For the year ended December 31, 2023

April 29, 2024

The following Management's Discussion and Analysis ("MD&A") dated April 29, 2024 comments on the financial condition and results of operations of NorthStar Gaming Holdings Inc. ("we", "our" or the "Company") for the year ended December 31, 2023 and is intended to assist readers in understanding the business environment, strategies, performance and risk factors of the Company. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022, which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These materials are available on the Company's SEDAR+ profile at www.sedarplus.ca and on the Company's website at www.northstargaming.ca.

Forward Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking statements"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance, but instead provide insights regarding management's current expectations and plans and allows investors and others to better understand the Company's anticipated business strategy, financial position, results of operations and operating environment. Although the Company believes that the forward-looking statements are based on information, assumptions and beliefs that are current, reasonable and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date the statements were made.

In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "anticipates", "believes", "expects", "estimates", "predicts", "projects", "forecasts", "targets", "intends" or the negative of these terms, and other similar expressions or future or conditional verbs such as "may", "will", "should", "would" and "could". This MD&A includes, among other things, forward-looking statements regarding the Company's expectations regarding revenue, expenses and operations, anticipated cash needs, timing or expansion of services, future growth plans, ability to attract and retain players, ability to attract and retain key personnel, regulatory changes, arrangements and terms with service providers and anticipated trends and challenges in the business and markets. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in the forward-looking statements.

Forward-looking statements are based on information currently available to management and on estimates and assumptions, including assumptions about future economic conditions and courses of action. Examples of material estimates, assumptions and beliefs made by management in preparing such forward-looking statements include, but are not limited to: continued growth of our business; general economic and geopolitical conditions; our competitive position in our industry; our ability to keep pace with changing customer preferences; our expectations for future growth of the gaming industry; our ability to generate positive cash flow; and our expectations for capital expenditures.

Although the Company 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 to differ from those anticipated, estimated or intended. Readers are advised to consider such forward-looking statements in light of the risks set forth under the heading "Risks and Uncertainties" in this MD&A and the Company's annual information form for the year ended December 31, 2022 (the "AIF") which are incorporated by reference into this document. A copy of the Company's AIF and the Company's other publicly filed documents can be accessed under the Company's profile on SEDAR+ at www.sedarplus.ca.

Forward-looking statements contained herein, are, unless stated otherwise, given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events, or results, except as may be required by applicable securities laws. There can be no assurance that the forward-looking statements set forth herein will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on any such forward-looking statements.

Basis of Presentation

Our audited consolidated financial statements, including the audited consolidated financial statements for the years ended December 31, 2023 and 2022, have been prepared in accordance with IFRS Accounting Standards as issued by the IASB, using the accounting policies described therein. Consequently, all comparative financial information presented in this MD&A reflects the consistent application of IFRS. All amounts are presented in Canadian dollars unless otherwise indicated.

The Company has one reportable operating segment for financial reporting purposes. This segment's revenue is primarily generated from the proceeds from the Company's online casino and sportsbook.

Per share amounts included in this MD&A are calculated using the weighted average number of shares outstanding for the applicable period. On March 3, 2023, immediately prior to the Transaction (as defined herein), all of NorthStar Gaming Inc.'s ("NSG") outstanding common shares were subdivided on a 1 for 736.68 basis. Accordingly, all per share numbers in this MD&A have been restated to reflect the impact of this split.

Given that prior to the Transaction the Company did not meet the definition of a business under IFRS, the reverse take-over was accounted for as an asset acquisition of the Company by NSG. All comparisons in this MD&A are to NSG's operations prior to the Transaction.

All references in this MD&A to "Q4 2023" are to the three-month period ended December 31, 2023 and to "Q4 2022" are to the three-month period ended December 31, 2022. All references to "FY2023" are to the twelve-month period ended December 31, 2023 and to "FY2022" are to the twelve-month period ended December 31, 2022.

1. Overview and Strategy

A summary of our business and strategy

The Company was incorporated as Baden Resources Inc. ("Baden") under the *Business Corporations Act* (British Columbia) on January 19, 2020. Baden's shares were listed on the Canadian Securities Exchange ("CSE") under the symbol BDN until March 3, 2023, at which time they were delisted.

On March 3, 2023, Baden completed a reverse take-over transaction (the "Transaction") with NSG, a non-reporting issuer, pursuant to a business combination agreement between Baden and NSG. The Transaction was structured as a three-cornered amalgamation as a result of which, NSG became a wholly-owned subsidiary of the Company. Baden changed its name to "NorthStar Gaming Holdings Inc." on March 2, 2023.Following the completion of the Transaction, on March 8, 2023, the Company was listed as a Tier 2 issuer on the TSX Venture Exchange ("TSXV") under the symbol BET. The Company's head office is located at Suite 200, 220 King Street West, Toronto Ontario M5H 1K4.

On April 12, 2022, NSG's wholly owned subsidiary, NorthStar Gaming (Ontario) Inc. ("NorthStar Ontario") completed its registration as an internet gaming operator with the Alcohol and Gaming Commission of Ontario ("AGCO") and on May 9, 2022, launched its online gaming site www.northstarbets.ca ("Northstarbets.ca"), which offers eligible players in Ontario access to regulated sports betting markets, and a robust and curated casino offering, including popular slot offerings and live dealer games. NorthStar Ontario is the holder of this registration with the AGCO and is the operator of Northstarbets.ca. The AGCO regulates internet gaming ("iGaming") in Ontario and Northstarbets.ca is offered in accordance with the AGCO's regulations, including the *Registrar's Standards for Internet Gaming*.

Prior to the launch of Northstarbets.ca, NorthStar Ontario also entered into an operating agreement (the "Operating Agreement"), effective May 9, 2022, with iGaming Ontario, a subsidiary of the AGCO. NorthStar Ontario operates Northstarbets.ca in accordance with and pursuant to the terms and conditions of the Operating Agreement and as an agent of iGaming Ontario, who is responsible for conducting and managing iGaming when provided through private operators in Ontario. Pursuant to the terms of the Operating Agreement, iGaming Ontario retains a percentage of the Company's gross gaming revenue, as defined in the Operating Agreement. The initial term of the Operating Agreement is five years.

On May 8, 2023, the Company acquired 100% of the issued and outstanding shares of Slapshot Media Inc. ("Slapshot") pursuant to a share purchase agreement dated May 8, 2023, as discussed in greater detail below.

On December 8, 2023 the Company continued under the Ontario Business Corporations Act (the "OBCA").

Competitive Landscape and Strategic Initiatives

The main offerings on Northstarbets.ca include an online sportsbook which features pre-match and live sports betting markets, including futures sports betting markets, and an online casino which features in excess of 600 online casino games servicing casual and VIP players, including slot games, blackjack, roulette and baccarat, and a variety of stakes and live dealer games.

Northstarbets.ca is offered exclusively in English to 19+ players physically located in Ontario and is deployed on an instant-play web-based desktop and mobile-optimized site. Northstarbets.ca offers native applications that are available on the iOS and Android platforms downloadable via the Apple App Store and Google Play channels. The desktop version provides for high flexibility and makes Northstarbets.ca available on all platforms, such as Windows and Mac, without requiring the download and installation of a platform specific application. The native applications offer substantially the entirety of the web offering, on a convenient mobile platform.

Northstarbets.ca features an in-app news portal called Sports Insights that seamlessly integrates sports news, betting insights, statistics, scores, and odds, which the Company believes to be a key strategic differentiator, a channel to acquire players, and an enhancement of NorthStar Ontario's ability to engage with its user-base.

Northstarbets.ca operates in the online sports betting industry which is highly competitive, constantly evolving and subject to regulatory and rapid technological change. Ontario's regulated iGaming market in which Northstarbets.ca competes, is also highly competitive and in its early stages. Given the nascency of this market, Northstarbets.ca is competing for market share and incurring significant expenses on advertisements to build brand recognition and onboard new players. As a result of the foregoing, NorthStar Ontario plans to continue to introduce and market new and innovative technologies, product and service offerings, and product and service enhancements to effectively stimulate customer demand, acceptance and engagement.

The Company's wholly-owned subsidiary, Slapshot, a Canadian iGaming marketing and managed services company, provides managed services to the Abenaki Council of Wolinak, who own and operate an iGaming site, Northstarbets.com (formerly Spreads.ca), which is licensed by the Kahnawake Gaming Commission. Northstarbets.com is offered across Canada, except in Ontario. Individuals physically located in Ontario are not permitted to access Northstarbets.com. See below under Recent Developments for a further discussion of Slapshot.

Recent Developments

Financial Highlights

Financial highlights for Q4, 2023:

- Total Wagers(1) at Northstarbets.ca were $213.3 million in Q4 2023, an increase of 90% compared to $112.3 million in Q4 2022.
- Gross Gaming Revenue(1) at NorthStarbets.ca was $7.6 million in Q4 2023, an increase of 85% over $4.1 million in Q4 2022.
- Revenue, including managed services fees, net of bonuses, promotional costs and free bets was $6.5 million in Q4 2023, an increase of 105% over $3.2 million in Q4 2022.

  Gross margin was $2.5 million in Q4 2023, an increase of 137% over $1.0 million in Q4 2022 and represents approximately 38% of revenue compared to 33% of revenue in Q4 2022.

Financial highlights for FY 2023:

- Total Wagers(1) at Northstarbets.ca were $648.8 million in FY 2023, an increase of 251% compared to $184.7 million in FY 2022.
- Gross Gaming Revenue(1) at NorthStarbets.ca was $22.5 million in FY 2023, an increase of 208% over $7.3 million in FY 2022.
- Revenue, including managed services fees, net of bonuses, promotional costs and free bets was $19.4 million in FY 2023, an increase of 240% over $5.7 million in FY 2022.
- Gross margin was $7.1 million in FY 2023, an increase of 495% over $1.2 million in FY 2022 and represents approximately 37% of revenue compared to 21% of revenue in FY 2022.

The Company began generating revenue on May 9, 2022 as a result of the launch of Northstarbets.ca, and accordingly, the comparative revenue information for the twelve - month period ended December 31, 2022 does not include comparable operating results of Northstarbets.ca for the period prior to May 9, 2022.

Private Placement

On October 31, 2023, the Company completed a private placement financing of approximately $10.3 million, through the issuance of units ("Units"), comprised of Common Shares and half warrants, and convertible debentures (the "Offering"). Pursuant to the Offering, the Company issued 29,528,458 Units at a price of $0.175 per Unit, with each Unit comprised of one common share of the Company (a "Common Share"), one half warrant to acquire Common Shares exercisable at $0.36 per full warrant (each such whole warrant an "A Warrant"), and a further half warrant to acquire Common Shares exercisable at $0.40 per full warrant (each such whole warrant a "B Warrant"), in each case for a period of five years.

In addition, the Company issued three-year, 8% unsecured convertible debentures in the aggregate principal amount of approximately $5.2 million, converting into Common Shares at $0.20 per Common Share with interest payable-in-kind. Investors in the Offering included Playtech plc ("Playtech"), a global leader in gambling technology that is a supplier of software and services to, and already a significant investor in, the Company, as well as members of the Company's senior management team.

Proceeds from the Offering have been and will continue to be utilized to fund marketing to promote the North Star Bets brand across Canada and for general working capital purposes.

Strategic Marketing Contribution

[1] Represents a non-IFRS financial measure. For definitions of Total Wagers and Gross Gaming Revenue, computation details and, for Gross Gaming Revenue, a reconciliation of Gross Gaming Revenue to its most directly comparable IFRS measure, please refer to the section titled "Non-IFRS Financial Measures" on pages 19 of this MD&A.

On June 26, 2023, NorthStar Ontario entered into an agreement with Playtech Software Limited ("Playtech Software") pursuant to which Playtech Software committed to an initial contribution of up to $1.5 million and subsequently increased the total contribution to approximately $4 million over eight months ending in February 2024. Beginning in the second half of 2023, this contribution has directly supported NorthStar Ontario's player acquisition strategy. Playtech Software is reimbursed and compensated through a share of revenue from the income generated in connection with the marketing initiatives to which Playtech Software contributed. As of December 31, 2023, Playtech Software had contributed approximately $3.0 million in respect of this agreement. On April 25, 2024 NorthStar Ontario extended the program with Playtech Software for a further 8 months, with contributions not to exceed $500,000 per month.

The Playtech Software contribution materially increased NorthStar Ontario's marketing budget in 2023 and accelerated NorthStar Ontario's player acquisition during the fourth quarter of 2023 when many North American professional sports leagues resumed regular season play. The Playtech Software contribution is in addition to the $12.25 million equity investment received from Playtech in connection with the conversion of NSG's previously issued convertible debenture (further described herein) and the Transaction. The contribution is offset against the marketing cost for 2023.

Preferred Share Conversion

On May 31, 2023, the Company reached an agreement with the arm's length holders of the redeemable preferred shares ("Redeemable Preferred Shares") issued by the Company to convert all of the Redeemable Preferred Shares into Common Shares. Pursuant to the agreement, the Company issued 2,127,273 Common Shares at $0.55 per Common Share in consideration for the cancellation of 11,700 Redeemable Preferred Shares held by the holders, with a notional value of $1.17 million. The Common Shares issued in respect of the conversion of Redeemable Preferred Shares were restricted from trading and released as follows: an initial 25% of such Common Shares were released from such restrictions on October 1, 2023 and the balance was released in equal tranches on October 31, 2023, November 30, 2023 and December 31, 2023.

The conversion of the holders' Redeemable Preferred Shares bolstered the Company's balance sheet, removing all current debt in respect of the Redeemable Preferred Shares as well as freeing up capital for player acquisition and business development.

Acquisition of Slapshot

On May 8, 2023, the Company acquired 100% of the issued and outstanding shares of Slapshot, a Canadian iGaming marketing and managed services company that specializes in providing managed services to the Abenaki Council of Wolinak for its iGaming operations in Canada (excluding Ontario) under the Spreads.ca brand. The goal of this strategic transaction was to ultimately open up the Canadian market to the NorthStar Bets brand outside of Ontario, and materially expand the addressable market available to the Company through managed services revenue. On November 1, 2023, Spreads.ca changed its name to Northstarbets.com.

This strategic acquisition was highly complementary to the Company's online casino and sportsbook offerings. Northstarbets.com (formerly Spreads.ca) is not and will not be made available by the Abenaki Council of Wolinak in Ontario and Northstarbets.ca is and continues to be the only online casino and sports book offered by the Company in Ontario or elsewhere. NorthStarbets.com continues to be owned and operated by the Abenaki Council of Wolinak.

In connection with the acquisition, the Company acquired 100% of the issued and outstanding shares of Slapshot plus an adjustment of $0.3 million for working capital in exchange for 3,818,181 Common Shares of the Company. Based on the closing share price of the Common Shares on May 8, 2023, the total consideration paid was $1.7 million. In addition, the former shareholders of Slapshot were also entitled to a separate earn-out of up to $0.5 million based on Slapshot's revenue performance for the 12-month period following the closing, payable quarterly in Common Shares with a deemed value per Common Share equal to the greater of: (i) the 20-day volume weighted average price calculated at the end of each applicable quarter; and (ii) $0.45 per Common Share.

On the acquisition date, the consideration payable liability includes the full value of the estimated payment of $0.41 million based on revenue performance of Slapshot as noted above plus an additional $0.079 million in respect of additional working capital. As at December 31, 2023, the contingent consideration liability was measured to be $19,772 and a gain on remeasurement of $0.02 million for the three months and $0.4 million for the year ended December 31, 2023 was recognized.

As a result of the acquisition, the Company controls Slapshot and for accounting purposes the Company is deemed the acquirer. The Slapshot share purchase agreement is accounted for in accordance with IFRS 3, using the acquisition method as the operations of Slapshot constitute a business. As a result, the business combination is accounted for using the acquisition method of accounting and Slapshot's identifiable net assets acquired are recognized at their fair value. The Slapshot share purchase agreement has been accounted for at the fair value of the consideration provided to Slapshot, consisting of cash, Common Shares, the deferred payment liability and the settlement of a pre-existing relationship. The Company's consideration payable liability to the former shareholders of Slapshot is carried at fair value. Management uses current and historical operational results, estimates and probabilities of future earnings and discounted cash flows to estimate the earn-out payment.

The following table summarizes the recognized amounts of assets acquired, liabilities assumed, and consideration paid, at the date of acquisition:

Fair Value of Identifiable Net Assets (in 000s)	
Cash and cash equivalents	$184
Player balances on hand	104
Amounts due from payment processors	190
Accounts receivable	141
Contract with Abenaki of the Wolinak	1,897
Accounts payable and accrued liabilities	(186)
Liability for player deposits on hand	(104)
	$2226
Fair value of Common Shares issued	$1,737
Contingent consideration liability	410
Working capital	79
Total purchase price	$2,226

The Transaction

On March 3, 2023, Baden completed a reverse take-over with NSG. The Transaction was an arm's length transaction and resulted in a reverse take-over and change of control of the Company, by NSG's shareholders.

As part of the Transaction:

- Baden completed a consolidation of its outstanding common shares immediately before the Transaction on a 3.333333:1 basis.
- NSG's outstanding common shares were subdivided on a 1 for 736.68 basis (the "share split").
- NSG's common shares outstanding following the share split were exchanged for post-consolidation common shares of the Company on a one for one basis. Accordingly, the outstanding NSG common shares were exchanged for 117,737,671 Common Shares.
- NSG's outstanding redeemable preferred shares were exchanged on a one-for-one basis for the Company's redeemable preferred shares (the "Preferred Shares").
- NSG's outstanding convertible securities ceased to represent a right to acquire NSG common shares and, in accordance with their terms, now represent a right to acquire Common Shares on the same economic terms and conditions.
- Former Baden securityholders were issued 4,181,430 Common Shares, 1,222,680 warrants having an exercise price of $0.33 and 600,000 warrants having an exercise price of $0.43. All outstanding Baden options were cancelled.

The fair value of the net assets acquired under the Transaction and the public listing costs expensed are summarized as follows:

(in '000s)	
Fair value of 4,181,430 Common Shares issued(a)	$2,091
Fair value of 1,222,680 warrants exercisable at $0.33 issued(b)	269
Fair value of 600,000 warrants exercisable at $0.43 issued(c)	102
Total purchase price	$2,462
Cash and cash equivalents	$107
Accounts receivable	6
Accounts payable and accrued liabilities	(16)
Net assets assumed	$97
Public listing costs expensed	$2,365
	$2,462

(a) The fair value per Common Share on the date of the Transaction was $0.50 which was based on the most recent issuance of Common Shares around the date of the announcement of the Transaction.

(b) The fair value on the date of the Transaction of each warrant exercisable at $0.33 issued to former Baden warrant holders has been estimated at $0.22 resulting in a total estimated fair value of $0.3 million. The estimated fair value of these warrants was calculated using the Black-Scholes option pricing model using the following assumptions: i) share price $0.50; ii) exercise price $0.33; iii) the expected life of each warrant of 0.73 years; iv) the risk-free rate of 3.85%; v) the dividend yield of nil; and vi) expected volatility of 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

(c) The fair value on the date of the Transaction of each warrant exercisable at $0.43 issued to former Baden warrant holders has been estimated at $0.17 resulting in a total estimated fair value of $0.1 million. The estimated fair value of these warrants was calculated using the Black-Scholes option pricing model using the following assumptions: i) share price $0.50; ii) exercise price $0.43; iii) the expected life of each warrant is 0.73 years; iv) the risk-free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

The fair value of consideration paid in the Transaction exceeds the fair value of net assets assumed by $2.365 million and was treated as public listing costs and expensed in the three months ended March 31, 2023 and YE2023. Public listing costs for the three months ended March 31, 2023 also include $0.4 million of accounting and legal expenses related to the Transaction.

Subscription Receipt Conversion

On September 9, 2022 and October 3, 2022, NSG completed a brokered private placement of 10,150,000 subscription receipts at a price of $0.50 each (gross proceeds of $5.1 million). The subscription receipts were each convertible, for no additional consideration, into one post-split NSG common share on the closing of the Transaction and exchanged for Common Shares. Immediately prior to the closing of the Transaction, the subscription receipts were released from escrow and were exchanged for the issuance of 10,150,000 Common Shares.

The total proceeds of the subscription receipt offering were released from escrow on the close of the Transaction, net of agency fees and broker legal fees of $0.5 million. Additionally, the Company issued 609,000 broker warrants to the agents with an exercise price of $0.50. The value of each broker warrant has been estimated at $0.20 resulting in a total estimated fair value of $0.1 million and is classified as contributed surplus. The estimated fair value of broker warrants was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50; ii) exercise price $0.50; iii) the expected life of each warrant is 2 years; iv) the risk-free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

In addition, during the three months ended March 31, 2023, and YE2023 NSG incurred $0.2 million in respect of accounting and legal fees in respect of the subscription receipt conversion and Transaction.

Conversion of Convertible Debenture

On December 19, 2022, NSG issued a senior unsecured convertible debenture to Playtech in the principal amount of $12.25 million. Immediately prior to the closing of the Transaction, the convertible debenture was converted into a total of 24,500,000 NSG common shares (which were exchanged for Common Shares), 12,250,000 A warrants exercisable for Common Shares at $0.85, and 12,250,000 B warrants exercisable for Common Shares at $0.90. Both the A warrants and the B warrants are exercisable for a period of 5 years from March 3, 2023. Concurrent with the conversion, the remaining $7.3 million of proceeds from the convertible debenture was released from escrow.

The value of each A warrant, exercisable at $0.85, has been estimated at $0.25 resulting in a total estimated fair value of $3.1 million. The estimated fair value of warrants was calculated using the Black-Scholes option pricing model using the following assumptions: i) share price $0.50; ii) exercise price $0.85; iii) the expected life of each warrant is 5 years; iv) the risk-free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%.

The value of each B warrant, exercisable at $0.90, has been estimated at $0.24 resulting in a total estimated fair value of $3.0 million. The estimated fair value of warrants was calculated using the Black-Scholes option pricing model using the following assumptions: i) share price $0.50; ii) exercise price $0.90; iii) the expected life of each warrant is 5 years; iv) the risk-free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%.

Upon conversion, the carrying value of the convertible debenture was derecognized and recorded in equity components using the relative fair value of Common Shares and warrants issued. The value allocated to the Common Shares issued was $8.2 million, while the value allocated to the A warrants and B warrants was $2.1 million and $2.0 million respectively.

October 31, 2023 Private Placement and Convertible Debenture

On October 31, 2023, the Company completed a private placement financing of $10,267,585, consisting of common shares, warrants and convertible debentures (the "October 2023 Offering").

Pursuant to the October 2023 Offering, the Company issued 29,528,458 units at a price of $0.175 per Unit, with each Unit comprised of one common share of the Company (a "Common Share"), one half warrant to acquire Common Shares exercisable at $0.36 per full warrant (each such whole warrant an "A Warrant"), and a further half warrant to acquire Common Shares exercisable at $0.40 per full warrant (each such whole warrant a "B Warrant"), in each case for a period of five years.

The value of each A warrant, exercisable at $0.36, has been estimated at $0.05 resulting in a total estimated fair value of $668,641.

The value of each B warrant, exercisable at $0.40, has been estimated at $0.04 resulting in a total estimated fair value of $555,097.

The estimated fair values of warrants were calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50, ii) exercise price $0.85 iii) the expected life of each warrant is 5 years; iv) the risk-free rate is 4.08%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

As part of October 2023 Offering, the Company has also issued three-year, 8% unsecured convertible debentures ("Convertible Debentures") in the aggregate principal amount of $5,100,105)   Interest is payable quarterly in cash or, at the Company's option, in kind and capitalized to the carrying amount of the debenture. The Convertible Debentures allow the holders to convert the original principal amount of the debenture into a fixed number of common shares at $0.20 per share and to convert any capitalized interest into common shares at the market price of the shares on the last day of the respective interest period. The conversion of capitalized interest is into a variable number of common shares meaning the conversion feature is a derivative liability. On initial recognition, the derivative liability was recognized at its fair value of $2,190,535 and the host financial liability was recognized as the residual of the proceeds received less the derivative liability at an amount of $2,809,465. The derivative liability is remeasured at fair value at each reporting date, which resulted in a gain on remeasurement of $1,313,659 in the year ended December 31, 2023.

The measurement of the conversion feature assumes that all interest amounts are capitalized to the loan for the term of the debenture. The model used to measure the conversion feature incorporated the following inputs and the fair values derived were discounted to present value using a marginal cost of borrowing of 30% per annum:

	On date of issuance	At December 31, 2023
Stock price	$0.08	$0.04
Exercise prices	$0.20 for the principal and $0.035 and $0.56 for the capitalized interest	$0.20 for the principal and $0.035 and $0.56 for the capitalized interest
Risk free interest rate	4.08%	3.58%
Remaining term	36 months for the principal and the remaining term for each capitalized interest period	36 months for the principal and the remaining term for each capitalized interest period
Volatility	71%	71%

The Company incurred $81,936 legal costs related to the private placement during the year ended December 31, 2023.

2. Operating Results

A discussion of our operating results for the year ended December 31, 2023

Selected Financial Information

The following table summarizes our recent results of operations for the periods indicated. The selected consolidated financial information set out below has been derived from our audited consolidated financial statements and accompanying notes for the year ended December 31, 2023. As the reverse take-over was accounted for as an acquisition of the Company by NSG, all comparative periods below reflect NSG's operations prior to the Transaction.

