



**Condensed Interim Financial Statements**

**For the nine months ended September 30, 2022**

(Unaudited - Expressed in Canadian dollars)

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**Notice to Reader**

These condensed interim financial statements of Clover Leaf Capital Corp. have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to the financial statements or the related quarterly Management's Discussion and Analysis.

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## Clover Leaf Capital Corp.

Condensed Interim Statements of Financial Position  
(Unaudited - Expressed in Canadian dollars)

		September 30, 2022	December 31, 2021
	<i>Note</i>		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 616,110	\$ 290,059
GST receivable		3,974	3,639
		\$ 620,084	\$ 293,698
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Trade and other payables	5	\$ 6,770	\$ 44,759
		6,770	44,759
<b>Shareholders' equity</b>			
Share capital	4	738,649	360,000
Reserve	4	119,866	64,267
Deficit		(245,201)	(175,328)
		613,314	248,939
		\$ 620,084	\$ 293,698
<b>Proposed transaction</b>	7		

These condensed interim financial statements are approved for issue by the Board of Directors of the Company on November 24, 2022.

They are signed on the Company's behalf by:

"Tsend Tseren", Director

"Blake Steele", Director

*The accompanying notes are an integral part of these condensed interim financial statements*

## Clover Leaf Capital Corp.

Condensed Interim Statements of Loss and Comprehensive Loss  
(Unaudited - Expressed in Canadian dollars)

		Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Period from incorporation on March 2 to September 30, 2021
	<i>Note</i>				
<b>Expenses</b>					
Consulting fees	5	\$ 3,000	\$ 3,000	\$ 9,000	\$ 7,000
Office expenses		969	797	3,567	1,851
Professional fees	5	5,317	10,443	9,575	33,935
Regulatory and filing fees		3,695	-	16,524	504
Share-based compensation	4	-	64,267	30,948	64,267
Travel		259	-	259	-
<b>Loss and comprehensive loss for the period</b>		\$ (13,240)	\$ (78,507)	\$ (69,873)	\$ (107,557)
<b>Basic and diluted loss per common share</b>		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>		11,850,000	7,200,000	10,470,330	6,928,302

*The accompanying notes are an integral part of these condensed interim financial statements*

**Clover Leaf Capital Corp.**Condensed Interim Statements of Cash Flows  
(Unaudited - Expressed in Canadian dollars)

	<b>Period from incorporation on March 2 to September 30, 2021</b>	
	<b>Nine months ended September 30, 2022</b>	
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (69,873)	\$ (107,557)
Items not affecting cash:		
Share-based compensation	30,948	64,267
Change in non-cash working capital items:		
GST receivable	(335)	(1,241)
Trade and other payables	(37,989)	16,333
<b>Net cash used in operating activities</b>	<b>(77,249)</b>	<b>(28,198)</b>
<b>FINANCING ACTIVITIES</b>		
Initial public offering	465,000	-
Private placement	-	360,000
Share issue costs	(61,700)	-
<b>Net cash provided by financing activities</b>	<b>403,300</b>	<b>360,000</b>
<b>Increase in cash for the period</b>	<b>326,051</b>	<b>331,802</b>
<b>Cash, beginning of period</b>	<b>290,059</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 616,110</b>	<b>\$ 331,802</b>
<b>Non-cash investing and financing activities</b>		
Broker warrants	\$ 24,651	\$ -
<b>Supplementary information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

*The accompanying notes are an integral part of these condensed interim financial statements*

## Clover Leaf Capital Corp.

Condensed Interim Statements of Changes in Shareholders' Equity  
(Unaudited - Expressed in Canadian dollars)

	Number of Shares	Share Capital	Reserve	Deficit	Total Shareholders' Equity
<b>Balance, December 31, 2021</b>	7,200,000	\$ 360,000	\$ 64,267	\$ (175,328)	\$ 248,939
Initial public offering	4,650,000	465,000	-	-	465,000
Share issue costs	-	(86,351)	24,651	-	(61,700)
Share-based compensation	-	-	30,948	-	30,948
Comprehensive loss for the period	-	-	-	(69,873)	(69,873)
<b>Balance, September 30, 2022</b>	11,850,000	\$ 738,649	\$ 119,866	\$ (245,201)	\$ 613,314

	Number of Shares	Share Capital	Reserve	Deficit	Total Shareholders' Equity
<b>Balance, March 2, 2021</b>	-	\$ -	\$ -	\$ -	\$ -
Incorporation share issued	1	1	-	-	1
Incorporation share cancelled	(1)	(1)	-	-	(1)
Private placement	7,200,000	360,000	-	-	360,000
Share-based compensation	-	-	64,267	-	64,267
Comprehensive loss for the period	-	-	-	(107,557)	(107,557)
<b>Balance, September 30, 2021</b>	7,200,000	\$ 360,000	\$ 64,267	\$ (107,557)	\$ 316,710

