. Subsequent Events

The following events occurred subsequent to December 31, 2022:

- (a) The Company issued 918,750 common shares pursuant to an exercise of warrants for gross proceeds of \$45,938.
- (b) The Company issued 75,000 common shares pursuant to an exercise of stock options for gross proceeds of \$4,125.