	Three months ended December 31, 2023 Unaudited	Three months ended December 31, 2022 Unaudited	$ Change Favourable/ (Unfavourable)	Year ended December 31, 2023	Year ended December 31, 2022	$ Change Favourable/ (Unfavourable)
Revenue	**$6,451**	**$3,195**	**$3,256**	**$19,413**	**$5,744**	**$13,669**
Cost of revenues						
Operator participant fee	1348	733	(615)	4,039	1,310	(2,729)
Service providers fees	2,585	1,420	(1,165)	8,202	3,237	(4,965)
Gross margin	**2,518**	**1,042**	**1,476**	**7,172**	**1,197**	**5,975**
Expenses:						
Marketing	5,472	4,504	(968)	14,094	13,942	(152)
General and administrative:						
Salaries, short-term benefits and contractors	1,417	1,771	354	4,767	4,564	(203)
Professional and consulting fees	925	323	(602)	2,729	1,025	(1,704)
Other administrative expenses	1,676	507	(1,169)	2,630	819	(1,811)
Insurance	250	245	(5)	1209	470	(739)
Share-based payment expense	1,379	125	(1,254)	5,343	365	(4,978)
Public listing costs (non-cash)	0	0	-	2,364	-	(2,364)
Public listing costs (cash)	0	0	-	425	-	(425)
Depreciation and amortization	105	46	(59)	246	70	(176)
Gain on remeasurement of consideration payable	(18)	0	18	(390)	0	390
Gain on derecognition of preferred shares	(49)	0	49	(49)	0	49
Gain on derivative financial liability	(1,352)	0	1,352	(1,352)	0	1,352
Amortization of transaction cost	1	0	-	1	-	(1)
Foreign exchange loss	3	0	(3)	3	0	(3)
Interest income	(87)	0	87	(87)	-	87
Interest expense	270	139	(131)	714	139	(575)
Total expenses	9,992	7,660	(2,331)	32,647	21,394	(11,253)
Comprehensive loss	**(7,474)**	**(6,618)**	**(856)**	**(25,475)**	**(20,197)**	**(5,278)**
Net loss per share (Basic and fully diluted)	(0.02)	(0.06)	0.04	(0.16)	(0.19)	0.03

Revenues

On April 12, 2022, NorthStar Ontario completed its registration as an internet gaming operator with the AGCO and on May 9, 2022, launched Northstarbets.ca which offers eligible players in Ontario access to regulated sports betting markets, and a robust and curated casino offering, including popular slot offerings and live dealer games. Post-Transaction, NorthStar Ontario is the holder of this registration with the AGCO and is the operator of Northstarbets.ca.

The Company began generating revenue on May 9, 2022 as a result of the launch of Northstarbets.ca, and accordingly, the comparative revenue information for the twelve - month period ended December 31, 2022 does not include comparable operating results of Northstarbets.ca for the period prior to May 9, 2022.

In sports-betting and online casino related transactions where the Company is the primary obligor in its sports-betting and online casino gaming contracts with its players, the Company generates a net gain or loss on a bet that is determined by an uncertain future event. Gaming Revenue is recorded as the gain or loss on betting transactions settled during the period less free bets, promotional costs, bonuses and fair value adjustments on open (unsettled) bets. The Company recognizes the gain or loss on a betting transaction as revenue when a bet is settled.

As noted above, on May 8, 2023, the Company acquired 100% of the issued and outstanding shares of Slapshot. Slapshot's revenues are generated from providing managed services to the Abenaki Council of Wolinak.

Revenue in the three months ended December 31, 2023 increased $3.3 million to $6.5 million, compared to $3.2 million in the three months ended December 31, 2022. Revenue in Q4 2023 included Gaming Revenue of $6.3 million (net of bonuses, promotional costs and free bets of $1.3 million) and managed services revenue of $0.2 million. Revenue in the Q4 2022 included Gaming Revenue of $3.2 million (net of bonuses, promotional costs and free bets of $0.9 million) and no managed services revenue as Slapshot was acquired in the second quarter of 2023.

Revenue in FY2023 increased $13.7 million to $19.4 million compared to $5.7 million in 2022. The increase is primarily due to growth in active players and total wagering.

Revenue in FY2023 included Gaming Revenue of $19.0 million (net of bonuses, promotional costs and free bets of $3.5 million) and managed services revenue of $0.4 million. Revenue in the FY2022 was comprised entirely of Gaming Revenue of $5.7 million (net of bonuses, promotional costs and free bets of $0.7 million).

Total Wagers(2) in respect of Gaming Revenue from Northstarbets.ca were $213.3 million in Q4 2023. This compares to Total Wagers(2) of $112.3 million in respect of Gaming Revenue on Northstarbets.ca in Q4 2022. Total Wagers(2) in respect of Gaming Revenue from Northstarbets.ca were $648.8 million for FY2023. This represents an increase of $464.1 million compared to $184.7 million of Total Wagers(2) in FY2022.

Cost of revenues

Cost of revenues incurred during Q4 2023 and FY2023 primarily relate to service provider costs as well as operator participant fees associated with the operation of Northstarbets.ca. Service provider fees incurred in Q4 2023 also include $0.4 million of costs associated with the provision of managed services by Slapshot.

Operator participant fees are a variable cost of Gaming Revenue whereas service provider fees are a combination of fixed and variable charges. For the three and twelve months ended December 31, 2023, the Company incurred some amount of fixed service provider fees related to its early stage of operations. However, these fees as a proportion of revenue are lower than in the comparable periods in 2022 (40% in Q4 2023 compared to 44% in Q4 2022) and service provider fees will generally become more variable as revenues continue to grow.

In Q4 2023, gross margin was $2.5 million or 39% of revenues. Gross margin was $1.0 million or 33% of revenue in Q4 2022. For FY2023, gross margin was $7.2 million or 37% of revenues whereas gross margin was $1.2 million or 21% of revenue in FY2022.

Expenses

Marketing

Marketing expenses of $5.5 million were incurred in Q4 2023 ($4.5 million in Q4 2022) and $14.1 million were incurred in FY2023 ($13.9 million in FY2022). The 2023 figures include minimal marketing costs associated with the Slapshot acquisition in May 2023. A portion of the 2022 marketing expense was associated with awareness campaigns focused on building a nascent brand. All other marketing expenses incurred during the FY2023 and FY2022 relate to marketing to acquire new players since the launch of Northstarbets.ca on May 9, 2022. Marketing expenses in Q4 2023 were also managed to reflect the volume of the business as the fourth quarter traditionally experiences higher customer activity and engagement.

General and administrative

Salaries, short-term benefits, and contractors represented $1.4 million and $4.8 million of expenses in Q4 2023 and FY2023 respectively, a decrease of $0.3 million from Q4 2022 and an increase of $0.2 million over FY 2022. The reduction in Q4 2023 compared Q4 2022 is due to fewer contractors in Q4 2023. The increase in FY 2023 is related to additional resources associated with the growth of Northstarbets.ca in FY 2023.

Professional and consulting fees were $0.9 million and $2.7 million in Q4 2023 and FY2023 respectively and relate to legal and other professional fees. These amounts reflect increases of $0.6 million and $1.7 million over the comparative periods in 2022. These professional fees represent i) ongoing fees associated with the listing on the TSXV in March 2023, ii) various audit costs associated with requirements of the internet gaming registration with the AGCO and the Operating Agreement, and iii) the acquisition of Slapshot in May

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[2] Represents a non-IFRS financial measure. For definitions of Total Wagers and Gross Gaming Revenue, computation details and, for Gross Gaming Revenue, a reconciliation of Gross Gaming Revenue to its most directly comparable IFRS measure, please refer to the section titled "Non-IFRS Financial Measures" on page 19 of this MD&A.

2023.

Other administrative expenses were $1.6 million and $2.6 million in Q4 2023 and FY 2023 compared to $0.5 million and $0.8 million in Q4 2022 and FY 2022. The increase in Q4 2023 and FY 2023 relative to the comparable periods in 2022 is related to additional costs associated with the launch of Northstarbets.com and significant growth in active customers and betting volumes at Northstarbets.ca.

Insurance costs were $0.3 million and $1.2 million respectively in Q4 2023 and FY 2023 ($0.3 million in Q4 2022 and $0.5 million in FY 2022) and the variances relate to the launch of operations of Northstarbets.ca in May 2022, which required additional insurance coverage.

Share-based payment expenses, which are non-cash, were $1.3 million and $5.3 million in Q4 2023 and FY 2023 respectively ($0.1 million and $0.4 million in Q4 2022 and FY 2022 respectively) and reflect expenses associated with stock options and restricted share units, the details of which are further discussed below.

Public listing costs of $2.8 million in FY 2023 (FY 2022 – nil) relate to the costs associated with the Transaction, as further discussed above. $2.4 million of these costs were non-cash and relate to the value of Common Shares and warrants provided to former Baden shareholders and warrant holders. The remaining expenses were legal and accounting fees associated with the Transaction and the subsequent listing on the TSXV.

Comprehensive loss

Comprehensive loss for Q4 2023 and FY 2023 was $7.5 million and $26.7 million respectively compared to $6.6 million and $20.2 million in the comparable periods in 2022. The increase in comprehensive loss in Q4 2023 relative to the comparable period in 2022 was the result of higher non-cash share-based compensation expense, other administrative expense, and higher marketing costs partially offset by an increase in gross margin associated with higher revenue from operations.

Comprehensive loss for FY 2023 increased by $5.3 million, and includes the following: (i) $2.8 million of public listing costs associated with the Transaction ($2.4 million non-cash); (ii) an increase of non-cash share-based payment expenses of $5.0 million; and (iii) an increase of $0.6 million of non-cash imputed interest expense related to the Redeemable Preferred Shares. This increase in expenses was partially offset by an increase in gross margin associated with higher revenues from operations.

Net loss per share for Q4 2023 and FY 2023 was ($0.02) and ($0.16) respectively. This compares to loss per share of ($0.06) and ($0.19) for the comparable periods in 2022. The loss per share in Q4 2023 and FY 2023 reflects the above noted net loss for the period divided by the weighted average number of Common Shares outstanding at December 31, 2023. In addition, all per-share numbers have been restated on a retroactive basis to reflect NSG's pre-transaction share split of 736.68:1.

3. Outlook

Given that the Company is still in its early stage of operations, we anticipate that player registrations and active players on Northstarbets.ca and associated revenues will continue to grow for the near to medium term based on our continued investment in marketing to support player acquisition, enhancement of the content-rich user experience, and improvements to the Company's world-class online casino.

On October 31, 2023, the Company raised an additional $10.3 million in capital from a combination of convertible debt and equity, as discussed above. These funds are utilized to promote the North Star Bets brand across Canada and for general working capital purposes. On November 1, 2023 Spreads.ca, owned and operated by owned by the Abenaki Council of Wolinak, was rebranded as www.Northstarbets.com. This rebrand was intended to materially expand the addressable market available to the NorthStar Bets brand and improve the efficacy of marketing spend associated with the NorthStar Bets brand.

On April 25, 2024 the Company issued a $3 million unsecured, interest-bearing promissory note (the "Note") to Playtech, a significant investor in the Company. The Note bears interest of 8% per annum, payable in arrears at maturity. Unless otherwise accelerated pursuant to its terms, the Note will become immediately due and payable on the earlier of (i) the date which is 12 months from the issuance date; and (ii) the date on which the Company or any of its subsidiaries completes additional financing transactions with aggregate gross proceeds of at least $10 million, subject to certain exceptions. Proceeds from the Note will be used to fund the Company's continued growth and for general corporate purposes.

On April 25, 2024, NorthStar Ontario and Playtech Software extended the marketing agreement implemented in 2023 to accelerate NorthStar Ontario's player acquisition strategy in Ontario. The initial agreement, announced by the Company on June 23, 2023, resulted in a total contribution of services from Playtech Software valued at $4 million and was a significant driver of NorthStar Ontario's growth in 2023. Under the renewal announced today, Playtech Software will provide similar marketing services in Ontario, valued at up to $4 million, through to October 31, 2024. Playtech Software will be reimbursed and compensated through a share of revenue from the income generated in connection with the marketing initiatives to which it contributes.

4. Liquidity and Capital Resources

A discussion of our cash flow, liquidity and other disclosures

As at December 31, 2023, the Company had total assets of $13.0 million, negative working capital, excluding the redeemable preferred shares and convertible debenture, of $0.1 million and $3.9 million of cash and cash equivalents (December 31, 2022 - $1.2 million).

In the FY 2023, the Company used $19.6 million of cash and cash equivalents in operating activities ($12.3 million in FY 2022), generated $22.3 million of cash and cash equivalents from financing activities ($14.0 million in FY 2022), and generated $0 million in cash and cash equivalents from investing activities (($0.4) million in FY 2022). The cash and cash equivalents used in operating activities reflects the $19.3 million comprehensive loss, net of non-cash expenses plus an increase in net non-cash working capital of $1 million. The cash and cash equivalents generated from financing activities represents $4.3 million in net proceeds from issuing Common Shares and warrants as part of the subscription receipt conversion, conversion of the convertible debenture discussed previously, $5.1 million Common Shares issued through private placement, $12.4 million of convertible debentures, as well as $0.5 million in proceeds from the conversion of warrants into Common Shares. The cash and cash equivalents generated by investing activities was primarily cash and cash equivalents acquired by the Company from the Slapshot acquisition and from Baden, as part of the Transaction.

In the twelve months ended December 31, 2022, the Company used $12.3 million of cash and cash equivalents in operating activities, used $0.5 million in cash and cash equivalents in investing activities, and generated $14.0 million of cash and cash equivalents from financing activities. The cash and cash equivalents used in operating activities reflect the net loss of $19.6 million partially offset by a decrease in net non-cash working capital of $7.4 million. The cash and cash equivalents used in investing activities reflects the purchase of computer equipment and development of intangible assets associated with preparing the platform for operations, beginning May 9, 2022. The cash and cash equivalents generated from financing activities represents net proceeds of $5.2 million from issuing common shares and warrants as part of the private placements in February and March of 2022, $3.8 million of proceeds from issuing redeemable preferred shares in 2022 as well as $5 million in convertible debentures.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient balances in cash, managing credit risk as outlined below and raising additional capital. The Company is exposed to this risk mainly in respect of accounts payable and accrued liabilities which are all contractually due within three months or less.

The Redeemable Preferred Shares are callable on demand by the holders. While these preferred shares are redeemable at the option of the holder, the Business Corporations Act (Ontario) prevents redemptions where such redemption would cause an insolvency event for the Company (note 13 of the audited consolidated financial statements of the Company).

Ability to Continue Operations

The Company's audited consolidated financial statements for the three and twelve months ended December 31, 2023 were prepared on the assumption that the Company is a going concern, will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at December 31, 2023, the Company was in its early stage of operations and therefore the Company has experienced losses since inception. The Company's cash resources as at December 31, 2023 are not sufficient to fund its planned business operations over the next 12 months. As a result, there is significant doubt about the Company's ability to continue as a going concern. In order to fund the Company's planned business operations, which includes marketing, product development, maintaining NorthStar's internet gaming operator registration with the AGCO and technical infrastructure, and before the Company expects to generate positive cash flow, additional financing will be required. In addition, the Company is pursuing opportunities to raise additional capital in the form of equity and/or debt to fund its business operations. However, there is no assurance of the success or sufficiency of any these initiatives, additional financing may not be available, or on favorable terms. The failure to raise such financing could result in the delay or indefinite postponement of current business operations

Off Balance Sheet Arrangements

As at the date of this MD&A, the Company has not entered into any off-balance sheet arrangements.

Contractual Obligations and Other

As at December 31, 2023, the Company had the following minimum commitments:

	Payments Due by Period		
Contractual Obligations Under Service Contracts	**Less than One Year**	**One to Five Years**	**Greater than Five Years**
Related Party	$2.4 million	$9.7 million	$ 19.9 million
Others	$3.1 million	$2.4 million	$ 3.2 million

Current Share Information

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. As at December 31, 2023, 192,792,015 Common Shares and 66,300 Preferred Shares were issued and outstanding.

As at December 31, 2023, an aggregate of 54,637,458 warrants to purchase Common Shares were outstanding with exercise prices and expiry dates as follows:

	Exercise Price	Expiry Date
609,000	$0.50	March 3, 2025
12,250,000 A warrants	$0.85	March 3, 2028
12,250,000 B warrants	$0.90	March 3, 2028
14,764,229 A warrants	$0.36	October 31, 2028
14,764,229 B warrants	$0.40	October 31, 2028

As at December 31, 2023, the Company had the following share-based payment arrangements:

Stock Options

At December 31, 2023, the following table provides the outstanding options at their respective exercise prices and the related weighted average remaining contractual life:

Exercise price	Number outstanding	Weighted average remaining contractual life (in years)
$0.21	4,259,728	4.41
$0.50	7,321,863	4.17
Total	11,581,591	

The equity compensation plan adopted by the Company in 2022 (the "Equity Compensation Plan") permits the Company to issue options, restricted share units, performance share units, deferred share units and dividend-equivalent rights (collectively, "Awards"). Under the Equity Compensation Plan, the maximum number of Common Shares issuable from treasury pursuant to option Awards may not exceed 10% of the total outstanding Common Shares. A further 15,656,910 Common Shares are reserved for all other types of Awards.

As part of the Transaction, 5,156,760 outstanding NSG options with an exercise price of $0.21 were exchange for Company options. On March 3, 2023, 8,058,542 options with an exercise price of $0.50 were granted to employees and contractors of the Company. Of these options, 2,054,601 vested immediately. The remaining 6,003,941 options vest one year from the date of grant.

The value of each option that vests immediately is $0.25 resulting in a total estimated fair value of $0.5 million. The estimated fair value of such options was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50; ii) exercise price $0.50; iii) the estimated expected life of each stock option is 3 years; iv) the risk-free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

The value of each option that vests over one year is $0.28 resulting in a total estimated fair value of $1.7 million. The estimated fair value of the stock-options was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50; ii) exercise price $0.50; iii) the estimated expected life of each stock option is 4 years; iv) the risk-free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

As at December 31, 2023, 11,892,753 options to purchase Common Shares were outstanding.

Restricted Share Units

On April 6, 2023, pursuant to the Equity Compensation Plan, the Company issued 12,135,827 restricted share units to directors, officers, employees and consultants, of which 9,426,154 were issued to directors and officers. These restricted share units were issued at a unit price of $0.55 and vest on the lifting of the blackout period immediately subsequent to April 6, 2024. As at December 31, 2023 and April 14, 2024, there were 12,135,827 restricted share units outstanding.

5. Related Party Transactions

A discussion of transactions with related parties

The Company paid $3,835,388 to Playtech, a company with significant influence (effective March 3, 2023) in the twelve months ended December 31, 2023 (January 1, 2022 – December 31, 2022 - $857,619) for service provider fees.

The Company owed $1,769,414 to Playtech at December 31, 2023 in respect of trade accounts payable and accrued liabilities which are due on 30 day payment terms and are non-interest bearing (December 31, 2022 - $555,730).

In addition, on October 31, 2023, the Company completed a private placement financing of $10,257,585, consisting of Common Shares, warrants and convertible debentures (note 7 of the audited consolidated financial statements of the Company.). Proceeds from the Offering were used to grow the NorthStar Bets brand and for general working capital purposes. On April 25, the Company has issued a $3 million unsecured, interest-bearing promissory note (the Note) to Playtech, a significant investor in the Company. The Note shall bear interest of 8% per annum, payable in arrears at maturity date which is 12 months from the issuance date. Proceeds from the Note will be used to fund the Company's continued growth and for general corporate purposes.

Playtech, a global leader in gambling technology that is a supplier of software and services to, and already a significant investor in, the Company, as well as members of the Company's senior management team.

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, Chief Executive Officer, Chief Development Officer and the Chief Financial Officer. Compensation provided to key management during the year ended December 31, 2023 was $ 1,547,514 (December 31, 2022 - $1,636,986). Post-employment benefits expense and share-based compensation expense were $27,457 and $2,068,417 respectively during the year ended December 31, 2022 (December 31, 2022 – $7,246 and $96,750).

6. Financial Instruments

A summary of our financial instruments

The Company's financial instruments at December 31, 2023 include cash and cash equivalents, restricted cash related to performance guarantee, player deposits on hand, amounts due from payment processors, accounts receivable, accounts payable and accrued liabilities, amounts due to related parties, liability for player deposits on hand, player loyalty bonuses, consideration payable liability and redeemable preferred shares. The carrying value of these amounts are reasonable estimates of fair values due to the relatively short periods to maturity and the terms of these instruments.

The mark to market on open events is determined using Level 2 fair value measurements using the amount of wagers received on open events and the published odds related to such open events as at the financial statement date.

For additional information about how the Company recognizes, measures, and classifies its financial instruments, see "7. Critical Accounting Policies and Estimates" below.

7. Critical Accounting Policies and Estimates

A description of accounting estimates and judgements that are critical to determining our financial results, and changes to accounting policies

Accounting Policies

We consider the accounting policies related to revenue, including Gaming Revenue, cost of revenues, redeemable preferred shares, convertible debenture, share capital, share-based payments, warrants and financial instruments to be the critical accounting policies used in the preparation of the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022. The accounting policies below reflect the policies used in preparation of these financial statements.

We have not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- **Revenue**
  Revenue is measured at the fair value of the consideration received.

  The Company earns revenues from two main sources: (i) gaming revenues for its online casino and sports betting operations; and (ii) managed services revenues. The Company has adopted the following policies for gaming revenue recognition.

  i) Gaming revenue:

  Gaming revenue represents the operating business transactions accounted for under both IFRS 9, Financial Instruments ("IFRS 9") and IFRS 15, Revenue from Contracts with Customers ("IFRS 15").

  The Company has assessed that it is the primary obligor in its sports-betting and online casino gaming contracts with its players. The Company offers sports-betting and online casino related transactions, where it generates a net gain or loss on a bet that is determined by an uncertain future event. These transactions are within the scope of IFRS 9. Revenue is recorded as the gain or loss on betting transactions settled during the period net of free bets, promotional costs, bonuses and fair value adjustments on open bets (unsettled bets). The Company recognizes the gain or loss on a betting transaction as revenue when a bet is settled.

  IFRS 15 reflects revenue earned from transactions where the Company administers games amongst players ("administered games").

  Significant judgment is needed to determine whether gaming transactions are within the scope of IFRS 9 or IFRS 15. Currently, www.northstarbets.ca only offers gaming transactions where the Company takes a position against the player, and thus all transactions are in the scope of IFRS 9.

  ii) Managed services revenue

  The Company has entered into a contract with Abenaki Council of Wolinak, through the acquisition of Slapshot Media Inc., whereby it receives consideration in exchange for services to administer games over the contract period. These services are recorded as managed services revenue based on gaming revenue generated by Abenaki Council of Wolinak and is recognized in the periods in which those gaming revenue and activities conclude. Managed services revenue has been accounted for in accordance with IFRS 15.

  The Company determines revenue recognition through the following steps under IFRS 15:

  • Identify the contract, or contracts, with the customer;

  • Identify the performance obligations in the contract;

  • Determine the transaction price;

  • Allocate the transaction price to performance obligations in the contract; and

  • Recognize revenue when, or as, the Company satisfies performance obligations by transferring the promised good or services

- .**Cost of revenues**

  Cost of revenues includes direct costs incurred by the Company associated with revenue generation activities and principally comprises of operator participant fees and service provider fees.

  In connection with the launch of operation of the Northstarbets.ca, the Company entered into an agreement with iGaming Ontario, a subsidiary of the AGCO, effective May 9, 2022. Operator participant fees reflect fees that the Company pays under the terms of its agreement with iGaming Ontario. These operator participant fees are based on a percentage of gross gaming revenue as defined in the Operating Agreement and are expensed simultaneously as Gaming Revenue is earned.

Service provider fees reflect fees that the Company pays to vendors who provide services in respect of its iGaming platform and ancillary services including supplier costs and customer payment transaction fees. Service provider fees are recorded based on the level of transactions and contractual amounts and are expensed as incurred.

- **Cash and cash equivalents**

Cash is comprised of cash on hand, cash held in trust accounts and demand deposits. Cash equivalents are short-term, highly liquid investments typically with maturities of three months or less when acquired or cashable on demand without penalty and excludes restricted cash related to performance guarantee.

- **Restricted cash related to performance guarantee**

Restricted cash related to performance guarantee represents cash held in a trust account in respect of a performance guarantee for the Company's obligations under the terms of the Operating Agreement.

- **Player deposits on hand**

Player deposits on hand represent cash held on behalf of players of Ontario .
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- **Amounts held for and amounts due to Abenaki Council of Wolinak**

Amounts held for Abenaki Council of Wolinak represents the players balances held under the managed services agreement. Amounts due to Abenaki Counsel of Wolinak is the corresponding liability.

- **Subscription receipts held in escrow and Subscription receipts owed to subscribers**

Subscription receipts held in escrow represent subscription receipts held with a trust company for subscriptions of common shares related to the private placement that were subject to the successful completion of the Transaction (note 5). As at December 31, 2022, the Transaction had not occurred yet and subscription receipts owed to subscribers represented the amounts the Company owed to these subscribers, in the event the Transaction, was not successful. The transaction closed on March 3, 2023, at which time the subscription receipts held in escrow were released to the Company and subscription receipts owed to subscribers were exchanged for shares.

- **Amounts due from payment processors**

Amounts due from payment processors represent the funds held by the payment processors as part of their risk management to ensure there is adequate funds to honour the future withdrawals from the players.

- **Equipment**

Equipment is stated at cost, net of accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated using the straight-line basis over the estimated useful life of the asset as follows:

- Computer equipment 5 years

The useful lives and methods of depreciation and the assets' residual values are reviewed at least annually, and the depreciation charge is adjusted prospectively, if appropriate.