*The accompanying notes are an integral part of these condensed interim financial statements*

# Clover Leaf Capital Corp.

Notes to the Condensed Interim Financial Statements  
For the nine months ended September 30, 2022  
(Unaudited - Expressed in Canadian dollars)

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## 1. NATURE OF OPERATIONS

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Clover Leaf Capital Corp. (the “Company”) was incorporated on March 2, 2021 pursuant to the provisions of the *Business Corporations Act* (British Columbia). The corporate office and registered and records office of the Company is located at Unit 1 – 15782 Marine Drive, White Rock, BC, Canada, V4B 1E6.

On December 29, 2021, the Company filed its final prospectus to become a capital pool company (“CPC”) and for the Company’s initial public offering (“IPO”). On January 11, 2022, the Company became a reporting issuer in the provinces of British Columbia and Alberta as a result of the filing of its final prospectus. On March 22, 2022, the Company completed its IPO through the issuance of 4,650,000 common shares at a price of \$0.10 per share for gross proceeds of \$465,000 (Note 4), following which its common shares were listed on the TSX Venture Exchange (“TSX-V”).

The Company’s shares commenced trading on the TSX-V on March 24, 2022 under the symbol CLVR.P.

The Company has not commenced operations and has no significant assets other than cash. As a CPC, the Company’s principal business objective is to identify and evaluate assets, properties or businesses with a view to a potential acquisition or participation by completing a qualifying transaction (“QT”) subject, in certain cases, to shareholders’ approval and acceptance by the TSX-V. There is no assurance that the Company will identify and successfully acquire businesses or assets that will produce a profit. Moreover, if a potential business or asset is identified which warrants acquisition or participation, the Company may not be able to obtain such financing on terms which are satisfactory to the Company.

Under the policies of the TSX-V, the Company must identify and complete a QT within 24 months from the date the Company’s shares are listed for trading on the TSX-V. There is no assurance that the Company will be able to complete a QT within this time period, or that it will be able to secure the necessary financing to complete a QT. The TSX-V may suspend or de-list the Company’s shares from trading should it not meet these requirements.

On September 26, 2022, the Company entered into a non-binding letter of intent with North Shore Energy Metals Ltd. (“North Shore”) pursuant to which the Company and North Shore will complete a transaction (the “Proposed Transaction”) that will result in a reverse takeover of the Company by North Shore (Note 7). The Proposed Transaction is expected to constitute the Company’s QT.

These condensed interim financial statements have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2022, the Company has working capital of \$613,314. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse impacts of the outbreak and its effects on the Company’s business or ability to complete a QT.

## **Clover Leaf Capital Corp.**

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

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### **2. BASIS OF PRESENTATION**

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#### **Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

These condensed interim financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the financial statements for the period from incorporation on March 2, 2021 to December 31, 2021.

#### **Basis of measurement**

These condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### **Functional and presentation currency**

These condensed interim financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency.

#### **Use of estimates and judgments**

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

#### **Share-based compensation**

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

## **Clover Leaf Capital Corp.**

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

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### **2. BASIS OF PRESENTATION (continued)**

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#### **Use of estimates and judgments (continued)**

##### Going concern assumption

In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments, management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations for a period of one year. Changes in estimated cash use may alter the Company's ability to meet its ongoing obligations and future contractual commitments and could result in adjustments to the amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company as at and for the period ended December 31, 2021.

#### **New standards, interpretations and amendments not yet effective**

There are no new standards that will have any significant effect on the Company.

### **4. SHARE CAPITAL**

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#### **Authorized**

The Company has an unlimited number of common shares without par value authorized for issue.

#### **Issued and outstanding**

On March 22, 2022, the Company completed its IPO through the issuance of 4,650,000 common shares at a price of \$0.10 per share for gross proceeds of \$465,000. The Company paid share issue costs of \$61,700 and issued 465,000 broker warrants exercisable at a price of \$0.10 until March 22, 2024. The broker warrants were valued at \$24,651 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.02%; an expected volatility of 100%; an expected life of 2 years; a forfeiture rate of zero; and an expected dividend of zero.

243,000 of the common shares issued on completion of the IPO were placed in escrow to be released pro-rata to the shareholders as follows: 25% on issuance of notice of final acceptance of a QT by the TSX-V and the remainder in three equal tranches of 25% every six months thereafter for a period of 18 months. In addition, 7,200,000 common shares from the March 2021 private placement were placed in escrow to be released pro-rata to the shareholders as follows: 25% on issuance of notice of final acceptance of a QT by the TSX-V and the remainder in three equal tranches of 25% every six months thereafter for a period of 18 months.