An item of equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of net loss and comprehensive loss when the asset is derecognized.

- **Intangible assets**

Intangible assets with finite lives that are acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use.

Other costs such as enhancements and routine maintenance are expensed as incurred.

Amortization is calculated using the straight-line basis over the estimated useful life of the asset as follows:

• Software (including licenses and integration)	5 years
• Domain names	5 years
• Customer contract	11 years

- **Liability for player loyalty bonuses**

Liability for player loyalty bonuses reflect the liability for incentive points that are earned by players based on the volume of play and are redeemable for complimentary bets or wagers and/or cash. Bonuses are recognized as a liability measured at the amount payable on demand

- **Redeemable preferred shares**

The Company's Preferred Shares are classified as a compound financial instrument with a liability component as they are The Company's redeemable preferred shares are classified as a compound financial instrument with a liability component as they are redeemable in cash by the holders and have an equity redemption feature. The redeemable preferred shares that allow the holder to request a redemption in Common Shares at a fixed price per Common Share results in a compound financial instrument with an equity and a liability component. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option.

The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is accreted to the redemption value using the effective interest rate method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest, losses and gains relating to the financial liability are recognized as period costs.

- **Convertible debenture**

On December 19, 2022, the Company issued a convertible debenture. The convertible debenture allows the holder to convert the debenture into 24,500,000 common shares, 12,250,000 A warrants and 12,250,000 B warrants. The debenture carries interest at 8% which will be waived by the holder if the Transaction occurs within 90 days of the date of issue. The conversion feature of the convertible debenture requires the Company to deliver, in the future, a combination of shares and warrants. As a result, the conversion feature does not meet the definition of equity, the convertible debenture is therefore a financial liability in its entirety and is measured at fair value through profit and loss ("FVTPL").

- **Convertible debentures with conversion option**

On October 31, 2023, the Company issued three-year, 8% unsecured convertible debentures of $5,000,000. Interest is payable quarterly in cash or, at the Company's option, in kind and capitalized to the carrying amount of the debenture. The convertible debentures allow the holders to convert the original principal amount of the debenture into a fixed number of common shares at $0.20 per share and to convert any capitalized interest into common shares at the market price of the shares on the last day of the respective interest period. The conversion of capitalized interest is into a variable number of common shares meaning the conversion feature is a derivative liability. On initial recognition, the derivative liability was recognized and the host financial liability was recognized as the residual of the proceeds received less the derivative liability. The derivative liability is remeasured at fair value at each reporting date.

a. Contingent consideration payable

Contingent consideration payable represent contingent earn-out on business combination. Contingent consideration payable that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration payable that is classified as a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, Financial Instruments, or IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

- **Share capital**

Voting Common Shares and non-voting common shares are classified as equity. Transaction costs directly attributable to the issue of Common Shares and share purchase options are recognized, net of any tax effects, as a reduction from equity. For unit offerings that consist of multiple categories of equity, the proceeds from the issuance of units are allocated between voting Common Shares and share purchase warrants using the relative fair value method.

- **Share-based payments**

The Company grants stock options to its employees, directors and consultants. Stock options vest over time in tranches and expire after various periods of time. For employees and consultants providing services in exchange of share-based payments with vesting conditions, the fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model.

For consultants providing services in exchange of share-based payments without vesting conditions, the fair value of each grant is measured at the date of grant using the closing share price on the date of grant.

Share-based compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest with the offsetting entry to contributed surplus. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

If and when stock options are exercised, consideration received is credited to share capital and the fair value attributed to these options is transferred from contributed surplus to share capital.

- **Restricted Share Units**

The Company has a Share Unit Plan for directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of equity-settled restricted share units is measured at the grant date based on the market value of the Common Shares on that date. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest with the offset credited to contributed surplus. The number of awards expected to vest is reviewed at each reporting date with any change recognized immediately as an adjustment to share-based compensation expense and contributed surplus.

When Common Shares are issued for restricted share units, the fair value attributed to these restricted share units is transferred from contributed surplus to share capital.

- **Warrants**

All warrants issued under a unit financing arrangement are valued on the date of grant using the Black-Scholes pricing model, net of related issuance costs. Warrants meeting equity classification have been classified as an equity instrument within contributed surplus as they have a fixed exercise price, denominated in Canadian dollars, as well as a fixed number of equity instruments for which the exercise price will be exchanged.

If and when warrants are exercised, consideration received is credited to share capital and the fair value attributed to these warrants is transferred from contributed surplus to share capital. The fair value of expired warrants is reclassified from contributed to retained earnings or deficit.

- **Loss per share**

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of

Common Shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The average number of Common Shares is calculated by assuming that outstanding conversions were exercised and that the proceeds from such exercises were used to acquire Common Shares at the average market price during the reporting period.

b. Business combinations

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value of the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustment to those provisional fair values effective as at the acquisition date. Incremental costs related to acquisitions are expensed as incurred. When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, Financial Instruments, or IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss

- **Taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable or recoverable is based on taxable profit or loss for the year. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding tax bases (known as temporary differences).

Deferred tax liabilities are generally recognized for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future years when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences).

Deferred tax assets are generally recognized for all temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future years when the carrying amount of the asset or liability is recovered or settled (deductible temporary differences) – but only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the years in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting year.

- **Financial Instruments**

Financial assets

Initial Recognition and Measurement

The Company recognizes a financial asset when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost – Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and cash equivalents, funds held by payment processors, and other receivables.

- Fair value through other comprehensive income – Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income is calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss – Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets mandatorily measured at fair value through profit or loss.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different basis. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment and derecognition

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the relative fair value.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Accounting Estimates and Judgements

The preparation of the consolidated interim financial statements requires management to make judgements and estimates that affect the application of the Company's accounting policies and reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key source of estimation uncertainty are acquisitions and acquisitions of businesses under common control and whether such acquisition is treated as a continuity of interest, ability of the Company to continue as a going concern, Gaming Revenue, determination of whether gaming transactions are within the scope of IFRS 9 or IFRS 15. The Company has also made a judgement of it being the primary obligor in respect of the Company's sports-betting and casino gaming contracts with its players determination of primary obligor in assessing revenue recognition. Additional judgements were also made in respect of the fact that management has assessed that it does not have control over iGaming Ontario or its service providers which comprise its cost of revenues (operator participant fees and service provider fees) and accordingly does not consolidate them. Additional judgements were also made around accounting for business combinations and the reverse take-over transaction, recognition of software intangible assets and classification of warrants as either a component of equity or a liability. Warrants have been classified as an equity instrument as they have a fixed exercise price, denominated in Canadian dollars, as well as a fixed number of equity instruments for which the exercise price will be exchanged for.

Assumption and estimation uncertainties

Information about assumption and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include: (i) Mark to market on open events which are estimated using the amount of the wagers and the published odds for such wagers at the date of the financial statements; (ii) Estimated useful lives of long-lived assets (equipment and intangible assets); (iii) Fair value of warrants based on the Black-Scholes option pricing model for valuation of the warrants issued to purchasers of its share capital which requires the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate and changes in the input assumptions can materially affect the fair value estimate which correspondingly affects the Company's equity reserves; (iv) Fair value of share-based payments determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of options; and (v) Fair value of assets acquired in business combinations.

8. Summary of Quarterly Results

The following table summarizes the results of our operations for the last eight most recently completed quarters. This unaudited quarterly information has been prepared in accordance with IFRS.

(in '000s of dollars) (unauditied)	**FY 2023**				**FY 2022**			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Financial Summary:								
Revenue	$6,451	$4,682	$4,635	$3,645	$3,195	$2,022	$527	Nil
Comprehensive Loss	(7,474)	(4,537)	(4,760)	(8,704)	(6,409)	(6,092)	(5,614)	(1,873)
Basic loss per share [(Basic and fully diluted)]	($0.02)	($0.03)	($0.02)	($0.07)	($0.06)	($0.06)	($0.05)	($0.03)

[see chart format as proposed by kpmg]

The summary of quarterly results reflects the launch of Northstarbets.ca on May 9, 2022, the steady growth in the Company's customer base and betting volumes since the launch, as well as the cyclical nature of Gaming Revenue. The fourth quarter is generally the strongest quarter driven by seasonality in gaming activities.

Net Loss from continuing operations has been affected by the launch of Northstarbets.ca in May 2022 as well as our varying level of marketing investment since the launch. The Company's Net Loss has also been impacted by the Transaction, conversion of subscription receipts and conversion of the convertible debenture on March 3, 2023, the acquisition of Slapshot on May 8, 2023 and non-cash expenses.

The Net Loss for Q2 2023 has been adjusted to reflect updated RSU expense to reflect a change to estimated vesting and forfeiture rate as well as the fair value adjustment to the contingent consideration payable as at December 31, 2023.

9. Non-IFRS Financial Measures

This MD&A makes reference to "Total Wagers" and "Gross Gaming Revenue" which are "supplementary financial measures" as defined in National Instrument 52-112 *Non-GAAP and Other Financial Measures*. Total Wagers is calculated as the total amount of money bet by customers in respect of bets that have settled in the applicable period. Total Wagers does not include free bets or other promotional incentives, nor money bet by customers in respect of bets that are open at period end. Gross Gaming Revenue is calculated as dollar amounts bet by customers less the dollar amounts paid out to the customers in respect of such bets which have settled in the applicable period. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are, therefore, not necessarily comparable to similar measures presented by other companies. Rather, these measure are provided as additional information to complement other IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measure should not be considered in isolation nor as a substitute for analysis of The Company's financial information reported under IFRS. Total Wagers are Gross Gaming Revenue are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS measures, including industry metrics, in the evaluation of companies in our industry. Management also uses non-IFRS measures and industry metrics in order to facilitate operating performance comparisons from period to period, the preparation of annual operating budgets and forecasts and to determine components of executive compensation.

10. Risks and Uncertainties

Risks and uncertainties surrounding our business

There are a number of risks and uncertainties associated with the Company. For a detailed description of such risk factors, refer to the "Risk Factors" section of the Company's annual information form for FY2022 dated as of July 14, 2023 (the "AIF") which is available under the Company's profile on SEDAR+ (www.sedarplus.ca).

The risks presented below are in addition to the risks described in the AIF. These risks and the risks described in the AIF may not be all the risks the Company may face; however, the Company believes that such risks could cause actual results to be different from expected and historical results. New risks may emerge from time to time and management may not be able to predict all such risks or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

Our overall risk management program and business practices seek to minimize any potential adverse effects on our financial performance.

Risks Related to the Company's Business and Industry

The requirement of being a public company may strain the Company's resources and divert management's attention.
The Company is subject to the reporting requirements of applicable securities legislation of the jurisdictions in which it is a reporting issuer, the listing requirements of the TSXV and other applicable securities rules and regulations. Compliance with these rules and regulations has increased the Company's legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on its systems and resources. Applicable securities laws require the Company to, among other things, file certain annual and quarterly reports with respect to its business and results of operations. As a result, management's attention may be diverted from other business concerns, which could negatively impact the Company's business and result of operations. To comply with these requirements, the Company may need to hire more employees in the future or engage outside consultants, which will increase its costs and expenses.

Risks Related to the Company's Securities

The price of the Company's Common Shares may experience volatility and may be subject to fluctuation in the future based on market conditions.
The market prices for securities of development stage technology companies have historically been highly volatile. The market has from time-to-time experienced significant price and volume fluctuations that are unrelated to the operating performance of any particular company. In addition, because of the nature of the Company's business, certain factors such as announcements of, and competition from, new products or technological innovations, government regulations, fluctuations in operating results, results of test, general market conditions and developments in patent and proprietary rights can have an adverse impact on the market price of the Company's Common Shares. Any negative change in the public's perception of the Company's prospects could cause the price of its Common Shares to decrease dramatically. Furthermore, any negative change in the public's perception of the prospects of online gaming companies in general or the market in general could depress the Company's share price regardless of its results. Volatility or depression in the capital markets, could also affect the Company's ability to raise additional capital.

The Company's shareholders may experience significant dilution from future sales of its securities.
The Company will need to raise additional capital in the future. The sale of additional equity, including warrants or debt securities, if convertible into equity will result in dilution to the Company's existing shareholders. Also, any debt financing, if available, may require the Company to pledge its assets as collateral or involve restrictive covenants, such as limitations on the Company's ability to incur additional indebtedness, limitations on its ability to acquire or license intellectual property rights and other operating restrictions that could negatively impact the Company's ability to conduct its business. As a result, the Company's net income per share could decrease in future periods and the market price of its Common Shares could decline. The perceived risk of dilution may negatively impact the price of the Company's Common Shares and may cause its shareholders to sell their Common Shares, which would contribute to a decline in the price of the Company's Common Shares. Moreover, the perceived risk of dilution and the resulting downward pressure on the Company's Common Share price could encourage investors to engage in short sales of its Common Shares, which could further contribute to progressive price declines in the Company's Common Shares.

The Company is a holding company with no operations of its own and, as such, it depends on its subsidiaries for cash to fund its operations and expenses, including future dividend payments, if any.
The Company is a holding company, and the operations are conducted through wholly-owned subsidiaries of the Company. As a holding company, the Company's principal source of cash flow are distributions from its operating subsidiaries. Therefore, the Company's ability to fund and conduct its business, service any debt and pay dividends, if any, in the future will depend on the ability of its direct and indirect subsidiaries to generate sufficient cash flow to make upstream cash distributions to the Company. The Company's subsidiaries are separate legal entities, and although they are directly and indirectly wholly-owned and controlled by the Company, such subsidiaries have no obligation to make any funds available to the Company, whether in the form of loans, dividends or otherwise. The ability of the Company's subsidiaries to distribute cash to the Company will also be subject to, among other things, availability of sufficient funds in such subsidiaries and applicable laws and regulatory restrictions. Claims of any creditors of the Company's subsidiaries generally will have priority as to the assets of such subsidiary over the Company's claims and claims of its creditors and shareholders.

The Company may be subject to securities litigation, which is expensive and could divert management attention.
The market price of the Company's Common Shares may be volatile, and in the past companies that have experienced volatility in the market price of their shares have been subject to securities class action litigation. The Company may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could adversely impact the Company's business. Any adverse determination in litigation could also subject the Company to significant liabilities.

The Company does not intend to pay any dividends in the foreseeable future.
It is not anticipated that the Company will pay any dividends in the foreseeable future. The declaration of dividends will be at the discretion of the Company's Board, even if the Company has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the Company's financial results, cash requirements, future prospects and other factors deemed relevant by its board of directors. No dividends can be paid on the Company's Common Shares until all dividends have been paid on the Company's Preferred Shares.

As a venture issuer, the Company is not be required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company's certifying officers, as a venture issuer, are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers of the Company will not be required to make any representations that they have:

(a) designed, or caused to be designed, DC&P to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, 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

(a) designed, or caused to be designed, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

11. Additional Information

Additional information relating to the Company, including the Company's AIF, is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.northstargaming.ca. The Company's Common Shares are listed for trading on the TSXV under the symbol "BET" and on the OTCQB under the symbol "NSBBF".

Changes to the Income Statement Reported to the Audit Committee on April 17, 2024

	Reported on April 27, 2023 Year Ended December 31 2023	Reported on April 17, 2023 Year Ended December 31 2023	Reason for the changes
Revenues (note 8)	$ 19,413,390	$ 19,504,047	Reclass of Abenaki cost to revenue in accordance with the contract and adjustment to fair value of open bets at the year-end
Cost of revenues			
Operator participant fees	4,038,854	4,120,843	Reclass of Abenaki cost to revenue in accordance with the contract a
Service provider fees	8,202,277	8,202,277	
Gross margin	7,172,259	7,180,927	
Expenses			
Marketing	14,093,761	14,093,761	
General and administrative (note 20)	11,335,697	11,070,844	Reclassed transaction cost and additional accruals
Share based compensation expense (note 16)	5,343,240	5,343,240	
Public listing costs	2,789,316	2,789,316	
Amortization of deferred transaction costs			
Amortization and depreciation (notes 11 and 12)	246,291	246,291	
Total operating expenses	33,808,305	33,543,452	
Gain on remeasurement of consideration payable (not	390,228	390,228	
Gain on derecognition of preferred shares	48,800	48,800	
Gain on derivative financial liability	1,351,959		Gain relating to mark to market of Oct 23 Debenture
Amortization of transaction cost (Note 7)	(1,138)		Relating to Oct 23 Debenture
Foreign exchange loss	(2,923)		Reclassed from interest expense
Interest income	87,234		Reclassed from interest expense
Interest expense (note 13)	(713,760)	(558,651)	Adjustments relating to interest expense on preferred shares and reclassing the interest income and FX loss
	1,160,400	(119,623)	
Loss before income taxes	(25,475,646)	(26,482,148)	
Income taxes	-		
Net loss and comprehensive loss	**$ (25,475,646)**	**$ (26,482,148)**	

Consolidated Financial Statements
(Expressed in Canadian dollars)

NORTHSTAR GAMING HOLDINGS INC.

And Independent Auditor’s Report thereon

Years ended December 31, 2023, and 2022

NORTHSTAR GAMING HOLDINGS INC.

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022

(Expressed in Canadian dollars)

	December 31 2023	December 31 2022
Assets		
Current assets		
Cash and cash equivalents	$ 3,909,761	$ 1,178,977
Restricted cash related to performance guarantee	271,000	100,000
Player deposits on hand	850,224	538,959
Amounts held for Abenaki Council of Wolinak	125,718	
Amounts due from payment processors	3,868,403	161
Accounts receivable	573,951	1,394,866
Subscription receipts held in escrow (note 6)	-	5,075,000
Proceeds from convertible debenture held in escrow (note 6)	-	7,250,000
Prepaid expenses and deposits	1,010,321	1,053,961
Total current assets	10,609,378	16,591,924
Non-current assets		
Equipment (note 12)	35,930	30,138
Intangible assets (note 13)	2,377,911	473,666
	2,413,841	503,804
Total assets	**$ 13,023,219**	**$ 17,095,728**
Liabilities and Shareholders' Deficit		
Current liabilities		
Accounts payable and accrued liabilities	$ 7,777,204	$ 6,401,719
Due to related party (note 19)	1,769,414	1,381,103
Liability for player deposits on hand	838,250	490,630
Open bets liability (note 11)	10,171	40,126
Liability for player loyalty bonuses	129,636	19,400
Amount due to Abenaki Council of Wolinak	125,718	
Subscription receipts owed to subscribers (note 6)	-	5,075,000
Convertible debenture (note 6)	-	12,250,000
Contingent consideration payable (note 7)	98,254	-
Current portion redeemable preferred shares (note 14)	6,482,486	6,982,917
Total current liabilities	17,231,134	32,640,895
Non-current liabilities		
Convertible debenture (note 8)	3,020,100	-
Conversion feature derivative (note 8)	911,951	-
Total liabilities	21,163,185	32,640,895
Shareholders' deficit		
Share capital (note 15)	$ 26,828,431	$ 5,159,856
Contributed surplus (notes 15 and 16)	11,775,712	420,042
Equity component of redeemable preferred shares (note 14)	812,588	955,986
Accumulated deficit	(47,556,697)	(22,081,051)
Total shareholders' deficit	(8,139,966)	(15,545,167)
Total liabilities and shareholders' deficit	**$ 13,023,219**	**$ 17,095,728**

Going concern (note 2)
Commitments (note 23)
Subsequent events (note 24)

See accompanying notes to the consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on April 29, 2024

Barry Shafran, Director

Michael Moskowitz, Director

NORTHSTAR GAMING HOLDINGS INC.

Consolidated Statements of Loss and Comprehensive Loss
Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

	Year Ended December 31 2023	Year Ended December 31 2022
Revenues (note 10)	$ 19,413,390	$ 5,744,029
Cost of revenues		
Operator participant fees	4,038,854	1,309,853
Service provider fees	8,202,277	3,237,064
Gross margin	7,172,259	1,197,112
Expenses		
Marketing	14,093,761	13,941,875
General and administrative (note 21)	11,335,697	6,878,402
Share based compensation expense (note 17)	5,343,240	364,911
Public listing costs	2,789,316	-
Amortization and depreciation (notes 12 and 13)	246,291	70,056
Total operating expenses	33,808,305	21,255,244
Gain on remeasurement of contingent consideration payable (note 7)	390,228	-
Gain on derecognition of preferred shares	48,800	-
Gain on remeasumrent of conversion feature derivative (note 8)	1,351,959	-
Amortization of transaction cost (Note 8)	(1,138)	
Foreign exchange loss	(2,923)	-
Interest income	87,234	
Interest expense (note 14)	(713,760)	(138,903)
	1,160,400	(138,903)
Loss before income taxes	(25,475,646)	(20,197,035)
Income taxes	-	-
Net loss and comprehensive loss	**$ (25,475,646)**	**$ (20,197,035)**
Loss per common share (notes 6 and 18):		
Basic and diluted	(0.16)	(0.19)
Weighted average number of common shares outstanding, (note 5 and 16):		
Basic and diluted	160,544,233	104,995,361

See accompanying notes to the consolidated financial statements.

NORTHSTAR GAMING HOLDINGS INC.

Consolidated Statements of Changes in Shareholders' Deficit
Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

Year ended December 31, 2023	Common Shares Number	Common Shares Value	Non-voting Common Shares Number	Non-voting Common Shares Value	Contributed Surplus	Equity Component of Redeemable Preferred Shares	Accumulated Deficit	Total Shareholders Deficit
Balance January 1, 2023	105,214,111	$ 5,159,855	8,471,820	$ 1	$ 420,042	$ 955,986	$ (22,081,051)	$ (15,545,167)
Exercise of warrants (note 14 and 15)	4,051,740	402,401	-	-	(55,131)	-	-	347,270
Shares and warrants issued to former Baden Resources Inc. Shareholders (note 5 and note 14)	4,181,430	2,090,715	-	-	370,990	-	-	2,461,705
Additional shares issued to former Baden Resources Shareholders (note 5 and note 14)	63,008	1	-	-	-	-	-	1
Exchange of non-voting shares of NorthStar Gaming Inc. for voting shares of NorthStar Gaming Holdings Inc. (note 5)	8,471,820	1	(8,471,820)	(1)	-	-	-	-
Shares and warrants issued, net of transaction costs (note 5, 14 and 15)	10,150,000	4,225,546	-	-	124,290	-	-	4,349,836
Shares and warrants issued on conversion of convertible debenture (note 4, 14 and 15)	24,500,000	8,205,885	-	-	4,044,115	-	-	12,250,000
Shares issued upon acquisition of Slapshot Media Inc. (note 6 and 14)	3,818,181	1,737,272	-	-	-	-	-	1,737,272
Shares issued on redemption of preferred shares (note 13 and 14)	2,127,273	1,172,942	-	-	-	(143,398)	-	1,029,544
Exercise of warrants (note 14 and 15) post March 3, 2023	369,000	203,235	-	-	(81,180)	-	-	122,055
Exercise of stock options (note 14 and 16)	12,278	4,600	-	-	(1,842)	-	-	2,758
Shares and warrants issued on private placement, net of transaction costs (note 7 and 14)	29,528,458	3,515,323			1,611,188			5,126,511
Shares issued in exchange for services	304,716	110,655	-	-	-	-	-	110,655
Share-based payment expense (note 16)	-	-	-	-	5,343,240	-	-	5,343,240
Net loss for the period	-	-	-	-	-	-	(25,475,646)	(25,475,646)
Balance December 31, 2023	192,792,015	$ 26,828,431	-	$ -	$ 11,775,712	$ 812,588	$ (47,556,697)	$ (8,139,966)

NORTHSTAR GAMING HOLDINGS INC.

Condensed Consolidated Statements of Cash Flows
Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

	Twelve months ended December 31 2023	Twelve months ended December 31 2022
Cash flows used in operating activites		
Net loss for the period	$ (25,475,646)	$ (20,197,035)
Adjustments for:		
Public listing costs (note 6)	2,364,620	-
Shares for services	110,655	-
Change in fair value of open events (note 11)	18,374	(8,203)
Depreciation and amortization (notes 12 and 13)	246,290	70,056
Gain on remeasurement of consideration payable (note 7)	(390,228)	-
Fair value change in derivative liability	(1,351,959)	
Gain on derecognition of preferred shares	(48,800)	-
Interest accretion expense (note 14)	713,789	138,903
Share-based payment expense (note 17)	5,343,240	364,911
	(18,469,665)	(19,631,368)
Change in non-cash operating working capital:		
Player deposits on hand	(207,340)	(538,959)
Amount due from Abenaki Council of Wolinak	(125,718)	
Amount due from payment processors	(2,881,963)	(161)
Other receivables	171,191	(234,854)
Prepaid expenses and deposits	43,641	(744,731)
Accounts payable and accrued liabilities	1,174,917	7,073,562
Due to related party (note 19)	388,311	1,381,103
Liability for player deposits on hand	195,367	442,301
Amount due to Abenaki Council of Wolinak	125,718	
Liability for player loyalty bonuses	110,236	19,400
Change in non-cash working capital	(1,005,640)	7,397,661
Change in restricted cash	(171,000)	(100,000)
Net cash flows used in operating activities	(19,646,304)	(12,333,707)
Net proceeds from financing activities:		
Net proceeds from issuance of common shares and warrants (notes 15 and 16)	4,349,837	5,213,986
Net proceeds from exercise of warrants and stock options (notes 15,16 and 17)	472,084	-
Net proceeds from issuance of redeemable preferred shares	-	3,777,700
Net proceeds from private placement financing (note 6)	5,126,513	-
Net proceeds from convertible debenture (note 8)	12,398,133	5,000,000
Net proceeds from financing activities	22,346,567	13,991,686
Cash flows used in investing activities:		
Cash and cash equivalents received on the acquisition of NorthStar Gaming Holdings Inc. (note 5)	106,971	-
Cash and cash equivalents received on the acquisition of Slapshot Media Inc. (note 6)	183,888	-
Purchase of equipment (note 11)	(14,970)	(7,642)
Purchase of intangible assets (note 12)	(245,368)	(483,040)
Net cash flows used in investing activities	30,521	(490,682)
Increase (decrease) in cash and cash equivalents	2,730,784	1,167,297
Cash and cash equivalents, beginning of period	1,178,977	11,680
Cash and cash equivalents, end of period	$ 3,909,761	$ 1,178,977

See accompanying notes to the consolidated financial statements

1. Corporate Information:

NorthStar Gaming Holdings Inc., (the “Company”) formerly Baden Resources Inc. (“Baden”) was incorporated in the Province of British Columbia on January 19, 2020 under the Business Corporations Act of British Columbia. The Company’s shares were listed on the Canadian Securities Exchange (“CSE”) under the symbol “BDN” until March 3, 2023 at which time they were delisted.

As described in note 5, the Company completed a reverse takeover transaction (the “Transaction”) on March 3, 2023, pursuant to a business combination with NorthStar Gaming Inc. (“NorthStar”), a non-reporting issuer. The reverse takeover transaction was accomplished via an amalgamation between NorthStar and a newly incorporated subsidiary of the Company. Immediately prior to the transaction, the Company, changed its name from Baden to NorthStar Gaming Holdings Inc.

The consolidated financial statements prepared for reporting purposes are continuance of NorthStar Gaming Inc.’s financial statements, the acquiror under IFRS Accounting Standards.

On March 8, 2023, the Company was listed as a Tier 2 issuer on the TSX Venture Exchange (“TSXV”) under the symbol BET. The Company’s head office is located at Suite 200, 220 King Street West, Toronto Ontario M5H 1K4.

On April 12, 2022, NorthStar Gaming (Ontario) Inc., a wholly-owned subsidiary of the Company received its license from the Alcohol and Gaming Commission of Ontario (“AGCO”) and on May 9, 2022 it launched its online gaming site www.northstarbets.ca which offers access to regulated sports betting markets, and a robust and curated casino offering, including the most popular slot offerings and live dealer games.

In connection with the launch of operation of NorthStar Gaming (Ontario) Inc.’s online gaming site, NorthStar Gaming (Ontario) Inc. also entered into an agreement with iGaming Ontario (“Agreement”), a subsidiary of AGCO, effective May 9, 2022. Under the terms of the agreement, NorthStar Gaming (Ontario) Inc. will operate its online gaming and sports betting site in accordance with the regulations as set out by the AGCO and as included in the Agreement. As part of the terms of the Agreement, iGaming Ontario charges the NorthStar Gaming (Ontario) Inc. fees which are based on a percentage of gross gaming revenue as defined in the Agreement. The Agreement is for an initial term of 5 years.

On May 8, 2023, the Company acquired 100% of the outstanding shares of Slapshot Media Inc. (“Slapshot”) pursuant to a share purchase agreement dated May 8, 2023. The Slapshot share purchase is accounted for in accordance with IFRS 3, as the operations of Slapshot constitute a business (note 5). Slapshot earns managed services fees from Abenaki Council of Wolinak operates in Canada excluding Ontario under the license issued by the Kahnawake Gaming Commission.

The Company has one operating segment for financial reporting purposes. This segment’s revenue is primarily generated from the proceeds from the Company’s online casino and sportsbook.

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis in accordance with the basis of the presentation outlined in note 3, that assumes the Company will continue in operation for the foreseeable future, and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

As at December 31, 2023, the Company was in its early stage of operations and has experienced losses since inception. The loss for the year ended December 31, 2023 was $25,456,300 and the accumulated deficit as at December 31, 2023 is $47,556,697. The Company's unrestricted cash resources as of December 31, 2023 of $3,909,761 are not sufficient to fund its planned business operations over the next 12 months. In order to fund the planned business operations, which include marketing, product development, obtaining and maintaining iGaming licenses and technical infrastructure, and before the Company expects to generate positive cash flow, additional financing will be required. The Company intends to continue to pursue opportunities to improve liquidity and profitability over the next 12 months, which includes, without limitation, seeking additional capital through the issuance of debt or equity offerings; renewing the strategic marketing arrangement with Playtech Software; reducing operating costs through targeted cost-saving measures; and seeking arrangements with potential strategic partners.

The failure to execute these opportunities may result in the delay or indefinite postponement of current business operations. The above conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the assumption of going concern were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, adjustments may be necessary to the carrying value of assets, liabilities, and reported expenses, and these adjustments could be material.

3. Basis of Preparation

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 29, 2024.

b. Basis of presentation

These consolidated financial statements have been prepared mainly under the historical cost basis. Other measurement bases used are described in the applicable notes. Certain amounts, which are not material, in the prior year's consolidated financial statements have been reclassified to conform to the current year presentation for player deposits on hand and open bets liability.

c. Principles of consolidation

The accompanying consolidated financial statements include the Company and its wholly owned subsidiaries, NorthStar Gaming Inc., NorthStar Gaming (Ontario) Inc. and Slapshot Media Inc. on a consolidated basis from the date the control of each subsidiary was acquired. All intercompany transactions and balances are eliminated on consolidation. On January 1, 2024, NorthStar Gaming Inc. amalgamated with NorthStar Gaming Holdings Inc.

d. Foreign currency translation

The functional currency of the Company is the Canadian dollar, which is also the presentation currency for the consolidated financial statements.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transaction. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated into the functional currency using the prevailing rate of exchange at the reporting date. Gains and losses on translation of monetary items are recognized in the consolidated statements of loss and comprehensive loss.

4. Summary of Material Accounting Policy Information

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) January 1, 2023 onwards. Although the amendments did not result in any changes to the accounting policies, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant' accounting policies.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below and have been consistently applied to both years presented.

a. **Revenues**

The Company earns revenues from two main sources: (i) gaming revenues for its online casino and sports betting operations; and (ii) managed services revenues. The Company has adopted the following policies for gaming revenue recognition.

i) Gaming revenue:

Gaming revenue represents the operating business transactions accounted for under both IFRS 9, Financial Instruments (“IFRS 9”) and IFRS 15, Revenue from Contracts with Customers (“IFRS 15”).

The Company has assessed that it is the primary obligor in its sports-betting and online casino gaming contracts with its players. The Company offers sports-betting and online casino related transactions, where it generates a net gain or loss on a bet that is determined by an uncertain future event. These transactions are within the scope of IFRS 9. Revenue is recorded as the gain or loss on betting transactions settled during the period net of free bets, promotional costs, bonuses and fair value adjustments on open bets (unsettled bets). The Company recognizes the gain or loss on a betting transaction as revenue when a bet is settled.

IFRS 15 reflects revenue earned from transactions where the Company administers games amongst players (“administered games”).

Significant judgment is needed to determine whether gaming transactions are within the scope of IFRS 9 or IFRS 15. Currently, www.northstarbets.ca only offers gaming transactions where the Company takes a position against the player, and thus all transactions are in the scope of IFRS 9.

ii) Managed services revenue

The Company has entered into a contract with Abenaki Council of Wolinak, through the acquisition of Slapshot Media Inc., whereby it receives consideration in exchange for services to administer games over the contract period. These services are recorded as managed services revenue based on gaming revenue generated by Abenaki Council of Wolinak and is recognized in the periods in which those gaming revenue and activities conclude. Managed services revenue has been accounted for in accordance with IFRS 15.

The Company determines revenue recognition through the following steps under IFRS 15:

• Identify the contract, or contracts, with the customer;

• Identify the performance obligations in the contract;

• Determine the transaction price;

• Allocate the transaction price to performance obligations in the contract; and

• Recognize revenue when, or as, the Company satisfies performance obligations by transferring the promised good or services

b. Cost of revenues

Cost of revenues includes direct costs incurred by the Company associated with revenue generation activities and principally comprises of operator participant fees and service provider fees.

In connection with the launch of operation of the Company’s online gaming site, the Company entered into an agreement with iGaming Ontario, a subsidiary of the AGCO, effective May 9, 2022.

Operator participant fees reflect fees that the Company pays under the terms of its agreement with iGaming Ontario. These operator participant fees are based on a percentage of gross gaming revenue as defined in the iGaming Ontario operating agreement and are expensed simultaneously as gaming revenue is earned.

Service provider fees reflect fees that the Company pays to vendors who provide services over the Company's platform which are utilized to generate gaming revenue and managed services revenue. Service provider fees include supplier costs and customer payment transaction fees and are recorded based on the level of transactions and contractual amounts and are expensed as incurred.

c. Cash and cash equivalents

Cash is comprised of cash on hand, cash held in trust accounts and demand deposits. Cash equivalents are short-term, highly liquid investments typically with maturities of three months or less when acquired or cashable on demand without penalty and excludes restricted cash related to performance guarantee.

d. Restricted cash related to performance guarantee

Restricted cash related to performance guarantee represents cash held in a trust account in respect of a performance guarantee for the Company's obligations under the terms of the Operating Agreement.

e. Player deposits on hand

Player deposits on hand represent cash held on behalf of players of Ontario.

f. Amounts held for and amounts due to Abenaki Council of Wolinak

Amounts held for Abenaki Council of Wolinak represents the players balances held under the managed services agreement. Amounts due to Abenaki Counsel of Wolinak is the corresponding liability.

g. Subscription receipts held in escrow and Subscription receipts owed to subscribers

Subscription receipts held in escrow represent subscription receipts held with a trust company for subscriptions of common shares related to the private placement that were subject to the successful completion of the Transaction (note 5). As at December 31, 2022, the Transaction had not occurred yet and subscription receipts owed to subscribers represented the amounts the Company owed to these subscribers, in the event the Transaction, was not successful. The transaction closed on March 3, 2023, at which time the subscription receipts held in escrow were released to the Company and subscription receipts owed to subscribers were exchanged for shares (note 5).

h. Amounts due from payment processors

Amounts due from payment processors represent the funds held by the payment processors as part of their risk management to ensure there is adequate funds to honour the future withdrawals from the players.

i. Equipment

Equipment is stated at cost, net of accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated using the straight-line basis over the estimated useful life of the asset as follows:

- Computer equipment 5 years

The useful lives and methods of depreciation and the assets' residual values are reviewed at least annually, and the depreciation charge is adjusted prospectively, if appropriate.

An item of equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of net loss and comprehensive loss when the asset is derecognized.

j. Intangible assets

Intangible assets with finite lives that are acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use.

Other costs such as enhancements and routine maintenance are expensed as incurred.

Amortization is calculated using the straight-line basis over the estimated useful life of the asset as follows:

• Software (including licenses and integration)	5 years
• Domain names	5 years
• Customer contract	11 years

k. Liability for player loyalty bonuses

Liability for player loyalty bonuses reflect the liability for incentive points that are earned by players based on the volume of play and are redeemable for complimentary bets or wagers and/or cash. Bonuses are recognized as a liability measured at the amount payable on demand.

l. Redeemable preferred shares

The Company's redeemable preferred shares are classified as a compound financial instrument with a liability component as they are redeemable in cash by the holders and have an equity redemption feature. The redeemable preferred shares that allow the holder to request a redemption in common shares at a fixed price per common share results in a compound financial instrument with an equity and a liability component. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option.

The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is accreted to the redemption value using the effective interest rate method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest, losses and gains relating to the financial liability are recognized as period costs.

m. Convertible debenture / Proceeds from convertible debenture held in escrow

On December 19, 2022, the Company issued a convertible debenture. The convertible debenture allows the holder to convert the debenture into 24,500,000 common shares, 12,250,000 A warrants and 12,250,000 B warrants. The debenture carries interest at 8% which will be waived by the holder if the Transaction occurs within 90 days of the date of issue. The conversion feature of the convertible debenture requires the Company to deliver, in the future, a combination of shares and warrants. As a result, the conversion feature does not meet the definition of equity, the convertible debenture is therefore a financial liability in its entirety and is measured at fair value through profit and loss ("FVTPL"). On conversion, the value ascribed to the separate equity instruments will be allocated using the relative fair value method. The debenture was converted on March 3, 2023 (note 8).

n. Convertible debentures with conversion option

On October 31, 2023, the Company issued three-year, 8% unsecured convertible debentures of $5,000,000. Interest is payable quarterly in cash or, at the Company's option, in kind and capitalized to the carrying amount of the debenture. The convertible debentures allow the holders to convert the original principal amount of the debenture into a fixed number of common shares at $0.20 per share and to convert any capitalized interest into common shares at the market price of the shares on the last day of the respective interest period. The conversion of capitalized interest is into a variable number of common shares meaning the conversion feature is a derivative liability. On initial recognition, the derivative liability was recognized and the host financial liability was recognized as the residual of the proceeds received less the derivative liability. The derivative liability is remeasured at fair value at each reporting date (note 8).

o. Contingent consideration payable

Contingent consideration payable represent contingent earn-out on business combination. Contingent consideration payable that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration payable that is classified as a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, Financial Instruments, or IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

p. Share capital

Voting common shares and non-voting common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized, net of any tax effects, as a reduction from equity. For unit offerings that consist of multiple categories of equity, the proceeds from the issuance of units are allocated between voting common shares and share purchase warrants using the relative fair value method.

q. Share-based payments

The Company grants stock options to its employees, directors and consultants. Stock options vest over time in tranches and expire after various periods of time. For employees, and consultants providing services in exchange for share-based payments with vesting conditions, the fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model.

For consultants providing services in exchange for share-based payments without vesting conditions, the fair value of each grant is measured at the date of grant using the closing share price on the date of grant.

Share-based compensation expense is recognized over the vesting period of the award based on the number of awards expected to vest with an equal increase in the contributed surplus. The number of awards expected to vest is reviewed at each reporting period, with any changes recognized immediately as an adjustment to share-based compensation expense and contributed surplus.

If and when stock options are exercised, an increase in share capital is recognized equal to the consideration received and the fair value attributed to these options which is transferred from contributed surplus. Forfeited options are recognized immediately as an adjustment to share-based compensation expense and contributed surplus.

r. Restricted Share Units

The Company has a Share Unit Plan for directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of equity-settled restricted share units is measured at the grant date based on the market value of the Company's common shares on that date. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest with the offset credited to contributed surplus. The number of awards expected to vest is reviewed at each reporting date with any change recognized immediately as an adjustment to share-based compensation expense and contributed surplus.

When common shares are issued for restricted share units, the fair value attributed to these restricted share units is transferred from contributed surplus to share capital.

s. Warrants

All warrants issued under a unit financing arrangement are valued on the date of grant using the Black-Scholes pricing model, net of related issuance costs. Warrants meeting equity classification have been classified as an equity instrument within contributed surplus as they have a fixed exercise price, denominated in Canadian dollars, as well as a fixed number of equity instruments for which the exercise price will be exchanged.

If and when warrants are exercised, consideration received is credited to share capital and the fair value attributed to these warrants is transferred from contributed surplus to share capital. The fair value of expired warrants is reclassified from contributed to retained earnings or deficit.

t. Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The average number of shares is calculated by assuming that outstanding conversions were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

u. Business combinations

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value of the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustment to those provisional fair values effective as at the acquisition date. Incremental costs related to acquisitions are expensed as incurred. When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, Financial Instruments, or IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

v. Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable or recoverable is based on taxable profit or loss for the year. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding tax bases (known as temporary differences).

Deferred tax liabilities are generally recognized for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future years when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences).

Deferred tax assets are generally recognized for all temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future years when the carrying amount of the asset or liability is recovered or settled (deductible temporary differences) only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the years in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting year.

w. Financial Instruments

Financial assets

Initial Recognition and Measurement

The Company recognizes a financial asset when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost – Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. . Financial assets measured at amortized cost are comprised of cash and cash equivalents, amounts due from payment processors, and accounts receivable Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Fair value through other comprehensive income – Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income is calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss – Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets mandatorily measured at fair value through profit or loss.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different basis. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company’s claim to cash flows, and any features that modify consideration for the time value of money.

Impairment and derecognition

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for receivables from payment processors. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets’ contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the relative fair value.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Open bets are measured at fair value through profit and loss.

5. Use of estimates and judgments

The preparation of consolidated financial statements requires management to make estimates and exercise judgement in applying the Company’s accounting policies and to measure assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Information about the significant judgements made by management and the key source of estimation uncertainty are described in the following:

Judgements

Judgements has been exercised in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements:

- The ability of the Company to continue as a going concern – note 2.

- Significant judgment is needed to determine whether sports betting and online casino gaming transactions (gaming revenue) are within the scope of IFRS 9 or IFRS 15. To date, the Company only provides sports betting and online casino gaming transactions where it takes a position against the player, and thus all transactions are in the scope of IFRS 9. The Company has applied judgement when determining the primary obligor in respect of the Company's sports-betting and casino gaming contracts with its players.– note 10.

- Accounting for business combinations and the reverse take-over transaction – notes 6 and 7.

- Recognition of software intangible assets – note 13.

- Classification of redeemable preferred shares as either a liability or component of equity – note 14

- Classification of warrants as either a component of equity or a liability – note 15.

Assumption and estimation uncertainties

Information about assumption and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year is included in the following notes:

- note 11 – Fair value on open bets liability. These are estimated using the amount of the wagers and the average return to players for the month of December 2023.

- note 12 and 13 – Estimated useful lives of long-lived assets (equipment and intangible assets).

- notes 6 and 16 – Fair value of warrants. The Company uses the Black-Scholes option pricing model for valuation of the warrants issued to purchasers of its share capital. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate which correspondingly affects the Company's equity reserves.

- Note 8– Fair value of conversion feature derivative component of convertible debentures. The Company measures the conversion feature derivative at fair value on initial recognition and subsequent reporting dates using a valuation model. The fair values derived are sensitive to changes in the volatility and credit spread inputs in the model.

- note 7 – Estimated fair values of assets and liabilities acquired and contingent consideration in business combinations. The Company makes estimates of the fair values of assets and liabilities acquired as part of business combinations.

- note 17 – Fair value of share-based payments. The fair value of all share-based payments granted are determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of options.

6. Reverse Take-Over Transaction, Private Placement and Conversion of Convertible Debenture

Reverse Take-Over Transaction

On June 29, 2022, Baden and NorthStar entered into an Arrangement Agreement to execute an amalgamation by way of a reverse take-over. The Transaction closed on March 3, 2023. The Transaction was an arm's length transaction and resulted in a reverse take-over and change of control of the Company, by the shareholders of NorthStar.

As part of the Transaction:

- Immediately prior to the Transaction, all of NorthStar's outstanding common shares were subdivided on a 1 for 736.68 basis.

- NorthStar's common shares outstanding following the share split were exchanged for post-consolidation common shares of the Company on a one for one basis. Accordingly, common shares of pre-close NorthStar were exchanged for 117,737,671 common shares of the Company.

- In addition, the NorthStar Redeemable Preferred Shares were also exchanged on a one-for-one basis for redeemable preferred shares of the Company and all of the outstanding convertible securities of NorthStar, in accordance with their terms, ceased to represent a right to acquire NorthStar common shares and instead now provide the right to acquire common shares of the Company on a one-for-one basis post-consolidation and on the same economic terms and conditions.

- The Company, formerly Baden, also completed a consolidation of its outstanding common shares immediately before the Transaction on a 3.333333:1 basis.

- Under the Transaction, former security holders of the Company, formerly Baden, were issued 4,181,430 common shares of the Company and 1,222,680 warrants having an exercise price of $0.33 and 600,000 warrants having an exercise price of $0.43. All outstanding options of the Company (formerly Baden Resources Inc.) outstanding prior to the Transaction were cancelled prior to the execution of the Transaction.

Given that the Company, formerly Baden, did not meet the definition of a business, prior to the Transaction, the reverse take-over is accounted for as an asset acquisition of the Company, formerly Baden, by NorthStar. Accordingly, the comparative figures presented are those of NorthStar for the respective comparative periods in 2022 and all per share numbers have been restated on a retroactive basis to reflect NorthStar’s pre-transaction share split.

The fair value of the net assets acquired under the Transaction on March 3, 2023 and the public listing cost expensed are summarized as follows:

(Expressed in Canadian dollars)

Fair value of 4,181,430 common shares issue (a)	$2,090,715
Fair value of 1,222,680 warrants exercisable at $0.33 issued (b)	268,990
Fair value of 600,00 warrants exercisable at $0.43 issued (c)	102,000
Total Purchase Price	$2,461,705
Cash and cash equivalents	$ 106,971
Accounts receivable	6,171
Accounts payable and accrued liabilities	(16,057)
Net assets assumed	$ 97,085
Public listing	2,364,620
	2,461,705

(a) The total consideration has been estimated based on $0.50 per common share.
(b) The fair value on the date of the Transaction of each warrant exercisable at $0.33 issued to former Baden warrant holders has been estimated at $0.22 resulting in a total estimated fair value of $268,990. The estimated fair value of these warrants was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50, ii) exercise price $0.33 iii) the expected life of each warrant of 0.73 years; iv) the risk- free rate of 3.85%; v) the dividend yield of nil; and vi) expected volatility of 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.
(c) The fair value on the date of the Transaction of each warrant issued to former Baden warrant holders, exercisable at $0.43 has been estimated at $0.17 resulting in a total estimated fair value of $102,000. The estimated fair value of these warrants was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50, ii) exercise price $0.43 iii) the expected life of each warrant is 0.73 years; iv) the risk- free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

The fair value of consideration paid exceeds the fair value of net assets assumed by $2,364,620 which is treated as public company listing costs and expensed in the year ended December 31, 2023. Public listing costs for year ended December 31, 2023 also include $424,696 of accounting and legal expenses related to the Transaction. The public listing costs have been included in the consolidated statement of loss and comprehensive loss.

Private Placement

Immediately prior to the closing of the Transaction, subscription receipts received and held in escrow as at December 31, 2022, for common shares at a price of $0.50 per share, totalling

$5,075,000 were released from escrow and were exchanged for the issuance of 10,150,000 post-split common shares of the Company as the escrow conditions have been met upon successful completion of the Transaction.

Proceeds released from escrow on the close of the Transaction, were net of agency cash fees of $304,500, and $160,000 in broker legal fees. Additionally, the Company issued 609,000 broker warrants to the agents with an exercise price of $0.50. The value of each broker warrant has been estimated at $0.20 resulting in a total estimated fair value of $121,800 and is classified in contributed surplus. The estimated fair value of broker warrants was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50, ii) exercise price $0.50 iii) the expected life of each warrant is 2 years; iv) the risk-free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

In addition, NorthStar incurred $219,278 in respect of accounting and legal fees in respect of the Private Placement.

Convertible Debenture

Immediately prior to the closing of the Transaction, the convertible debenture, as noted in 3(m) that was entered into with Playtech plc on December 19, 2022, was converted into a total of 24,500,000 common shares of the Company, as well as 12,250,000 A warrants which are exercisable at $0.85 for a period of 5 years from March 3, 2023 and 12,250,000 B warrants which is exercisable at $0.90 for a period of 5 years from March 3, 2023. Also concurrent with the conversion, the remaining, $7,250,000 of proceeds from the convertible debenture, which was held in escrow, was released.

The value of each A warrant, exercisable at $0.85, has been estimated at $0.25 resulting in a total estimated fair value of $3,057,167. The estimated fair value of warrants was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50, ii) exercise price $0.85 iii) the expected life of each warrant is 5 years; iv) the risk-free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

The value of each B warrant, exercisable at $0.90, has been estimated at $0.24 resulting in a total estimated fair value of $2,980,013. The estimated fair value of warrants was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50, ii) exercise price $0.90 iii) the expected life of each warrant is 5 years; iv) the risk-free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

Upon conversion, the carrying value of the convertible debenture was derecognized and recorded in equity components using the relative fair value of common shares and warrants issued. The value allocated to the common shares issued was $8,205,885, while the value allocated to the A warrants and B warrants was $2,047,899 and $1,996,216.

7. Acquisition of Slapshot Media Inc.

On May 8, 2023, the Company acquired 100% of the issued and outstanding shares of Slapshot, a leading Canadian iGaming marketing and managed services company that specialized in providing managed services to Spreads.ca an iGaming site owned and operated by the Abenaki Council of Wolinak. The goal of this strategic acquisition is to access the Canadian market outside of Ontario, and materially expand the addressable market available to the Company. This strategic acquisition is highly complementary to the Company's current online casino and sportsbook offerings. Spreads.ca which has changed the name to Northstarbets.com in November 2023 is not and will not be made available in Ontario and Northstarbets.ca will continue to be the only online casino and sports book offered by NorthStar in Ontario. The Company acquired 100% of Slapshot's issued and outstanding shares plus an adjustment of $300,000 for working capital, in exchange for 3,818,181 common shares of NorthStar on May 8, 2023. The total consideration paid based on the closing price of NorthStar's shares on May 8, 2023 was $1,737,272. The former owners of Slapshot are also be entitled to a separate earn-out of up to $500,000 based on revenue performance of Slapshot for the 12-month period following the closing, payable quarterly in Company common shares with a deemed value per share equal to the greater of: (i) a 20-day volume weighted average price calculated at the end of each applicable quarter; and (ii) $0.45 per share. On acquisition date, the contingent consideration payable included the estimated full value of $500,000. The value has been remeasured to its estimated fair value of $410,000 based on revenue performance of Slapshot as noted above plus an additional $78,482 in respect of additional working capital.