## Clover Leaf Capital Corp.

Notes to the Condensed Interim Financial Statements  
For the nine months ended September 30, 2022  
(Unaudited - Expressed in Canadian dollars)

### 4. SHARE CAPITAL (continued)

#### Warrants

The continuity of warrants for the nine months ended September 30, 2022 is as follows:

Expiry date	Exercise price	Balance, December 31, 2021			Balance, September 30, 2022	
		Granted	Exercised	Expired	Granted	Exercised
March 22, 2024	\$ 0.10	-	465,000	-	-	465,000
		-	465,000	-	-	465,000
Weighted average exercise price	\$	-	\$ 0.10	\$	-	\$ 0.10

#### Options

On September 9, 2022, the Company's shareholders approved a new replacement stock option plan (the "New Option Plan"). The New Option Plan is a 10% "rolling" stock option plan which governs the granting of stock options to directors, officers, employees and consultants of the Company for the purchase of up to 10% of the issued and outstanding common shares of the Company from time to time which supersedes the current stock option plan (the "Superseded Option Plan"). Any stock options currently outstanding under the Superseded Option Plan will remain outstanding, however new stock option grants will be subject to the New Option Plan. The maximum term of stock options is ten years from the grant date. The exercise price and vesting terms are at the discretion of the directors.

The New Option Plan follows the new security based compensation policy adopted by the TSX-V in November 2021.

The continuity of stock options for the nine months ended September 30, 2022 is as follows:

Expiry date	Exercise price	Balance, December 31, 2021			Balance, September 30, 2022	
		Granted	Exercised	Expired	Granted	Exercised
May 26, 2027	\$ 0.10	-	465,000	-	-	465,000
July 15, 2031	\$ 0.10	720,000	-	-	-	720,000
		720,000	465,000	-	-	1,185,000
Weighted average exercise price	\$	0.10	\$ 0.10	\$	-	\$ 0.10

As at September 30, 2022, all of the outstanding stock options were exercisable.

## **Clover Leaf Capital Corp.**

Notes to the Condensed Interim Financial Statements  
For the nine months ended September 30, 2022  
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### **4. SHARE CAPITAL (continued)**

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#### **Share-based compensation**

On May 26, 2022, the Company granted 465,000 stock options to directors and officers at a fair value of \$30,948 or \$0.07 per option, all of which was recorded as share-based compensation for the nine months ended September 30, 2022. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.59%; an expected volatility of 100%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

### **5. RELATED PARTY TRANSACTIONS**

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During the three and nine months ended September 30, 2022, the Company paid or accrued consulting fees of \$3,000 (2021 - \$3,000) and \$9,000 (period from incorporation on March 2 to September 30, 2021 - \$7,000) respectively to Golden Oak Corporate Services Ltd. ("Golden Oak"). Golden Oak is a consulting company controlled by the Chief Financial Officer and the Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, a Corporate Secretary, and accounting and administrative staff to the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company. As at September 30, 2022, the Company owed Golden Oak \$836 for the reimbursement of expenditures.

During the three and nine months ended September 30, 2022, the Company paid or accrued professional fees of \$5,317 (2021 - \$4,045) and \$8,560 (period from incorporation on March 2 to September 30, 2021 - \$17,935) respectively to Maxis Law Corporation ("Maxis"), a law firm controlled by a director of the Company. As at September 30, 2022, the Company owed Maxis \$5,566 for legal fees.

On May 26, 2022, the Company granted 465,000 stock options to directors and officers at a fair value of \$30,948 (Note 4).

## Clover Leaf Capital Corp.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

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### 6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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#### Financial instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVTOCI”); or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instruments	Category	September 30, 2022	December 31, 2021
Cash	FVTPL	\$ 616,110	\$ 290,059
GST receivable	Amortized cost	3,974	3,639
Trade and other payables	Amortized cost	6,770	44,759

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying value of GST receivable and trade and other payables approximate their fair value due to their short-term nature. Cash is recorded at fair value using Level 1 of the fair value hierarchy.

#### Risk management

The Company’s risk management objectives and policies are consistent with those disclosed by the Company for the period ended December 31, 2021.

## **Clover Leaf Capital Corp.**

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

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### **7. PROPOSED TRANSACTION**

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On September 26, 2022, the Company entered into a non-binding letter of intent (“LOI”) with North Shore pursuant to which the Company and North Shore will complete a transaction that will result in a reverse takeover of the Company by North Shore. The Proposed Transaction is expected to constitute the Company’s QT.

The LOI provides that the parties have until November 30, 2022 to enter into a binding agreement for the Proposed Transaction, after which date the LOI will be terminated unless otherwise agreed to by the parties. Either party may terminate the LOI prior to November 30, 2022, if among other things, it is not satisfied with the results of its due diligence.