Following the acquisition, the Company controls Slapshot and for accounting purposes the Company is deemed the acquirer. The acquisition of Slapshot is accounted for in accordance with IFRS 3 as the operations of Slapshot constitute a business. As a result, the business combination is accounted for using the acquisition method of accounting and Slapshot's identifiable net assets acquired are recognized at their fair value. The Slapshot SPA has been accounted for at the fair value of the consideration provided to Slapshot, consisting of cash, common shares, the deferred payment liability and the settlement of a pre-existing relationship. In respect of the acquired customer contracts, significant assumptions used in the valuations are the forecasted revenue and the discount rate.

The Company's deferred payment liability to the former shareholders of Slapshot is carried at fair value. Management uses current and historical operational results, estimates and probabilities of future earnings and discounted cash flows to estimate the earn-out payment.

(Expressed in Canadian dollars)

The following table summarizes the amounts of assets acquired, liabilities assumed and consideration paid, at the date of acquisition:

Fair Value of Identifiable Net Assets:	
Cash and cash equivalents	$ 183,888
Player balances on hand	$ 103,925
Amounts due from payment processors	$ 189,845
Accounts receivable	$ 140,539
Contract with Abenaki of the Wolinak	$1,895,989
Accounts payable and accrued liabilities	(184,507)
Liability for player deposits on hand	(103,925)
	$2,225,754
Fair value of common shares issued	$1,737,272
Consideration liability	$ 410,000
Working capital	78,482
Total Purchase Price	$2,225,754

At December 31, 2023, the Company revalued the contingent consideration payable and concluded that certain earn out targets as per the agreement were not for met, which resulted in an adjustment to earn out of $390,228. The gain on remeasurement of the contingent consideration payable has been recognized on the statement of loss and comprehensive loss.

From acquisition date to December 31, 2023, Slapshot contributed revenue of $465,247 and loss of $(853,270). If the acquisition had occurred on January 1, 2023, management estimates that consolidated revenue would have been 19,653,718 and consolidated loss for the year would have been $(25,645,054).

8. Private Placement and Convertible Debenture

On October 31, 2023, the Company completed a private placement financing before legal cost -- of $10,273,508, consisting of common shares, warrants and convertible debentures (the “October 2023 Offering”).

Pursuant to the October 2023 Offering, the Company issued 29,528,458 units at a price of $0.175 per Unit, with each Unit comprised of one common share of the Company (a “Common Share”), one half warrant to acquire Common Shares exercisable at $0.36 per full warrant (each such whole warrant an “A Warrant”), and a further half warrant to acquire Common Shares exercisable at $0.40 per full warrant (each such whole warrant a “B Warrant”), in each case for a period of five years.

The value of each A warrant, exercisable at $0.36, has been estimated at $0.05 resulting in a total estimated fair value of $836,640.

The value of each B warrant, exercisable at $0.40, has been estimated at $0.04 resulting in a total estimated fair value of $800,301.

The estimated fair values of warrants were calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50, ii) exercise price $0.20 iii) the expected life of each warrant is 5 years; iv) the risk-free rate is 3.58%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

As part of the October 2023 offering the Company has also issued three-year, 8% unsecured convertible debentures (“Convertible Debentures”) in the aggregate principal amount of $5,167,480) Interest is payable quarterly in cash or, at the Company’s option, in kind and capitalized to the carrying amount of the debenture. The Convertible Debentures allow the holders to convert the original principal amount of the debenture into a fixed number of common shares at $0.20 per share and to convert any capitalized interest into common shares at the market price of the shares on the last day of the respective interest period. The conversion of capitalized interest is into a variable number of common shares meaning the conversion feature is a derivative liability. On initial recognition, the derivative liability was recognized at its fair value of $2,190,535 and the host financial liability was recognized as the residual of the proceeds received less the derivative liability at an amount of $2,809,465. The derivative liability is remeasured at fair value at each reporting date, which resulted in a gain on remeasurement of $1,313,659 in the year ended December 31, 2023.

The measurement of the conversion feature assumes that all interest amounts are capitalized to the loan for the term of the debenture. The model used to measure the conversion feature incorporated the following inputs and the fair values derived were discounted to present value using a marginal cost of borrowing.

(Expressed in Canadian dollars)

	On date of issuance	At December 31, 2023
Stock price	$0.08	$0.04
Exercise prices	$0.20 for the principal and $0.035 and $0.56 for the capitalized interest	$0.20 for the principal and $0.035 and $0.56 for the capitalized interest
Risk free interest rate	4.08%	3.58%
Remaining term	36 months for the principal and the remaining term for each capitalized interest period	36 months for the principal and the remaining term for each capitalized interest period
Volatility	71%	71%

The Company incurred $81,936 legal costs related to the private placement. Of the $ 81,986 legal costs, $40,968 was allocated to common shares and warrants, $20,484 was deferred as transaction cost and amortized over three years and the balance $20,484 was expensed in year ended 31, 2023.

9. New and revised IFRS Standards applied for the first time and issued but not yet effective

The Company's accounting policies as described in note 4, Material Accounting Policies, have been applied consistently to all periods presented in these consolidated financial statements.

The following new standards, interpretation or amendment were adopted for the first time on January 1, 2023:

IAS 1 – Presentation of Financial Statements ("IAS 1")

In February 2021, the IASB issued amendments to IAS 1 to assist entities in determining which accounting policies to disclose in the financial statements. The amendments to IAS 1 require that an entity disclose its material accounting policies, instead of its significant accounting policies. The amendments apply to annual reporting periods beginning on or after January 1, 2023. There was no material impact from the adoption of this amendment on the Company's consolidated financial statements.

In January 2020, IAS 1 was amended to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023 and are to be applied retrospectively. There was no material impact from the adoption of this amendment on the Company's consolidated financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, revenue or expense, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. The Company did not adopt the amendments early.

The following are new standards, interpretation or amendment that are issued but not yet effective:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements (the 2020 amendments), to clarify the classification of liabilities as current or non-current. On October 31, 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) (the 2022 amendments), to improve the information a company provides about long-term debt with covenants. The 2020 amendments and the 2022 amendments (collectively "the Amendments") are effective for annual periods beginning on or after January 1, 2024. The Company is assessing the impact of this amendment.

(Expressed in Canadian dollars)

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

On May 25, 2023, the IASB issued Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) for companies to provide disclosures about its supplier finance arrangements. The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted. The Company is assessing the impact of this amendment.

10. Revenues

The Company's revenue disaggregated by line of business is as follows:

	Year ended Dec 31, 2023	Year ended Dec 31, 2022
Gaming revenue from wagered games (sports-betting and casino transactions)	$ 18,948,143	$ 5,744,029
Gaming revenue from administered games	-	-
Sub-total Gaming revenue	$ 18,948,143	$ 5,744,029
Other revenue from managed services	465,247	-
Revenue	$ 19,413,390	$ 5,744,029

11. Fair value of open bets liability

As at December 31, 2023, the open bets liability for unsettled wagers was $10,171 (December 31, 2022 - $40,126). Open bets liability is a derivative financial instrument and during the year December 31, 2023, the fair value remeasurement gain of $1,803 (year ended December 31, 2023 – fair value remeasurement gain of $8,203) was recorded in gaming revenue from wagered games. Open bets are fair valued using Level 3 inputs in the fair value hierarchy, using the amount of the wagers and the average return to players for the month of December 2023 (note 20).

(Expressed in Canadian dollars)

12. Equipment

Cost	Computer Equipment	Total
Balance, December 31, 2021	$ 30,649	$ 30,649
Additions	7,642	7,642
Balance, December 31, 2022	38,291	38,291
Additions	14,970	14,970
Balance, December 31, 2023	$ 53,261	$ 53,261
Amortization		
Balance, December 31, 2021	$ 1,314	$ 1,314
Change for the year	6,839	6,839
Balance, December 31, 2022	$ 8,153	$ 8,153
Change for the year	$ 9,178	$ 9,178
Balance, December 31, 2023	$ 17,331	$ 17,331
Net Book Value		
December 31, 2022	$ 30,138	$ 30,138
December 31, 2023	$ 35,930	$ 35,930

(Expressed in Canadian dollars)

13. Intangible assets

Cost	Software	Domain Names	Customer Contract	Total
Balance, December 31, 2021	$ 32,283	$ 21,560	$ -	$ 53,843
Additions	473,002	10,038	-	483,040
Balance, December 31, 2022	505,285	31,598	-	536,883
Additions	245,368	-	-	245,368
Acquisitions	-	-	1,895,989	1,895,989
Balance, December 31, 2023	$ 750,653	$ 31,598	$ 1,895,989	$ 2,678,240
Amortization				
Balance, December 31, 2021	$ -	$ -	$ -	$ -
Change for the year	59,004	4,213	-	63,217
Balance, December 31, 2022	$ 59,004	$ 4,213	$ -	$ 63,217
Change for the year	$ 118,741	$ 6,320	$ 112,051	$ 237,112
Balance, December 31, 2023	$ 177,745	$ 10,533	$ 112,051	$ 300,329
Net Book Value				
December 31, 2022	$ 446,281	$ 27,385	$ -	$ 473,666
December 31, 2023	$ 572,908	$ 21,065	$ 1,783,938	$ 2,377,911

14. Redeemable preferred shares:

The authorized share capital of the Company consists of an unlimited number of redeemable preferred shares (“Redeemable Preferred Shares”).

In connection with the Transaction, the 78,000 redeemable preferred shares of NorthStar were exchanged for 78,000 redeemable preferred shares of the Company. Holders of Redeemable Preferred Shares have no right to receive notice of any meeting of shareholders of the Company, to attend such meeting or to vote thereat. Holders of Redeemable Preferred Shares are entitled to receive an annual non-cumulative dividend of 6% on the redemption value of $100 per share (the “Redemption Amount”) of the preferred shares if and when declared by the Board of Directors. The Board has not declared any such dividends during the year ended December 31, 2023 (Year ended December 31, 2022 – $nil).

The Redeemable Preferred Shares are redeemable at the option of either the Company or the holder. While these redeemable preferred shares are redeemable at the option of the holder, the British Columbia Business Corporations Act prevents redemptions where such redemption would cause an insolvency event for the Company.

Under a separate agreement, the holders of 50,000 of the redeemable preferred shares can request a redemption in Common shares at a price of $0.75 per common share instead of cash representing up to 6,666,666 common shares.

(Expressed in Canadian dollars)

For accounting purposes, the redeemable preferred shares are separated into their liability and equity components. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the redeemable preferred shares assuming an 11% discount rate, which was the estimated rate for a similar instrument without a conversion feature. The residual value is recognized in equity as the conversion feature. The fair value of the liability component was not remeasured as of December 31, 2023.

The following is a summary of the Company's redeemable preferred shares:

Redeemable Preferred Shares	Number		Redeemable preferred shares liability		Equity component of redeemable preferred shares
Balance, December 31, 2021	28,000	$	2,800,000	$	-
Issued during the period	50,000		4,044,014		955,986
Subtotal	78,000	$	6,844,014	$	955,986
Interest accretion during the period			138,903		-
Balance, December 31, 2022	78,000	$	6,982,917	$	955,986
Balance, December 31, 2022	78,000	$	6,982,917	$	955,986
Redemption, May 31, 2023 (b)	(11,700)		(1,078,344)		(143,398)
Subtotal	66,300	$	5,904,573	$	812,588
Interest accretion during the period			577,913		-
Balance, December 31, 2023	66,300	$	6,482,486	$	812,588

(a) On February 17, 2023, the Company received an irrevocable waiver from the holder of 66,300 of the preferred shares indicating that it has not and will not seek to redeem the preferred shares of the Company for a period of 18 months years from the date on which the common shares of the Company trades on the TSX Venture Exchange.

(b) On May 31, 2023, the Company entered into an agreement with the holders of 11,700 redeemable preferred shares, whereby 11,700 redeemable preferred shares were redeemed in exchange for the issuance of 2,127,273 common shares. No cash was exchanged in this transaction.

15. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Common Shares

During the year ended December 31, 2023, the Company:

(a) On January 20, 2023**,** issued 4,051,740 common shares on the exercise of warrants with an exercise price of $0.0857 for proceeds of $347,270 (note 15). In relation to the exercise, the fair value of the warrants of $55,131 was reallocated from contributed surplus to share capital.

(b) In connection with the Transaction on March 3, 2023 (note 5), exchanged all 8,471,820 non-voting common shares of NorthStar for voting shares of the Company.

(c) In connection with the Transaction on March 3, 2023 (note 5), issued 4,181,430 common shares to the former shareholders of Baden at a value of $2,090,715. The fair value of the warrants of $370,390 were allocated to contributed surplus. In addition, in conjunction with the Transaction, another 63,008 common shares were issued to settle previously outstanding shares in Baden for nominal proceeds.

(d) In connection with the Transaction on March 3, 2023 (note 5), issued 10,150,000 common shares for the private placement financing for net proceeds of $4,225,546 ($5,075,000, before issuance costs and broker warrants),and the remaining proceeds of $124,290 were allocated to contributed surplus for he warrants issued.

(e) In connection with the Transaction on March 3, 2023 (note 5), issued 24,500,000 common shares on the conversion of the convertible debenture. The value of the shares issued was $8,205,885 (note 4). The warrants remain outstanding. The fair value of the warrants of $4,044,115 were reallocated to contributed surplus.

(f) On March 31, 2023, issued 282,000 common shares on the exercise of warrants with an exercise price of $0.33 for proceeds of $93,060 (note 15). In relation to the exercise, the fair value of the warrants of $62,040 was reallocated from contributed surplus to share capital.

(g) On May 8, 2023, issued 3,818,181 common shares in connection with the acquisition of Slapshot (note 1 and note 6).

(h) On May 9, 2023, issued 87,000 common shares on the exercise of warrants with an exercise price of $0.33 (note 15). In relation to the exercise, the fair value of the warrants of $19,140 was reallocated from contributed surplus to share capital.

(i) On May 31, 2023, issued 2,127,273 common shares in exchange for the 11,700 redeemable preference shares.

(j) On October 31, 2023, issued 29,528,458 common shares for the private placement financing (note 7) for net proceeds of $3,515,323 ($5,227,251 before legal costs incurred). In relation to the financing $1,611,189 was classified contributed surplus to reflect the fair value of the warrants issued as part of the financing arrangement. The warrants remain outstanding.

During the year ended December 31, 2022, the Company:

(a) On January 27, 2022, the Shareholders of the Company approved and ratified a share option plan (note 15). On the same day, 9,576,840 stock options were issued, 3,007,864 share options were exercised for non-voting common shares.

(b) On February 11, 2022, the Company offered and sold a total of 8,103,480 voting common shares and 4,051,740 warrants (note 15) resulting in gross proceeds of $555,611. The Company incurred cash share issuance cost of $11,930 relating to the offering. The net proceeds from the offering are expected to be used for working capital and general corporate purposes. Each common share sold was accompanied by a ½ warrant (note 13) to purchase additional common shares. Each whole warrant entitles the holder to purchase one common share at $0.0857 per share on the earlier of i) the Company completing a going public transaction or ii) the merger or sale of all or substantially all of the assets of the Corporation.

(c) On March 23, 2022, 1,387,168 share options were exercised for non-voting common shares.

(d) On March 28, 2022, the Company offered and sold a total of 23,442,631 voting common shares resulting in gross proceeds of $4,999,873. The Company incurred cash share issuance cost of $329,568 relating to the offering.

(e) On September 14, 2022, an additional 5.534 share options were exercised for non-voting common shares for nominal proceeds.

(Expressed in Canadian dollars)

16. Warrants

The following schedule summarizes the warrant transactions for the year ended December 31, 2023:

Warrants	Number		Value
Balance, January 1, 2022	0		0
Issued			
Exercisable at $0.0136	4,051,740	$	55,131
Balance, December 31, 2022	4,051,740	$	55,131
Balance, January 1, 2023	4,051,740	$	55,131
Issued			
Exercisable at $0.33 (b)	1,222,680		268,990
Exercisable at $0.43 (b)	600,000		102,000
Exercisable at $0.50 (c)	609,000		124,290
Exercisable at $0.85 (d)	12,250,000		2,047,899
Exercisable at $0.90 (d)	12,250,000		1,996,216
Exercisable at $0.36 (g)	14,764,229		836,640
Exercisable at $0.40 (g)	14,764,229		800,301
Expired	(1,453,680)		(289,810)
Exercised (a), (e), (f)	(4,420,740)		(136,311)
Balance, December 31, 2023	54,637,458	$	5,805,346

As at December 31, 2023, the Company had the following warrants outstanding

Number of Warrants	Exercise Price	Expiry Date
609,000	$0.50	March 3, 2025
12,250,000	$0.85	March 3, 2028
12,250,000	$0.90	March 3, 2028
14,764,229	$0.36	October 31, 2028
14,764,229	$0.40	October 31, 2028

During the year ended December 31, 2023, the Company:

(a) On January 20, 2023, issued 4,051,740 common shares on the exercise of warrants for proceeds of $347,270 (note 13). In relation to the exercise, the fair value of the warrants of $55,131 was reallocated from contributed surplus to share capital.

(b) In connection with the Transaction on March 3, 2023, the Company issued 1,222,680 warrants exercisable at $0.33 and 600,000 warrants exercisable at $0.43 to former shareholders of Baden (note 4). The fair value of the warrants issued of $370,990 was allocated to contributed surplus (note 4).

(c) In connection with the private placement on March 3, 2023, issued 609,000 warrants to agents (note54). The fair value of the warrants issued of $124,390 was allocated to contributed surplus (note 4).

(d) In connection with the conversion of the convertible debenture on March 3, 2023, issued to Playtech 12,250,000 warrants exercisable at $0.85 and 12,250,000 warrants exercisable at $0.90 (note 4). The fair value of the warrants issued of $4,044,115 ($2,047,899 for A warrants and $1,996,216 for B warrants) was allocated to contributed surplus (note 4).

(e) On March 31, 2023, issued 282,000 common shares on the exercise of warrants for proceeds of $93,060 (note 13).

(f) On May 9, 2023, issued 87,000 common shares on the exercise of warrants for proceeds of $28,997 (note 13).

(g) In connection with the private placement on October 31, 2023, issued 14,764,229 warrants exercisable at $0.36 and 14,763,229 warrants exercisable at $0.40 to Playtech, senior management and directors and agents. The fair value of the warrants issued of $546,868 and $454,003 was allocated to contributed surplus (note 7).

17. Share-based payment arrangements:

At December 31, 2023, the Company had the following share-based payment arrangements:

The Equity Compensation Plan adopted by the Company in 2022 includes options, restricted share units, performance share units, deferred share units and dividend-equivalent rights (collectively, “Awards”).

Stock Options

Under the Equity Compensation Plan, the maximum number of Common Shares issuable from treasury pursuant to stock option Awards shall not exceed 10% of the total outstanding Common Shares. A further 15,656,910 Common Shares are reserved for all other types of Awards. The options can be granted for a maximum of 10 years and vest at the discretion of the Board of Directors. Vesting is determined by the Board.

(Expressed in Canadian dollars)

The following schedule summarizes the stock option transactions for the period ended December 31, 2023:

	Number of options		Weighted average exercise price
Outstanding, January 1, 2022	-	$	-
Granted	20,000	$	54.99
Exercised	(11,500)	$	0.0001
Cancelled or forfeited	(1,500)	$	0.0001
Outstanding, December 31, 2022	7,000		157.12
Outstanding,January 1, 2023	5,156,760	$	0.21
Granted	8,058,542	$	0.50
Exercised	(12,278)	$	0.21
Cancelled or forfeited	(1,621,433)	$	0.21
Outstanding, end of period	11,581,591	$	0.40
Vested and exercisable, end of period	3,951,539	$	0.37
Unvested	7,630,274	$	0.42

Options outstanding as of January 1, 2023 are restated to reflect the share split of 736.68:1 of NorthStar Gaming Inc. (note 5).

On March 3, 2023, 8,058,542 stock options were granted to employees and contractors in connection with the Transaction. The exercise price of these options is $0.50. Of these options, 2,054,601 vested immediately. The remaining 6,003,941 options vest one year from the date of grant.

The value of each stock option that vests immediately is $0.25 resulting in a total estimated fair value of $505,875. The estimated fair value of the stock-options was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50, ii) exercise price $0.50 iii) the estimated expected life of each stock option is 3 years; iv) the risk—free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

The value of each stock option that vests over one year is $0.28 resulting in a total estimated fair value of $1,677,450. The estimated fair value of the stock-options was calculated using the

(Expressed in Canadian dollars)

Black-Scholes option pricing model with the following assumptions: i) share price $0.50, ii) exercise price $0.50 iii) the estimated expected life of each stock option is 4 years; iv) the risk—free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

At December 31, 2023, the following table provides the outstanding options at their respective exercise prices and the related weighted average remaining contractual life:

Number outstanding	**Exercise Price**	**Weighted average remaining contractual life (in years)**
4,259,728	$0.21	4.41
7,321,863	$0.50	4.17

Restricted Share Units

On April 6, 2023, the Company issued 12,135,827 restricted share units to directors, officers, employees and consultants, of which 9,426,154 were issued to directors and officers. These restricted share units are expected to be settled through the issuance of 12,135,827 common shares of the Company.

These restricted share units vest one year from the date of grant. The fair value of these restricted share units issued was $0.55 per restricted share unit using the following inputs and assumptions: (i) quoted market price on the date of issuance - $0.55 and, (ii) expected forfeiture rate - 30%.

The expenses related to the vesting of RSUs for year ended December 31, 2023 was $3,426,348 (2022 - $nil).

(Expressed in Canadian dollars)

18. Loss per share:

The following table sets forth the calculation of basic and diluted loss per share:

	Twelve months ended December 31, 2023	Twelve months ended December 31, 2022
Numerator:		
Loss for the period	(25,475,646)	(20,197,035)
Denominator:		
Weighted average number of shares:		
Basic and diluted	160,544,233	104,995,361
Loss per share:		
Basic and diluted	(0.16)	(0.19)

All per share numbers used in the calculation of the denominator have been adjusted on a retroactive basis to reflect NorthStar's pre-transaction share split on March 3, 2023 (note 5).

During the years ended December 31, 2023 and December 31, 2022, outstanding stock options, warrant, RSUs redeemable preferred shares, and convertible debenture were excluded from the computation of diluted loss per share since their effect would be anti-dilutive. The weighted average number of shares outstanding was calculated as the weighted average number of shares outstanding pre-acquisition of Northstar through to the date of acquisition, plus the weighted average number of shares outstanding of the Company from March 3, 2023 through June 30, 2023.

19. Related party transactions:

Playtech

Playtech obtained significant influence over the Company as of March 3, 2023. The Company paid $ $3,835,388 to Playtech during the year ended December 31, 2023 (January 1, 2022 – December 31, 2022 - $857,619) for service provider fees. Service provider fees reflect fees that the Company pays to Playtech in respect of its iGaming platform and ancillary services including managed services fees. Service provider fees are recorded based on the level of transactions and contractual amounts and are expensed as incurred.

The Company owed $1,769,414 to Playtech at December 31, 2023 in respect of trade accounts payable and accrued liabilities which are due on 30 day payment terms and are non-interest bearing (December 31, 2022 - $555,730).

In addition, on October 31, 2024, the Company completed a private placement financing of $10,257,585, consisting of common shares, warrants and convertible debentures (note 7).

TorStar Corporation

The Company paid $1,461,462 to Torstar, a company under common control, during the year ended December 31, 2022 for advertising services. The Company also paid $230,318 to Torstar during the year ended December 31, 2022 in respect of technology and general and administrative services pursuant to a managed services agreement. The Company owed $1,381,103 to Torstar at December 31, 2022 in respect of trade accounts payable and accrued liabilities which are due on 30 day payment terms and are non-interest bearing. (December 31, 2021 – the Company had a receivable from Torstar of $1,160,011).

In addition, On September 9, 2022, the Company issued 50,000 redeemable preferred shares valued at $100.00 per share to Torstar in exchange for gross proceeds of $5,000,000. These redeemable preferred shares are convertible by the holder into Common shares at a price of $552.51 per common share at the holder's discretion. In connection with this transaction, $1,222,300 of trade accounts payable due to Torstar was settled and the Company received net proceeds of $3,777,700 (note 11).

TorStar Corporation is no longer a related party as both TorStar and NorthStar Gaming Holdings are not under common control.

Key Management Personnel

The Company's key management personnel have authority and responsibility for overseeing, planning, directing, and controlling the activities of the Company. Key management personnel include members of the Board of Directors, Chief Executive Officer, Chief Corporate Officer and the Chief Financial Officer. Compensation provided to key management during the year ended December 31, 2023 was $ 1,547,514 (December 31, 2022 - $1,636,986). Post-employment benefits expense and share based compensation expense were $27,457 and $2,068,417 respectively during the year ended December 31, 2023 (December 31, 2022 – $7,246 and $96,750)

(Expressed in Canadian dollars)

20. Financial instruments and capital management:

(a) Classification and fair values of financial instruments:

The following table sets out the Company's classification and carrying amount, together with the fair value, for each type of financial asset and financial liability as at December 31, 2023 and December 31, 2022:

	December 31, 2023		December 31, 2022	
Classification	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Amortized cost:				
Cash and cash equivalents	$ 3,874,079	$ 3,874,079	$ 1,178,977	$ 1,178,977
Restricted cash related to performance guarantee	271,000	271,000	100,000	100,000
Player deposits on hand	850,224	850,224	538,959	538,959
Amounts held for Abenaki Council of Wolinak	125,718	125,718		
Amount due from payment processor	3,904,085	3,904,085	161	161
Accounts receivable	573,951	573,951	1,394,866	1,394,866
Subscription receipts held in escrow (note 5)	-	-	5,075,000	5,075,000
Proceeds from convertible debenture held in escrow (note 5)	-	-	7,250,000	7,250,000
Prepaid expenses and deposits	1,010,321	1,010,321	1,053,961	1,053,961
Financial liabilities:				
Amortized cost:				
Accounts payable and accrued liabilities	$ 7,777,204	$ 7,777,204	$ 6,401,719	$ 6,401,719
Subscription receipts owed to subscribers	-	-	5,075,000	5,075,000
Due to related party	1,769,414	1,769,414	1,381,103	1,381,103
Liability for player deposits on hand	838,250	838,250	490,630	490,630
Open bets liability (note 10)	10,171	10,171	40,126	40,126
Liability for player loyalty bonuses	129,636	129,636	19,400	19,400
Amount due to Abenaki Council of Wolinak	125,718	125,718		
Convertible debenture	3,020,100	3,020,100	12,250,000	12,250,000
Deferred payment liability	78,482	78,482	-	-
Current portion redeemable preferred shares (note 13)	6,482,486	6,482,486	6,982,917	6,982,917
Fair value through profit and loss				
Deferred payment liability	19,773	19,773		
Conversion feature derivative (note 22)	911,951	911,951		

The carrying values of cash and cash equivalents, restricted cash related to performance guarantee, player deposits on hand, subscription receipts held in escrow, proceeds from convertible debenture held in escrow, accounts receivable, amounts due from payment processor, accounts payable and accrued liabilities, subscription receipts owed to subscribers, liability for player deposits on hand, due to related party, player loyalty bonuses, convertible debenture and redeemable preferred shares approximate their fair values due to the nature of these financial instruments and the short settlement cycle that is expected for these financial assets and liabilities.

The fair value of open events liability is determined using Level 3 fair value measurements.

The Company, when applicable, provides disclosure of the three-level hierarchy that reflects the significance of the inputs used in making the fair value measurement. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - inputs are quoted prices in active markets for identical assets and liabilities.
- Level 2 - inputs are based on observable market data, either directly or indirectly other than quoted prices; and includes the mark to market on open events. This is calculated using the published odds of the event at the date of the financial statements.
- Level 3 - inputs are not based on observable market data.

(b) Risk Management:

The Company has exposure to the following risks:

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In the normal course of business, the Company is exposed to credit risk from its cash and cash equivalents and receivables. The maximum exposure to credit risk at the reporting date is the carrying value of these financial assets. The Company also is exposed to credit risk from its payment processor which transfers funds it receives to the Company's account on a daily basis.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient balances in cash, managing credit risk as outlined below and raising additional capital. The Company is exposed to this risk mainly in respect of accounts payable and accrued liabilities which are all contractually due within three months or less.

The Redeemable Preferred Shares are callable on demand by the holders. While these preferred shares are redeemable at the option of the holder, the British Columbia Business Corporations Act prevents redemptions where such redemption would cause an insolvency event for the Company (note 14).

(c) Capital management:

The Company's capital management objectives are to maintain financial flexibility in order to preserve its capacity to meet its financial commitments, to meet its potential obligations resulting from internal growth and acquisitions and to the extent possible, pay dividends.

The Company defines capital as total equity and redeemable preferred shares which is consistent with December 31, 2022. At December 31, 2023, capital under management was a deficit of $1,657,478 (December 31, 2022 – deficit of $8,562,250) as it was in its early stage of operations (note 2).

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, subject to capital market conditions, the Company may elect to adjust the amount of debt outstanding or issue new shares.

In connection with the launch of operation of the Company's online gaming site, the Company also entered into an agreement with iGaming Ontario, a subsidiary of the AGCO, effective May 9, 2022. As per the terms of the agreement, the Company remits 100% of the funds from gross gaming revenues to iGaming Ontario and iGaming Ontario then remits approximately 80% of those funds back to the Company. The Company is not subject to any other external capital requirements.

(Expressed in Canadian dollars)

21. General and administrative expense classified by nature

	Year ended December 31, 2023	2022
Salaries, other short-term benefits and contractors	$ 4,767,003	$ 4,563,893
Professional and consulting fees	2,708,683	1,025,423
Other administrative expenses	2,650,569	818,601
Insurance	1,209,442	470,485
	$ 11,335,697	$ 6,878,402

22. Income Taxes

Deferred tax expense (recovery)

	Year ended December 31, 2023	Year ended December 31, 2022
Origination and reversal of temporary differences of continuing operations	$ -	$ -
Change in unrecognized losses and deductible temporary differences	$ -	$ -
	$ -	$ -

Income tax rate reconciliation

The effective income tax rate differs from the statutory rate that would be obtained by applying the combined Canadian federal and provincial income tax rate to income (loss) before income taxes. These difference result from the following items:

	Year ended December 31, 2023	Year ended December 31, 2022
Net loss	$ (25,475,646)	$ (20,197,035)
Combined federal and provincial income tax rates	26.5%	26.5%
Computed expected tax recovery	(6,751,046)	(5,352,214)
Increase resulting from:		
Current year's losses and other differences not recognized	5,328,153	5,114,916
Non-deductible items and other items	1,422,893	237,298
As at December 31	$ -	$ -

(Expressed in Canadian dollars)

The statutory income tax rate was 26.5% for 2023 and 26.5% for 2022.

Recognized and unrecognized deferred income taxes

Deferred income taxes reflect the net income tax effects of temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and the amounts used for income tax purposes.

The movements of deferred tax assets and liabilities for the years indicated are as follows:

		January 1, 2023		Recognized in Net Loss		Acquisition		December 31, 2023
Equipment	$	(7,058)		(105)			$	(7,163)
Intangible assets				7,163	$	(383,392)	$	(376,229)
Non-capital losses		7,058		(7,058)		383,392		383,392
Deferred tax asset (liability)	$	-	$	-			$	-

		January 1, 2022		Recognized in Net Loss		December 31, 2022
Equipment	$	(5,710)	$	(1,348)	$	(7,058)
Non-capital losses		5,710		1,348		7,058
Deferred tax asset (liability)	$	-	$	-	$	-

The amount of unused tax losses and deductible temporary differences for which no deferred income tax assets have been recognized are as follows:

		Year ended December 31, 2023		**Year ended December 31, 2022**
Non-capital losses	$	41,199,819	$	21,686,295
Other deductible temporary differences	$	1,243,839	$	654,372
	$	42,443,658	$	22,340,667

Non-capital loss carryforwards will expire in 2043 and 2042, if they remain unused.
In assessing deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ulimate realization of deffered tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, the character of the deffered tax assets anad available tax planning strategies in making the adjustments.

(Expressed in Canadian dollars)

23. Commitments

The Company has no off-balance sheet arrangements or long-term obligations, other than the agreements noted below.

During the five-year period as a gaming operator, in addition to the amounts stated below, the Company is also required to pay a percentage of future gross gaming revenue to its service providers. The Company only has short-term leases or leases for which the underlying asset is of low value. Lease payments associated with these short-term leases are recognized as an expense on a straight-line basis and totalled $94,199 for the year (2022 - $99,160).

	Less than One Year	One to Five Years	Greater than Five Years
Contractual commitments under service contracts:			
Related Party	$ 2,366,400	$ 9,652,800	$ 19,903,500
Others	3,127,523	2,423,086	3,198,333
Balance, end of period	$ 5,493,923	$ 12,075,886	$ 23,101,833

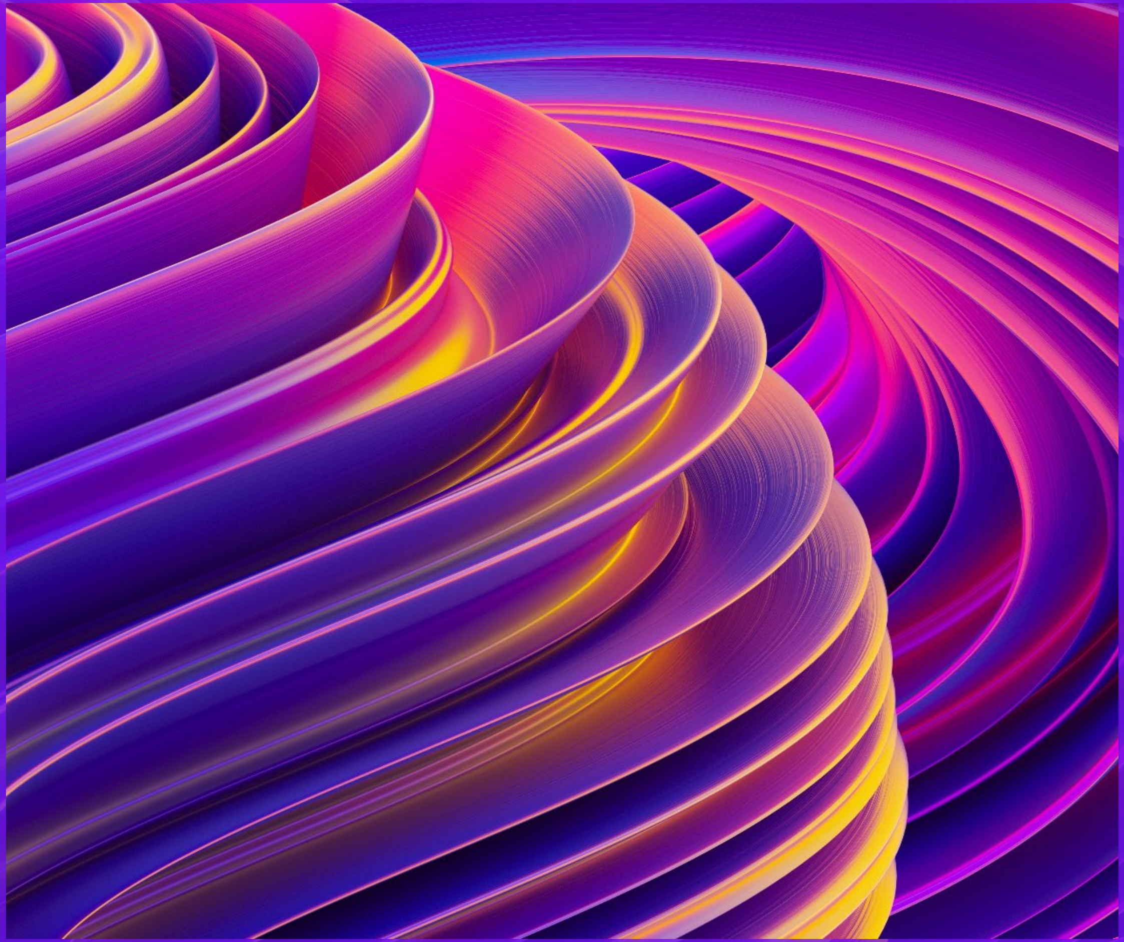
24. Subsequent events

- On April, 25 2024, the Company issued a $3,000,000 unsecured, interest-bearing promissory note (the “April Note”) to Playtech plc, a significant investor in the Company. The April Note shall bear interest of 8% per annum, payable in arrears at maturity. Unless otherwise accelerated pursuant to its terms, the April Note will become immediately due and payable on the earlier of (i) the date which is 12 months from the date thereof; and (ii) the date on which the Company or any of its subsidiaries completes additional financing transactions with aggregate gross proceeds of at least $10 million, subject to certain exceptions. Proceeds from the April Note will be used to fund the Company’s continued growth and for general corporate purposes.

- On April 25, 2024 NorthStar (Ontario) Inc. and Playtech Software have extended the marketing agreement implemented in 2023 to accelerate NorthStar Ontario’s player acquisition strategy in Ontario. Under the renewal announced today, Playtech Software will provide marketing services in Ontario, valued at up to $4,000,000, through to October 31, 2024. Playtech Software will be reimbursed and compensated through a share of gaming revenue from the income generated in connection with the marketing initiatives to which it contributes.

KPMG

NorthStar Gaming Holdings Inc.



Final Audit Findings Report for the year ended December 31, 2023

Licensed Public Accountants

Prepared as of April 26, 2024 for the Audit Committee

kpmg.ca/audit

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Table of contents

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the consolidated financial statements. This report is intended solely for the information and use of Management, the Audit Committee, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose. All amounts in this report are denominated in Canadian dollars, unless otherwise specified.

Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.

Click on any item in the table of contents to navigate to that section.

Audit highlights

No matters to report

Matters to report – see link for details

Status

We are substantially complete the audit of the consolidated financial statements ("financial statements"). The remaining outstanding procedures are highlighted on the 'Status' slide of this report.

Significant changes

Significant changes since our audit plan

Based on process understanding and walkthroughs, we updated our audit strategy with respect to the in-scope service organization. Refer to page 7 for further details.

Risks and results

Significant risks

- Gaming revenue recognition
- Management override of controls
- Valuation of intangible assets acquired upon the acquisition of Slapshot Media Inc.

Other risks of material misstatement

- Accounting for capital issuances, including the initial recognition of various components
- Accounting for share based payment awards
- Accounting for the reverse takeover transaction ("RTO") with Baden Resources Inc. ("Baden") noted as a significant unusual transaction

Going concern matters

Uncorrected and Corrected misstatements

Uncorrected misstatements

Loss before tax	(in $'000s)
As currently presented	$25,476
Uncorrected misstatements	(117)
As a % of the balance	0.46%

Total assets	(in $'000s)
As currently presented	$13,023
Uncorrected misstatements	Nil
As a % of the balance	Nil

Corrected misstatements

Control deficiencies

Significant deficiencies

Policies and practices & Specific topics

Significant unusual transactions

Accounting policies and practices

Other financial reporting matters

Specific topics

Technology highlights

As previously communicated in our Audit Planning Report, we have utilized technology to enhance the quality and effectiveness of the audit.

Summary of advanced technologies

KPMG Clara Workflow (KCW)

We will continue to utilize KCW, a modern, intuitively written, highly applicable audit methodology that allows us to deliver globally cohesive engagements.

KPMG Clara for Clients

We will continue to utilize KPMG Clara for Clients to facilitate real time collaboration through sharing of document request lists and supporting information, including real-time dashboard reporting.

DataSnipper

We will continue to use DataSnipper, that can be applicable when testing samples for walkthroughs, test of details, test of controls, and other substantive procedures.

KPMG Journal Entry Analysis

We will continue to utilize the Journal Entry Analysis tool to analyze all manual journal entries made in the Company's accounting system, Microsoft Dynamics NAV that meet our high-risk criteria.

KPMG's software audit tools are intended to be used as internal enablement tools in conjunction with the performance of audit services. Information resulting from use of software audit tools may not be used as a basis for management's conclusions as to the fairness of presentation of its financial statements or form a part of the internal control.

Status

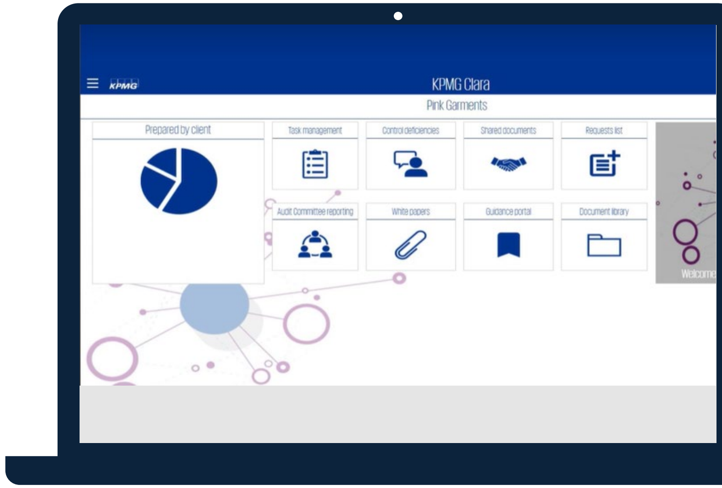
KPMG Clara for Clients (KCfc)

As of April 26, 2024, we are substantially complete the audit of the financial statements of NorthStar Gaming Holdings Inc. ("NSG" or the "Company") and the following is a list of certain remaining procedures, which include amongst others:

- Reviewing and completing our tie-outs of the financial statements and notes, including auditing the cash flow proof, and the MD&A;
- Completing the review of audit procedures in accordance with our firm's quality control protocols;
- Updating subsequent events procedures to the date of our audit report;
- Receiving the signed management representation letters;
- Completing our final discussions with the Audit Committee; and
- Obtaining evidence of the Board of Directors' approval of the financial statements.

We will update the Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor's report, a draft of which is provided in Appendix: Draft Auditor's Report, will be dated upon the completion of <u>any</u> remaining procedures.



Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate requests from management.

Learn more

Significant changes

We have made the following significant changes related to our audit strategy since our audit plan:

Audit strategy

Updates to our approach related to the service organizations relied upon in the revenue recognition process for gaming operations

As we completed our risk assessment procedures and walkthroughs over the gaming revenue recognition process, which included discussions with the leadership teams at Kambi and Playtech, we noted that management relies on Playtech for all elements of the gaming operations, including user account setup, deposits, plays and related wins or loss for both online casino and sports betting offerings, maintaining player wallets, and providing the relevant reports for purposes of financial reporting.

As such, the strategy was updated to scope in Playtech as the sole service provider for gaming operations and descoping Kambi as previously was noted. Furthermore, we scoped in additional relevant controls over manual review of revenue reconciliations.

Update to KPMG's Risk Assessment

None

Significant risks and results

We highlight our significant findings in respect of **significant risk.**

Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF FRAUD

Significant risk	Estimate?	Key audit matter?
Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.	No	No

Our response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. Our approach to the entity's system of internal control is a combination of testing internal controls as well as performing substantive audit procedures.

We have performed the following procedures:

- Performed a walkthrough over journal entry recording process and tested the design and implementation of key controls in the process;
- Completed testing over completeness of the Journal Entries by performing a roll-forward of balances from January 1, 2023 to December 31, 2023 and agreeing to the trial balances for NorthStar Gaming (Ontario) Inc., NorthStar Gaming Holdings Inc. and Slapshot Inc;
- There were no journal entries identified that meet our high-risk criteria based on account combinations or amounts and other post period-end adjustments for testing and evaluate the business rationale of the journal entries; however, as an element of unpredictability, we substantively tested ten journal entries across the entities;
- Evaluated the business rationale of significant unusual transactions.

Based on our procedures performed, we did not identify any areas of management bias or override. We have identified a control deficiency further discussed in slide 21.

Significant qualitative aspects of the Company's accounting practices

We have identified a significant deficiency due to the absence of formal and documented accounting systems and process and lack of evidence over review of journal entries.

Significant risks and results

We highlight our significant findings in respect of **significant risk.**

Gaming Revenue Recognition

RISK OF
ERROR FRAUD

Significant risk	Estimate?	Key audit matter?
iGaming operations commenced in May 2022 and FY 2023 is the first full year of revenue. **Risk of error**: Online casino and sports betting operations that generate gaming revenues are computed and recorded within the gaming platforms (collectively “iGaming operations”). The recognition of gaming revenue is highly dependent on the processing within the gaming platforms and the reports generated therefrom. **Risk of fraud**: There is presumed fraud risk related to the existence of revenue. Based on our assessment, we have identified the fraud risk over the existence for revenue through manual journal entries in order to inflate results.	Estimates relate to mark-to-market on open bets	Yes, the recognition of gaming revenue is identified as a key audit matter

Our response

We have performed the following procedures:

Risk of error: We involved IT specialists, who are professionals with specialized skills and knowledge. The primary procedures we performed to address this key audit matter included the following:

- Performed process walkthroughs, and evaluated the design and operating effectiveness of automated controls around wallet deposits and withdrawals, placing and settlement of bets, and calculation of revenue by placing live bets, to assess the recording of the activity in the appropriate user account;
- Evaluated the design and tested the operating effectiveness around the data flow for revenue from iGaming operations by observing bets placed from the customer-facing systems and tracing the transactions to the gaming platforms; and
- As described in the change in strategy to rely on Playtech as a service organization, we evaluated the design and tested operating effectiveness of relevant controls at the service provider through evaluation of a service organization controls “SOC” report and the design and testing the operating effectiveness of the complimentary user entity controls.

Significant risks and results

We highlight our significant findings in respect of **significant risk.**

Gaming Revenue Recognition

RISK OF
ERROR FRAUD

Our response

Risk of error (continued):

- Completed our evaluation of management's assessment of the deficiencies noted in the SOC report; and
- Compared the financial reports used for revenue recognition to the data stored within the data warehouse (storage within the gaming platforms) and the reports therefrom that are used for revenue recognition.

Presumed risk of fraud: Our procedures in connection with the presumed risk of fraud included:

- Performed process walkthroughs and tested the design and operating effectiveness of controls related to journalizing of revenue entries and review thereof; and
- Performed substantive procedures to compare the data reports from third party service organizations with the amounts recorded by management for revenue, and player liabilities (including bonus loyalty and open bets liabilities).

Significant qualitative aspects of the Company's accounting practices

As a result of operations under www.northstarbets.ca, the Company has an accounting policy for gaming revenue recognition. In sports betting and casino related transactions where the Company takes a position against the player, the transaction is concluded to be within the scope of IFRS 9 ("Financial Instruments"). Currently the Company only offers games where the Company takes a position against the player.

In the Company's transactions against the players, management has concluded that the Company is the primary obligor in its sports betting and casino gaming transactions with the players. Consequently, in accordance with IFRS 9, revenue is recorded as the gain or loss on betting and casino game transactions settled during the period less, free bets, promotional costs, bonuses and fair value adjustments on open bets (unsettled bets). The gain or loss is calculated as the total of sums bet less amounts paid out in respect of such bets / wagers when such bets / wagers are settled with the player. Any open sports bets are accounted for as a derivative financial instrument carried at fair value through profit and loss ("FVTPL") instrument, with gains and losses on the open bets recognized in revenue.

We have identified significant deficiency over access controls at the service organization level (see page 21) and pages 18-20 for corrected misstatements.

Going concern matters and results

We highlight our significant findings in respect of **going concern matters**.

Events or conditions	New or changed?	Key audit matter?
The risk identified is that management does not appropriately assess the Company's ability to continue as a going concern and the related disclosures. The Company incurred operating losses in fiscal 2023, has negative cash flows from operations, and has negative working capital at December 31, 2023. Management is projecting negative cash flows in the applicable forward looking assessment period identified and concluded that there is material uncertainty over the going concern assumption.	Consistent with previous periods, liquidity continues to be an area of focus	Material Uncertainty Related to Going Concern

Our response

With respect to assessing the Company's going concern assessment, we performed the following procedures:

- Obtained an understanding of management's process in performing the going concern assumption and tested the design and implementation of key controls related to management's assessment of the appropriateness of the going concern assessment including relevant controls over the budgeting and reporting processes, including management's cash flow forecasts;
- Obtained and assessed management's analysis supporting the conclusion on whether a material uncertainty relating to going concern exists for the December 31, 2023 financial statements;
- Obtained and evaluated management's cash flow forecast and anticipated cash burn for 12 months from the audit report date, and other contractual obligations in that period, assessing key inputs and assumptions, and inspecting any corroborating documents including term sheets, or marketing spend reimbursement contracts;
- Held inquiries with senior management on the Company's progress on commercialization of operations and strategic partnerships, and availability of finances to sustain operations for at least 12 months from our report date;
- Obtained and evaluated the signed agreements on subsequent events and assessed the impact of such events on the going concern assumptions;
- Assessed the appropriateness of the going concern disclosure in the financial statements; and
- Completed our mandatory consultations in accordance with our firm policies around the disclosures related to the going concern assumption.

Significant findings

We have no significant matters to report to you.

Significant risks and results

We highlight our significant findings in respect of **significant risk.**

Valuation of intangible assets acquired upon the acquisition of Slapshot Media Inc.

RISK OF

ERROR

Significant risk	Estimate?	Key audit matter?
On May 8, 2023, the Company acquired 100% of the outstanding shares of Slapshot Media Inc. (“Slapshot”) pursuant to a share purchase agreement dated May 8, 2023. The Slapshot share purchase is accounted for in accordance with IFRS 3, as management has concluded that the operations of Slapshot constitute a business. There is judgment and significant degree of estimation involved with valuation of intangible assets acquired in a business combination, including the selection of the method used to value these assets. The valuation of these assets is dependent upon a number of inputs including discounted free cash flows resulting from the acquisition and utilization of this asset.	Yes	Yes, the evaluation of the acquisition-date fair value of the of the customer contract intangible asset from the acquisition of the Slapshot Media Inc. is a key audit matter

Our response

With respect to assessing the valuation of acquired intangible assets, we performed / currenting performing the following procedures:

- Completed our understanding and performed a walkthrough over the business combination process, and tested the design and implementation of management’s controls over review of the method, key inputs and the results of the cash flow models used in valuing the acquired assets, and over the initial and subsequent remeasurement of the contingent consideration payable;
- Obtained and inspected the purchase agreement and purchase price allocation prepared by Management;
- For the intangible asset acquired under the transaction:
  - We evaluated the significant assumptions related to forecasted revenue, by comparing past performance of both the Entity and Slapshot and publicly available industry data.
  - We involved valuation professionals with specialized skills and knowledge, who assisted in assessing the discount rate used in the valuation model by comparing the discount rate against a discount rate range that was independently developed using publicly available market data for comparable entities.
  - We also evaluated the reasonability of the model used, as well as other inputs and key assumptions such as tax rate, cash flows and period covered by the model.
- While not related to the significant risk, we performed audit procedures over the opening balance sheet for Slapshot for completeness, existence and accuracy, and over management’s assessment of the classification and measurement of the deferred payment liability; and performed procedures around selection of accounting policies related to revenue recognition under IFRS 15; and
- Evaluating the adequacy and appropriateness of disclosures in the financial statements to reflect the financial statements.

Significant risks and results

We highlight our significant findings in respect of **significant risk.**

Valuation of intangible assets acquired upon the acquisition of Slapshot Media Inc.

RISK OF
ERROR

Results and significant qualitative aspects of the Company's accounting practices

Based on our procedures performed, we identified misstatements related to the measurement of the purchase price consideration, which has been corrected by management. Furthermore, a control deficiency over accounting for complex transactions was identified and discussed in slide 21.

As described in the consolidated financial statements, the purchase price allocation for Slapshot acquisition is now finalized and the fair value of the acquired net assets, including the acquired intangible assets has therefore been finalized for effects of any allocation adjustments.

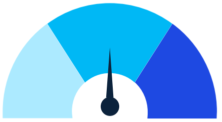
Management has provided appropriate disclosure to users that the business combination is accounted for using the acquisition method of accounting and Slapshot's identifiable net assets acquired are recognized at their fair value. The purchase consideration has been recorded at the fair value of the consideration paid and payable in common shares, including the deferred payment liability and the earnout.

Based on our procedures performed, other than the significant deficiency identified related to the review over the accounting of complex accounting matters and the corrected misstatements noted, we do not have any other matters to report to you.

Other risks of material misstatement

Areas | **Level of risk due to error** | **Our response**

Accounting for capital issuances, including the initial recognition of host debt, derivatives resulting from issuance of compound financial instruments including convertible debt, and shares with warrants



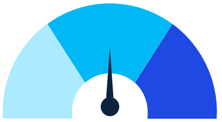
Elevated

In connection with this area of focus, we performed the following procedures:

- Performed a walkthrough over the capital issuance process and tested the design and implementation of key controls within the capital issuance process and the related controls around accounting, recognition measurement and presentation of these compound financial instruments;
- Inspected the executed contracts to evaluate the effective date of the transactions and key terms for fair valuation purposes, and verified the flow of funds to the bank statements, and obtain share transfer agents' reports to verify issuance of shares as relevant;
- Evaluated the elements within the instruments which included interest payments and payment- in- kind features, conversion and redemption features, and management's valuation thereof;
- For warrants issued with common shares, we evaluated the method, data and inputs used in the valuation of such warrants issued along with common shares in October 2023;
- With involvement of our Accounting Advisory specialists, we evaluated the accounting for the various components identified and evaluate the considerations for derivatives, debt and equity components within these components;
- With involvement of our Financial Risk Management specialists, we evaluated the valuation for the components within the convertible debt instrument issued in October 2023; and
- Assess the adequacy and appropriateness of the disclosures in the financial statements.

Based on procedures performed, we have identified misstatements. Please refer to slide 18.

Accounting for shared based payments including methodology and fair valuation of share based payment awards issued to employees



Elevated

In connection with this area of focus, we performed the following procedures:

- Performed a walkthrough over the share based payments process and test the design and implementation of key controls;
- Evaluated management's accounting, valuation method and calculation of the fair value of the options granted during the year including the method of, and data inputs used in the model;
- Assessed the accuracy and adequacy of disclosures in the financial statements.

Based on procedures performed, we have identified misstatements related to recognition of the share based payment expense related to the stock options. Please refer to slide 18.

Significant unusual transactions

We highlight the following **significant unusual transactions**.

	Description of significant unusual transaction	Policies and practices used to account for the significant unusual transaction	Our understanding of the business purpose and procedures performed
Reverse takeover transaction with Baden Resources Inc.	On June 29, 2022, Baden Resources Inc. and NorthStar Gaming Inc. entered into an Arrangement Agreement to execute an amalgamation by way of a reverse take-over (the "Transaction") The Transaction closed on March 3, 2023. The Transaction resulted in a reverse take-over and change of control of the Baden by the shareholders of NorthStar.	Baden did not meet the definition of a business, prior to the Transaction, the reverse take-over is accounted for as an asset acquisition of Baden, by NorthStar. Accordingly, the comparative figures presented in the financial statements are those of NorthStar for the respective comparative periods in 2022 and all per share numbers have been restated on a retroactive basis to reflect NorthStar's pre-transaction share split. The difference between the fair value of the consideration and the net assets acquired under the Transaction on March 3, 2023 was expensed as non-cash public listing cost.	We performed the following procedures: • Completed our understanding over the reverse takeover transaction through performing a process walkthrough and test the design and implementation of the relevant controls; • Inspected the Plan of Arrangement for key terms and the resulting accounting treatment; • Evaluated the Company's interpretation of IFRS 3 *Business Combinations* and IFRS 2 *Share based payments* for conclusion on the accounting acquirer, and other key terms used to account for the transaction; • Verified the flow of funds and exchange of shares to the underlying regulatory filings filed with the Securities Exchanges to this effect; • Validated the valuation of common shares and warrants issued to Baden shareholders; • Recalculated the common share conversion based on the exchange ratio and the resulting journal entries and obtained independent confirmations from the share registrar for evidence of the pre and post-transaction shareholding in the Company; • Performed audit procedures on significant accounts on the opening balance sheet of Baden and the adjustments recorded as part of the reverse take-over; and • Assessed the disclosures related to the transaction in the financial statements. We have identified an uncorrected misstatement related to the fair value of warrants issued to Baden warrant holders. See page 17.

KPMG

Uncorrected misstatements

Uncorrected misstatements include financial presentation and disclosure omissions.

Impact of uncorrected misstatements – Not material to the financial statements

- The management representation letter includes the Summary of Uncorrected Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial
    - This includes the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.
- Based on both qualitative and quantitative considerations, management have decided not to correct certain misstatements and represented to us that the misstatements —individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.
- We concur with management's representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor's report.

Individually significant uncorrected misstatements

Uncorrected misstatements greater than $8,500 individually:

Presented in Dollars as at December 31, 2023		Financial position		
Description of individually significant misstatements	**Year ended December 31, 2023 Debit/ (Credit)**	**Assets Debit/ (Credit)**	**Liabilities Debit/ (Credit)**	**Equity Debit/ (Credit)**
Roll-over of prior period uncorrected misstatements				
Rollover impact for the measurement of player liability at December 31, 2022, which has been trued-up in fiscal 2023.	(34,313)		-	-
Rollover impact from prior year relating to uncorrected difference in player wallet balance at December 31, 2022, which has been trued-up in fiscal 2023.	(53,843)		-	-
Rollover impact from prior year relating to uncorrected difference in player loyalty bonus at December 31, 2022, which has been trued up in fiscal 2023.	10,255	-	-	-
Uncorrected misstatements arising in fiscal 2023 audit				
Uncorrected difference related to the overstatement of the fair value of warrants issued to Baden warrant holders upon completion of the reverse takeover, which resulted in an overstatement of the total purchase price and the public listing costs expensed in fiscal 2023.	(20,004)	-	-	20,004 (20,004)
Unreconciled difference between the amount recorded as a due to PlayTech for services and the amount confirmed by PlayTech. The accounts payable balances is overstated by $18,850 as at December 31, 2023 in accordance with the confirmation.	(18,850)	-	18,850	(18,850)
Total uncorrected misstatements (pre-tax)	**(116,755)**	**-**	18,850	(18,850)

Individually significant corrected misstatements

Corrected misstatements greater than $8,500 individually:

Description of misstatement	$ Dollars	
	Debit	Credit
Corrected adjustment to record player loyalty bonuses provided during the year ended December 31, 2023, with an offset to gaming revenue (identified and corrected in Q1 2023) Dr. Gaming Revenue Cr. Player Deposits Liability	$58,650	$58,650
Corrected adjustment to record overstatement of intangible asset relating to the purchase price for the Slapshot acquisition as the common shares were overvalued (identified and corrected in Q2 2023) Dr. Intangible Assets Cr. Common Shares	$362,727	$362,727
Corrected adjustment to record an understatement of the share based payment expense related to the RSU issued during fiscal 2023 (identified and corrected in Q3 2023) Dr. Share- based payment expense Cr. Contributed Surplus	$1,183,050	$1,183,050
Corrected adjustment for remeasurement of the contingent consideration payable related to the of Slapshot acquisition as at December 31, 2023 (identified and corrected during year end audit) Dr. Consideration payable Cr. Gain on remeasurement of consideration payable	390,222	390,222
Corrected adjustment for overstatement of share based payment expense not previously adjusted by management for forfeitures (identified and corrected during year end audit) Dr. Contributed Surplus Cr. Share- based payment expense	284,412	284,412

Individually significant corrected misstatements (continued)

Corrected misstatements greater than $8,500 individually:

Description of misstatement	$ Dollars	
	Debit	Credit
Corrected adjustment to record reclassification of transaction costs related to the issuance of convertible debt recorded by management as a transaction costs related to issuance of common shares (identified and corrected during year end audit)		
Dr. Convertible debt	23000	
Dr. Common Shares	28.000	
Dr. Contributed Surplus	13,000	
Cr. Operating expenses		64,000
Corrected adjustment to record reclassification of transaction costs related to the issuance of units, which comprise of common shares and warrants (identified and corrected during year end audit)		
Dr. Transaction costs	171,184	
Cr. Common shares		171,184
Corrected adjustment to correct the over- accretion of interest expense on preferred shares (identified and corrected during year end audit)		
Dr. Preferred shares liability	118,208	
Cr. Interest expense		118,208
Corrected adjustment related to gain on derecognition of preferred share liability upon redemption of these instruments (Uncorrected up to Q3 2023, corrected in Q4 2023)		
Dr. Preferred shares (Liability)	47,880	
Cr. Derecognition gain		47,880

Individually significant corrected misstatements (continued)

Corrected misstatements greater than $8,500 individually:

Description of misstatement	$ Dollars	
	Debit	Credit
Corrected adjustment to record host debt and derivative in connection with the October 2023 convertible debenture issuance Dr. Convertible debt (at amortized cost) Cr. Conversion feature (liability that gets revalued)	1,360,922	1,360,922
Corrected adjustment to record the correct the remeasurement of the conversion feature liability at December 31, 2023 Dr. Conversion feature (Liability) Cr. Mark-to-market gain	922,624	922,624
Corrected adjustment to correct the accretion on the host debt in connection with the October 2023 convertible debenture issuance Dr. Interest expense Cr. Convertible debt	130,202	130,202
Corrected adjustment related to recognition of open bet liability at its fair value on December 31, 2023 Dr. Player deposits on hand Cr. Open bets liability	11,974	11,974
Corrected adjustment to player deposits on hand and the corresponding liability balances due to errors in the initial reports received Dr. Player deposits on hand Cr. Liability for player deposits on hand	35,681	35,681

Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

Control deficiencies – Significant deficiencies

Significant deficiencies in internal control over financial reporting

Description	Status	Potential effects
Absence of: **a. Formal and documented accounting processes, and** **b. Review of journal entries**	**Not Remediated** Significant deficiency communicated in previous audit that had not been remediated in fiscal 2023.	Informal accounting processes and a lack of review of journal entries could result in material errors in financial reporting. Deficiencies of this nature may be mitigated through implementation of a formal accounting systems and formal financial reporting close processes. We understand that the Company's accounting system has functionalities for segregation of duties such as requirement of an approval of journal entries before posting; however, the Company has not yet implemented this functionality and journal entries are not currently reviewed at the Company. At the moment, senior management performs a quarterly review of select journal entries and high-level variance analysis of financial information, which is designed to identify material errors. However, this review is not granular enough to detect individually immaterial errors, which, in aggregate could potentially lead to material errors.
Absence of a detailed review of management's analysis of complex accounting matters and financial statements	**Not Remediated** Significant deficiency communicated in previous audit that had not been remediated in fiscal 2023.	The absence of a detailed review of management's analysis of complex accounting matters could result in material errors in financial reporting. Audit misstatements were noted related to the recognition and presentation of convertible debentures, measurement of purchase price consideration in the business combination, accounting for share based payments, derecognition of financial liabilities, accounting for equity transactions and the remeasurement of the contingent consideration payable. Furthermore, the absence of a detailed review of the consolidated financial statements could result in material errors in the financial statements and incomplete or inaccurate disclosures. A number of comments on the consolidated financial statements were identified, communicated to management and subsequently updated by management. Deficiency of this nature may be mitigated through thorough reviews over the accounting analysis over complex accounting matters by a finance team member other than the preparer.
Access control deficiency related to Playtech IMS Application	**Not Remediated** Significant deficiency identified in fiscal 2023 upon assessing the service organization control report over the Playtech's IMS application.	The Service Organization Report over the Playtech IMS Application noted a number of deficiencies over the logical access provision and review of access to the IMS application. Furthermore, it was noted that there is a lack of user access review by the Company, there is currently no formal roles and permission matrix, there is a lack of segregation of duties and unauthorized permissions to player bonus adjustments. Oversight gaps in access controls to the Playtech IMS application may result in unauthorized input or modification of data within the system that may lead to incomplete or inaccurate information, which may result in material misstatements.

Accounting policies and practices

Initial selection

The Company selected IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") to prepare and present its financial statements, which is acceptable in Canada. The significant accounting policies are appropriately disclosed in note 4 of the financial statements.

Revised

Changes to significant accounting policies and practices and the impact on the financial statements are disclosed in Note 4 to the financial statements.

Significant qualitative aspects

Discussion about qualitative aspects of accounting policies and practices

- No matters to report

Other financial reporting matters

We also highlight the following:

Financial statement presentation - form, arrangement, and content	No matters to report
Concerns regarding application of new accounting pronouncements	No matters to report
Significant qualitative aspects of financial statement presentation and disclosure	No matters to report

Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud	No matters to report
Other information in documents containing the audited financial statements	No matters to report
Significant difficulties encountered during the audit	We have identified a number of uncorrected and corrected misstatements and the significant control deficiencies, which resulted in certain difficulties during the audit related to complex accounting matters.
Difficult or contentious matters for which the auditor consulted	Mandatory consultations were held in connection with the material uncertainty related to going concern and the related contents of our audit report.
Management's consultation with other accountants	No matters to report
Disagreements with management	No matters to report
Related parties	No matters to report
Significant issues in connection with our appointment or retention	No matters to report
Other matters that are relevant matters of governance interest	No matters to report

Independence: New IESBA Requirements

The International Ethics Standards Board for Accountants (IESBA) is an independent standard-setting board that develops, in the public interest, independence and ethics standards for professional accountants worldwide. IESBA has issued revisions to the non-assurance services (NAS) provisions of the IESBA Code of Ethics for Professional Accountants, effective for audits of financial statements for periods beginning on or after December 15, 2022.

Key changes to the IESBA code of ethics

The revisions create new requirements for public interest entities (PIEs), which includes Canadian listed and non-listed reporting issuer audit clients.

Before accepting a NAS, the auditor is required to:

- Inform Those Charged with Governance (referred to as the "audit committee" hereafter) of the firm's determination that the service is not prohibited and that the service will not create a threat to the firm's independence; and
- Provide information to enable the audit committee to make an informed assessment about the impact of the provision of each service on the firm's independence.

Impact for Canadian reporting issuer audit clients

The IESBA NAS standard creates certain requirements that are incremental to Canadian reporting issuer pre-approval rules:

- The requirements apply for NAS engagements provided to the PIE, including entities that control the PIE or entities the PIE controls regardless of consolidation.
- The auditor is required to obtain concurrence from the audit committee in relation to the provision of the service and the firm's conclusion that the service will not create an unacceptable threat to independence.
- The IESBA rules provide flexibility in the methods used to meet these requirements, including allowing the audit committee to adopt a general pre-determined concurrence protocol that identifies services that they concur would be permissible under independence rules in lieu of providing specific approval.

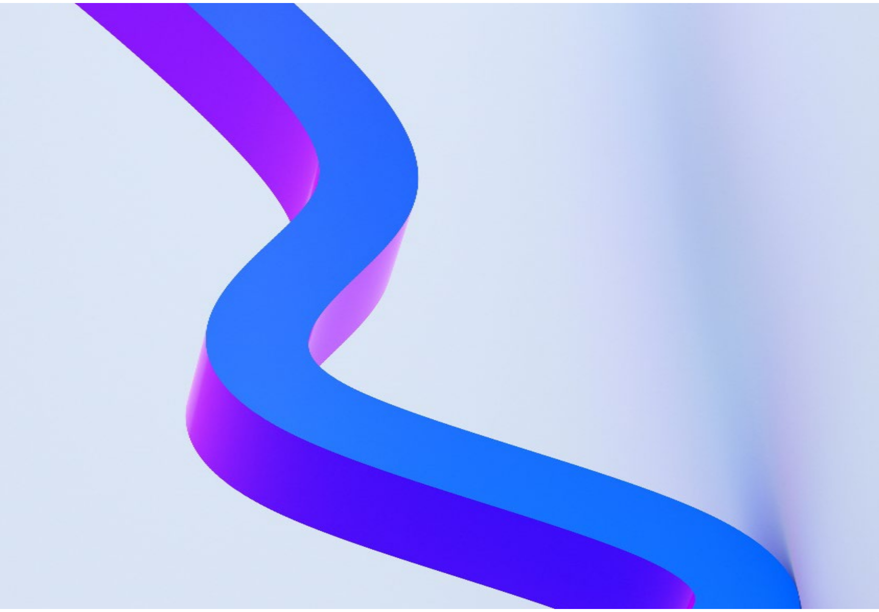
Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code[1] and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:

- Dedicated ethics & independence partners
- Process for reporting breaches of professional standards and policy, and documented disciplinary policy
- Ethics, independence and integrity training for all staff
- International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest
- Operating polices, procedures and guidance contained in our quality & risk management manual
- Mandated procedures for evaluating independence of prospective audit clients
- Restricted investments and relationships
- Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



1 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Audit and professional services fees

The following services, including any threats identified and action or safeguards applied to eliminate or reduce such threats to an acceptable level, were previously discussed and pre-approved by the Audit Committee. The following summarizes the fees relating to these services presented in $CDN.

Audit services	Fees invoiced in current year related to the prior year not included in prior year communication	Fees invoiced related to the current year up to the date of this letter	Fees to be invoiced related to the current year audit	Total
Audit of the consolidated financial statements for the year ended December 31, 2023	-	$214,000	$171,200	$385,200
Interim reviews for the periods ended March 31, 2023, June 30, 2023 and September 30, 2023	-	$112,350	-	$112,350
Overruns in connection with the audit of the consolidated financial statements of NorthStar Gaming Inc. for the year ended December 31, 2022	$54,200	-	-	$54,200
Audit of gross gaming revenue of NorthStar Gaming (Ontario) Inc. for the year ended March 31, 2023	$88,264	-	-	88,264
Agreed upon procedures in connection with internal controls related to GGR reporting for the year ended March 31, 2023	$30,228	-	-	30,228
Auditor involvement in connection with securities filings for NorthStar Gaming Inc. in connection with the reverse takeover transaction	$29,335	-	-	$29,335

Other services	Fees invoiced related to the prior year not included in prior year communication	Fees invoiced related to the current year up to date of this letter	Total
Tax services			
• Canadian corporate tax consultation and compliance	-	$17,532	$17,532
All other services			
• Reasonable assurance attestation	-	$319,628	$319,628
• Independent Assessment of anti- money laundering compliance	-	$116,551	$116,551

IESBA rules require that we communicate whether threats created by the level of the audit fee and/or the proportion of fees for other services (audit-related, tax and all other services as summarized in the accompanying slides) relative to the audit fee are at an acceptable level and any actions taken to eliminate or reduce such threats to an acceptable level, if applicable. We have considered the level of the audit fee, the proportion of fees for other services relative to the audit fee, and the firm's system of quality control, and determined that any threats created are at an acceptable level.

Public disclosure of fees

As previously communicated, IESBA has issued revisions to the fees provisions of the IESBA Code which has a direct impact on the entity.

The revisions to the IESBA Code introduce a new requirement to publicly disclose fee-related information for audit clients which are PIE.

Public disclosure of fee-related information includes:

- Fees paid or payable to the firm and network firms for the audit of the financial statements on which the firm expresses an opinion;
- Fees for services other than audit paid or payable to the firm and network firms; and
- Information about fee dependency, if applicable.

The Company has committed to comply with the new requirements and provide such disclosures.

Appendices

A1 Required communications

A2 Audit quality

A3 New accounting standards

A4 New auditing standards

A5 Audit and Assurance Insights

A6 Environmental, social and governance (ESG)

A7 Technology

Appendix 1: Other required communications

Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Audit Committee.

CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- CPAB Audit Quality Insights Report: 2021 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2022 Interim Inspections Results
- CPAB Audit Quality Insights Report: 2022 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2023 Interim Inspections Results

Appendix 1: Draft Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Northstar Gaming Holdings Inc.

Opinion

We have audited the consolidated financial statements of Northstar Gaming Holdings Inc. (the Entity), which comprise:

- the Consolidated Statements of Financial Position as at December 31, 2023 and December 31, 2022
- the Consolidated Statements of Loss and Comprehensive Loss for the years ended December 31, 2023 and December 31, 2022
- the Consolidated Statements of Changes in Shareholders' Deficit for the years ended December 31, 2023 and December 31, 2022
- the Consolidated Statements of Cash Flows for the years ended December 31, 2023 and December 31, 2022
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements, which indicates that the Entity incurred a net loss, incurred negative cash flows from operations and has an accumulated deficit for operating activities the year ended December 31, 2023 and December 31, 2022. As at December 31, 2023, the Entity's cash resources available are not sufficient to fund business activities.

As stated in Note 2, these conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Recognition of gaming revenue

Description of the matter

We draw attention to Note 4(a) to the financial statements. The Entity offers sports-betting and online casino related transactions, where it generates a net gain or loss on a bet that is determined by an uncertain future event. Revenue is recorded as the gain or loss on betting transactions settled during the period net of free bets, promotional costs, bonuses and fair value adjustments on open bets (unsettled bets). The Entity recognizes the gain or loss on a betting transaction as revenue when a bet is settled.

Why the matter is a key audit matter

We identified the recognition of gaming revenue as a key audit matter. This matter represented a significant risk of material misstatement given gaming revenue is computed and recorded within gaming platforms. The recognition of gaming revenue is highly dependent on the processing within the gaming platforms and the reports generated therefrom. Involvement of those with specialized skills and knowledge were required in performing and evaluating the results of our procedures.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

We involved information technology professionals with specialized skills and knowledge, who assisted in:

- Evaluating the design and testing the operating effectiveness around the data flow for gaming revenue by observing bets placed from the customer-facing systems and examining the transactions through the gaming platforms

- Evaluating the design and testing the operating effectiveness of automated controls around wallet deposits and withdrawals, placing and settlement of bets, and the determination of revenue by placing live bets
- Evaluating the design and testing the operating effectiveness of automated application controls over the financial data reports from the gaming platforms
- Evaluating the design and testing operating effectiveness of relevant controls at the service provider through evaluation of a service organization controls report and evaluating the design and testing the operating effectiveness of the complimentary user entity controls.

In addition, we compared revenue recognized during the period to the financial data reports obtained from the gaming platforms.

Evaluation of the acquisition-date fair value of the of the customer contract intangible asset from the acquisition of Slapshot Media Inc.

Description of the matter

We draw attention to Note 7 to the financial statements. On May 8, 2023, the Entity acquired 100% of the issued and outstanding shares of Slapshot Media Inc. ("Slapshot"). The total purchase consideration was $2,225,754. As part of the transaction, the Entity acquired a customer contract intangible asset with an acquisition-date fair value of $1,895,989. The significant assumptions used in the valuation of this intangible asset are forecasted revenue and discount rate.

Why the matter is the key audit matter

We identified the evaluation of the acquisition-date fair value of the of the customer contract intangible asset from the acquisition of Slapshot as a key audit matter. This matter represented a significant risk of material misstatement due to the magnitude of the balance and the high degree of estimation uncertainty in determining the fair value of the customer contract intangible asset. In addition, involvement of those with specialized skills and knowledge were required in performing and evaluating the results of our audit procedures due to the sensitivity of the fair value of the customer contract intangible asset to possible changes in significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following.

- We evaluated the forecasted revenue, by comparing past performance of both the Entity and Slapshot and publicly available industry data.
- We involved valuation professionals with specialized skills and knowledge, who assisted in assessing the discount rate used in the valuation model by comparing the discount rate to an independently developed market rate of return.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this independent auditor's report is Lesley Bridget Luk.

Vaughan, Canada

April 29, 2024

Appendix 1: Management representation letter

(Letterhead of Client)

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place
Suite 1400
Vaughan, ON
L4K 0J3

April 29, 2024

We are writing at your request to confirm our understanding that your audits were for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of NorthStar Gaming Holdings Inc. ("the Entity") as at and for the periods ended December 31,2023 and December 31,2022.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated November 13, 2023 including for:

   a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.

   b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:

      — the names of all related parties and information regarding all relationships and transactions with related parties;
      — the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.

   c) providing you with unrestricted access to such relevant information.

   d) providing you with complete responses to all enquiries made by you during the engagement.

   e) providing you with additional information that you may request from us for the purpose of the engagement.

   f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

   g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

3) We have disclosed to you:

a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

b) all information in relation to fraud or suspected fraud that we are aware of that involves:

— management;

— employees who have significant roles in internal control over financial reporting; or

— others

where such fraud or suspected fraud could have a material effect on the financial statements.

c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short sellers, or others.

d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.

e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

f) We have disclosed to you all information regarding investigations into possible fraud and/or non-compliance or suspected non-compliance with laws and regulations, including illegal acts, that we have undertaken at our discretion and completed, including the results of such investigations, and the resolution of the matters, if any, identified in such investigations.

Subsequent events:

4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment, or disclosure, in the financial statements have been adjusted or disclosed.

Related parties:

5) We have disclosed to you the identity of the Entity’s related parties.

6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

7) All related party relationships and transactions/balances have been appropriately accounted for, and disclosed, in accordance with the relevant financial reporting framework.

Estimates:

8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

10) We have provided you with all relevant information regarding all of the key risk factors, assumptions and uncertainties of which we are aware that are relevant to the Entity's ability to continue as a going concern.

11) Material uncertainties related to events and conditions that may cast significant doubt on the Entity's ability to continue as a going concern are fully disclosed in the financial statements.

Comparative information:

12) In respect of the adjustment related to the open bets liability and player funds held made to correct the comparative information, we reaffirm that the written representations we previously provided to you, in respect of the prior period financial statements presented as comparative information, remain appropriate.

Misstatements:

13) The effects of the uncorrected misstatements described in **Attachment II** are immaterial, both individually and in the aggregate, to the financial statements as a whole.

14) We approve the corrected misstatements identified by you during the audit described in **Attachment II**.

Securities legislation:

15) We have no knowledge of any reason, circumstance, or matters that would not permit us (or the certifying officers) to certify the Entity's annual filings in accordance with securities regulations or legislation.

Non-SEC registrants:

16) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).

Assets & liabilities – general:

17) The Entity has satisfactory title to all owned assets.

18) We have no knowledge of any material liens or encumbrances on the Entity's assets, except as disclosed in the financial statements. We confirm that we have disclosed to you all information in relation to the following matters:

    i) onerous contracts, i.e. those contracts under which the unavoidable costs of meeting the obligation exceed the economic benefits to be received under it, including losses arising from sale and purchase commitments that are onerous contracts under IAS 37 Provisions, Contingent Liabilities and Contingent Assets;

    ii) assets pledged as collateral;

19) We have no knowledge of any plans or intentions that may affect the carrying value or classification of assets and liabilities.

20) We have no knowledge of material unrecorded assets or liabilities or liabilities (such as claims related to unfulfilled contracts, etc., whose values depend on fulfillment of conditions

regarded as uncertain or receivables sold or discounted, endorsements or guarantees, sales subject to renegotiation or price re-determination, etc.).

21) We have no knowledge of shortages that have been discovered and not disclosed to you (such as cash, negotiable instruments, etc.).

22) We have no knowledge of arrangements with financial institutions involving restrictions on cash balances and lines of credit or similar arrangements not disclosed to you.

23) We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.

24) The bonus accrual recorded reflects management's best estimate of forecasts for financial performance for the year ending December 31, 2023, and achievement of the individual and business performance criteria as approved the Board of Directors.

25) In respect of costs capitalized as intangible assets during the year ended December 31, 2023, we confirm that these costs were directly attributable to the development of an asset that was identifiable, and completely under the control of the Entity, and the projects under development meet the criteria for capitalization under IAS 38 *Intangible Assets.*

Functional Currency:

26) We have considered which currency is the currency of the primary economic environment in which the Entity and its subsidiaries operates (the "functional currency"), respectively. In making this assessment, we have used our judgment to determine the functional currency that most faithfully represents the underlying transactions, events and conditions of the Entity. We have concluded that the functional currency of the Entity is the Canadian Dollar.

Financial Assets and Liabilities:

27) In determining the classification of the financial assets, we have assessed our business models for managing financial assets and whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest in accordance with the criteria disclosed to you.

28) Restricted cash presented in the financial statements represents the amounts required to be held in designated bank accounts by the regulatory authorities in certain jurisdictions of our operations, and certain balances held on account of user deposits in our online casino sports betting and managed services revenue business.

29) There are no other arrangements with financial institutions involving restrictions on the access to cash balances and lines of credit or similar arrangements.

30) There have been no expenditures capitalized as intangibles incurred for the promotion and advertising of the Entity's own products, consistent with the guidance in SIC-32, Intangible Assets- Web Site Costs. Amounts capitalized for internally generated intangible assets meet the capitalization criteria under IAS 38, Intangible Assets.

31) We confirm that we have assessed the guidance in IAS 38, Intangible Assets, and expenditures incurred that meet the recognition criteria to be capitalized that are consistent with new projects or significant enhancements in nature and those subsequent expenditures which should be expensed.

32) We confirm that costs capitalized related to the developed technology stack embody future economic benefits to the Company and meet the capitalization criteria under IAS 38, Intangible Assets.

Revenue:

33) We confirm that the accounting policy related to revenue recognition best represents the Entity's business activities. We confirm that the business activities undertaken by the Entity represent our business as an online casino operator and a sportsbook operator and we take

a position against the players in all of our transactions including casinos, gaming and sports betting transactions.

34) For the years ended December 31, 2023 and December 31, 2022, we confirm that there are no casino, gaming or sports betting offerings where we administer any wagering transactions between players without being a direct participant, which would be otherwise accounted for under IFRS 15 Revenue from Contracts with Customers.

35) We confirm that the information provided related to gross gaming revenue, player loyalty bonuses and free bets, fair value of user liabilities, funds receivable from payment processors, and the fair value calculation related to the open bets liability for unsettled bets is complete and accurate based on the information available to the Company from its service providers.

36) We have performed an assessment under IFRS 9 for unsettled bets under our sports betting business and these are identified as derivatives under IFRS 9. We have made adequate disclosures to this effect. The revaluation of these derivatives is performed in accordance with IFRS 9 and the mark-to-market gains/ losses are recognized as period costs.

37) We further confirm that we have assessed our role in our sports betting and casino businesses to conclude that we are the primary obligor in our transactions with the counterparties (who we refer to as bettors or players or patrons, or equivalent), and that we have complete discretion in our activities including accepting or rejecting bets, setting our betting lines, and running any promotional programs.

38) We confirm that for the Slapshot revenue, the revenue we earn over the managed services is in accordance with IFRS 15. We confirm that the Entity through its subsidiary Slapshot Media Inc., is providing only managed services to Abenaki Council of Wolinak and Abenaki Council of Wolinak is the primary obligor that enters into gaming transactions with players on www.Northstarbets.com.

Receivables:

39) Receivables reported in the financial statements represent valid balances owed to the Entity at the balance sheet date. Receivables have been appropriately reduced to their net realizable value.

40) We confirm that we have reconciled and confirm the amounts due from our payment processor, Nuvei, as at December 31, 2023.

Share-based payment transactions:

41) We have provided you with all relevant information relating to grants, settlements, modifications, cancellations and replacements of share-based payment transactions in the reporting period. In particular, we confirm the following:

    i) Grants of share-based payment transactions requiring a valuation technique, such as share option grants without an available market price, have been valued using a method that meets the requirements of IFRS 2 Share-based Payment, and the Entity's policies. The assumptions used in performing the valuation (including behavioral assumptions) are appropriate in the circumstances.

    ii) All underlying assumptions and information as to whether and when the grant date has been reached in the cases of new grants of share-based payments have been provided to you.

    iii) All other relevant assumptions, for example in relation to whether and when a non-market performance condition has been met, have been provided to you and reflected in the financial statements accordingly.

42) We have appropriately accounted for share-based payments provided to contractors in accordance with IFRS 2 for the period ended December 31, 2023 and 2022.

Leases:

43) We have identified all leases where the Entity is a lessee or a lessor, including having regard to the definition of a lease in IFRS 16 Leases, and accounted for them in accordance with IFRS 16. We confirm that we do not have a lease arrangement meeting the definition of a lease and we have recorded short term lease payments as a period cost as prescribed in the financial reporting framework.

Financial instruments:

44) We have considered all financial instruments within the scope of impairment requirements of IFRS 9, other than those for which loss allowance is always measured at an amount equal to lifetime expected credit losses, in assessing whether credit risk on these instruments has increased significantly since their initial recognition. For all instruments where credit risk has increased significantly since initial recognition, loss allowance in the financial statements is measured at an amount equal to lifetime expected credit losses.

45) We confirm that in estimating the loss allowance for expected credit losses we have considered relevant, reasonable and supportable forward-looking information available without undue cost and effort at the reporting date.

46) We confirm that we have disclosed information relating to the Entity's exposures to risks arising from financial instruments that is adequate to enable users to evaluate the nature and extent of those risks to which the Entity is exposed at the end of the reporting period, in accordance with IFRS 7, including the exposures to risks and how they arise, our objectives, policies and procedures for managing the risks, the methods used to measure risks, and a summary of quantitative data about our exposure to risks.

47) We have appropriately disclosed fair values of financial assets and financial liabilities in the consolidated financial statements in accordance with IFRS 13. We believe the disclosures appropriately categorise those fair value measurements in the fair value hierarchy.

    We confirm that we have considered the requirements to account for redeemable preferred shares as a liability in accordance with IFRS 9: Financial Instruments and IAS 32: Financial Instruments: Presentation given our Articles of Incorporation allow the holders to redeem these at any time upon demand. We have assessed the conversion feature in the $5,000,000 redeemable preferred shares and concluded that the conversion feature results in a compound instrument. We confirm that the assumptions utilized are our best estimates in determining the fair values of each of the components.

48) We confirm that management intends to have all interest amounts on the October 31, 2023 convertible debenture to be capitalized to the loan for the term of the convertible debenture. We have assessed the requirements to account for the capitalized interest on convertible debentures to be classed as a financial liability given the fixed-for-fix criteria for this interest is not met. Consequently, we have measured the financial liability fair value through profit and loss in accordance with IFRS 9. We confirm that the assumptions utilized to fair value the components of the convertible debentures are our best estimates in determining the fair values of each of the components.

49) We have appropriately accounted for transaction costs as a reduction to the proceeds and expense accordingly as prescribed under IFRS.

50) The following information about financial instruments has been properly disclosed in the financial statements:

    i) Extent, nature and terms of financial instruments, both recognized and unrecognized.

    ii) The amount of credit risk of financial instruments, both recognized and unrecognized, and information about the collateral supporting such financial instruments.

iii) Significant concentrations of credit risk arising from all financial instruments, both recognized and unrecognized and information about the collateral supporting such financial instruments.

iv) We believe the assumptions and techniques used by us are appropriate and that all fair value measurements are determined in accordance with IFRS 13. We have appropriately disclosed fair values of financial assets, financial liabilities and equity instrument in the consolidated financial statements in accordance with IFRS 13. We believe the disclosures appropriately categorize those fair value measurements in the fair value hierarchy.

v) We have disclosed the methods and assumptions applied in determining the fair values of each class of financial instrument.

Capital raises and capitalization table

51) We confirm that in respect of all equity issuances during the period ended December 31, 2023, the transactions were conducted at arm's length, and represent the valid economic transactions with the investors and subscribers of these instruments at fair value.

52) In respect of the capital raises during the year ended December 31, 2023, we confirm that we have completed an analysis of compound financial instruments and allocated the fair value across the identified components, and have accounted for the related direct and specific transaction costs in accordance with IFRS Accounting Standards. For greater clarity, only those costs that relate to issuance of common shares and equity instruments have been accounted for as a reduction to equity. Transaction costs incurred in respect of any fair value through profit and loss instruments have been expensed as period costs.

53) The capitalization table we provided for the period ended December 31, 2023 includes all of the Entity's equity ownership. The capitalization table presents a complete and accurate description of equity related transactions of the Entity and has been approved by the Board of Directors. This is appropriately reflected and disclosed in the financial statements.

54) In respect of the capital raises during the year ended December 31, 2023, we confirm that we have completed an analysis of compound financial instruments and allocated the fair value across the identified components, and have accounted for the related direct and specific transaction costs in accordance with IFRS Accounting Standards. For greater clarity, only those costs that relate to issuance of common shares and equity instruments have been accounted for as a reduction to equity. Transaction costs incurred in respect of any fair value through profit and loss instruments have been expensed as period costs.

Business Combinations

55) We have identified all business combinations in accordance with the scope of IFRS 3 Business Combinations, including having regard to the definition of a business. The identification of the Entity as the acquirer and the determination of the acquisition date was in compliance with IFRS 3. We identified all components of consideration transferred in accordance with IFRS 3, including contingent consideration payable.

56) We confirm that in the reverse takeover transaction that occurred on March 3, 2023, the reverse takeover transaction was accomplished via an amalgamating and the consolidated financial statements are appropriately prepared where for reporting purposes are the continuance of NorthStar Gaming Inc. We confirm that the assumptions utilized to fair value the warrants as part of the transactions are our best estimates in determining the fair values at the time of the transaction.

57) We recognized all assets acquired and liabilities assumed that met the definitions of assets and liabilities in accordance with IFRS Accounting Standards at the acquisition date, including intangible assets for the customer contract. We confirm that we do not have any goodwill on the Slapshot acquisition.

58) We determined the fair values of the consideration transferred, including contingent consideration, assets acquired and liabilities assumed using all information available and in accordance with appropriate valuation techniques, as set out in the notes to the financial statements and taking into account the exceptions to the recognition and measurement principles set out in IFRS 3. In accordance with the requirements of IFRS 3, management intent has not been taken into account in the determination of fair values. The disclosures included in financial statements with respect to the fair value determinations and the business combination that are material individually or in aggregate are complete and in compliance with relevant IFRS Accounting Standards.

59) We confirm that we have appropriately fair valued the contingent consideration payable based on facts and circumstances as at December 31, 2023 and have appropriately recorded the gain on remeasurement of contingent consideration payable in accordance with IFRS Accounting Standards.

Operating Segments

60) We have assessed the operating segments have concluded that we only have one operating segment for financial reporting purposes.

Yours very truly,

____

Michael Moskowitz, Chief Executive Officer

____

Chin Dhushenthen, Interim Chief Financial Officer

cc: Audit Committee
Board of Directors

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;

b) information regarding a material item, transaction or other event is scattered throughout the financial statements;

c) dissimilar items, transactions or other events are inappropriately aggregated;

d) similar items, transactions or other events are inappropriately disaggregated; and

e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.]

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements Schedules

Corrected Misstatements

Individually significant corrected misstatements

Corrected misstatements greater than $8,500 individually:

Description of misstatement	$ Dollars	
	Debit	Credit
Corrected adjustment to record player loyalty bonuses provided during the year ended December 31, 2023, with an offset to gaming revenue (identified and corrected in Q1 2023)		
Dr. Gaming Revenue	$58,650	
Cr. Player Deposits Liability		$58,650
Corrected adjustment to record overstatement of intangible asset relating to the purchase price for the Slapshot acquisition as the common shares were overvalued (identified and corrected in Q2 2023)		
Dr. Intangible Assets	$362,727	
Cr. Common Shares		$362,727
Corrected adjustment to record an understatement of the share based payment expense related to the RSU issued during fiscal 2023 (identified and corrected in Q3 2023)		
Dr. Share- based payment expense	$1,183,050	
Cr. Contributed Surplus		$1,183,050
Corrected adjustment for remeasurement of the contingent consideration payable related to the of Slapshot acquisition as at December 31, 2023 (identified and corrected during year end audit)		
Dr. Consideration payable	390,222	
Cr. Gain on remeasurement of consideration payable		390,222
Corrected adjustment for overstatement of share based payment expense not previously adjusted by management for forfeitures (identified and corrected during year end audit)		
Dr. Contributed Surplus	284,412	
Cr. Share- based payment expense		284,412

Description of misstatement	$ Dollars	
	Debit	Credit
Corrected adjustment to record reclassification of transaction costs related to the issuance of convertible debt recorded by management as a transaction costs related to issuance of common shares (identified and corrected during year end audit)		
Dr. Convertible debt	23000	
Dr. Common Shares	28.000	
Dr. Contributed Surplus	13,000	
Cr. Operating expenses		64,000
Corrected adjustment to record reclassification of transaction costs related to the issuance of units, which comprise of common shares and warrants (identified and corrected during year end audit)		
Dr. Transaction costs	171,184	
Cr. Common shares		171,184
Corrected adjustment to correct the over- accretion of interest expense on preferred shares (identified and corrected during year end audit)		
Dr. Preferred shares liability	118,208	
Cr. Interest expense		118,208
Corrected adjustment related to gain on derecognition of preferred share liability upon redemption of these instruments (Uncorrected up to Q3 2023, corrected in Q4 2023)		
Dr. Preferred shares (Liability)	47,880	
Cr. Derecognition gain		47,880

Description of misstatement	$ Dollars	
	Debit	Credit
Corrected adjustment to record host debt and derivative in connection with the October 2023 convertible debenture issuance Dr. Convertible debt (at amortized cost) Cr. Conversion feature (liability that gets revalued)	1,360,922	1,360,922
Corrected adjustment to record the correct the remeasurement of the conversion feature liability at December 31, 2023 Dr. Conversion feature (Liability) Cr. Mark-to-market gain	922,624	922,624
Corrected adjustment to correct the accretion on the host debt in connection with the October 2023 convertible debenture issuance Dr. Interest expense Cr. Convertible debt	130,202	130,202
Corrected adjustment related to recognition of open bet liability at its fair value on December 31, 2023 Dr. Player deposits on hand Cr. Open bets liability	11,974	11,974
Corrected adjustment to player deposits on hand and the corresponding liability balances due to errors in the initial reports received Dr. Player deposits on hand Cr. Liability for player deposits on hand	35,681	35,681

Uncorrected Misstatements

Individually significant uncorrected misstatements

Uncorrected misstatements greater than $8,500 individually:

Presented in Dollars as at December 31, 2023		Financial position		
Description of individually significant misstatements	**Year ended December 31, 2023 Debit/ (Credit)**	**Assets Debit/ (Credit)**	**Liabilities Debit/ (Credit)**	**Equity Debit/ (Credit)**
Roll-over of prior period uncorrected misstatements				
Rollover impact for the measurement of player liability at December 31, 2022, which has been trued-up in fiscal 2023.	(34,313)		-	-
Rollover impact from prior year relating to uncorrected difference in player wallet balance at December 31, 2022, which has been trued-up in fiscal 2023.	(53,843)		-	-
Rollover impact from prior year relating to uncorrected difference in player loyalty bonus at December 31, 2022, which has been trued up in fiscal 2023.	10,255	-	-	-
Uncorrected misstatements arising in fiscal 2023 audit				
Uncorrected difference related to the overstatement of the fair value of warrants issued to Baden warrant holders upon completion of the reverse takeover, which resulted in an overstatement of the total purchase price and the public listing costs expensed in fiscal 2023.	(20,004)	-	-	20,004 (20,004)
Unreconciled difference between the amount recorded as a due to PlayTech for services and the amount confirmed by PlayTech. The accounts payable balances is overstated by $18,850 as at December 31, 2023 in accordance with the confirmation.	(18,850)	-	18,850	(18,850)
Total uncorrected misstatements (pre-tax)	**(116,755)**	-	18,850	(18,850)

Appendix 2: Audit quality - How do we deliver audit quality?

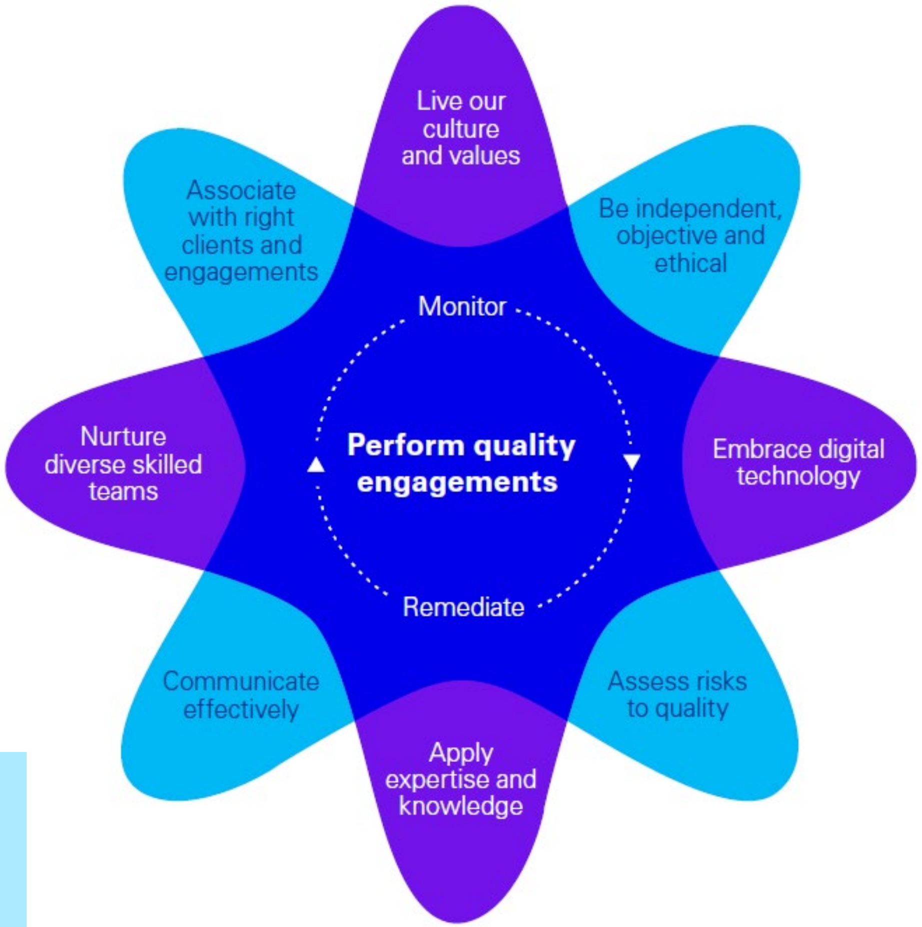
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

KPMG 2023 Audit Quality and Transparency Report

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management;** and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics** and **integrity.**



Doing the right thing. Always.

Appendix 3: Newly effective and upcoming changes to accounting standards

For more information on newly effective IFRS Standards see Current Developments

Effective 2023*

IFRS 17 – IFRS 17 Insurance contracts and Amendments to IFRS 17

IAS 8 – Definition of accounting estimates (Amendments to IAS 8)

IAS 1 Disclosure – Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*)

IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

IAS 12 – International Tax Reform - Pillar Two Model Rules - (Amendments to IAS 12)

Effective 2024 & 2025*

IFRS 16 – Lease liability in a sale and leaseback (Amendments to IFRS 16)
2024

IAS 1 – Classification of liabilities as current or non-current and non-current liabilities with covenants (Amendments to IAS 1)

IFRS 7 IAS 7 – Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)

IAS 21 – Lack of exchangeability (Amendments to IAS 21)

IFRS 10 IAS 28 – #Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

*IFRS Standards are effective for annual periods beginning on or after January 1, 2023/2024/2025 as indicated. IFRS Standards effective January 1, 2024/2025 are available for early adoption

Effective date has been deferred indefinitely. Early adoption is permitted.

Appendix 4: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards – see Current Developments

Effective for periods beginning on or after December 15, 2022

ISA/CAS 220

(Revised) Quality management for an audit of financial statements

ISQM1/CSQM1

Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

ISQM2/CSQM2

Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

Revised special considerations – Audits of group financial statements

Appendix 5: Audit and assurance insights

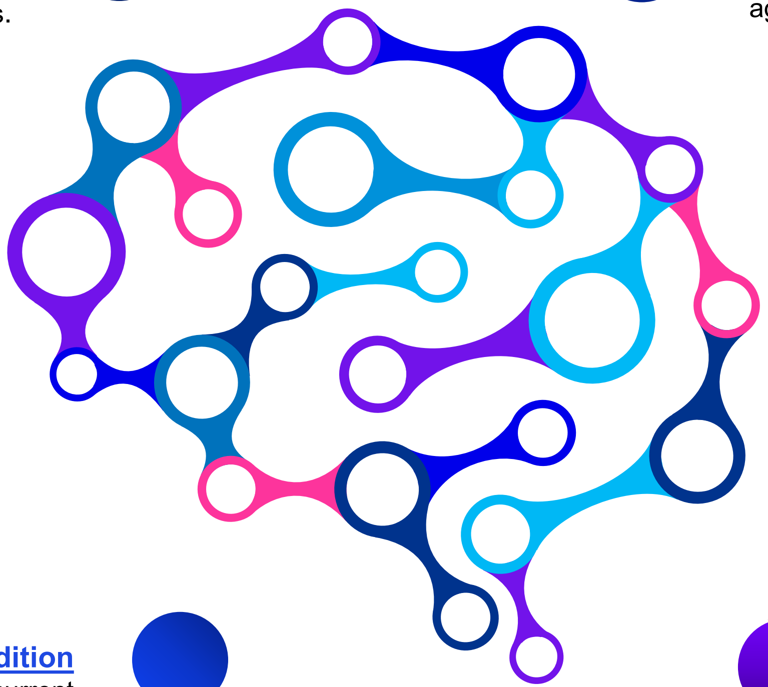
Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights
Curated research and insights for audit committees and boards.

Board Leadership Centre
Leading insights to help board members maximize boardroom opportunities

Current Developments
Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

Audit Committee Guide – Canadian Edition
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.



Accelerate 2023
The key issues driving the audit committee agenda in 2023.

Momentum
A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre
Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News
A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.

Appendix 6: ESG - Global regulatory reporting standards

Recent Activity

ISSB[1] and CSSB

- On March 13, 2024 the Canadian Sustainability Standards Board (CSSB) released proposals on its first two Canadian Sustainability Disclosure Standards (CSDS): Exposure Draft CSDS 1 (proposed general requirements standard) and Exposure Draft CSDS 2 (proposed climate standard).
- The proposed standards are aligned with the global baseline disclosure standards IFRS S1 and IFRS S2 with the exception of a Canadian-specific effective date for annual reporting periods beginning on or after January 1, 2025 and incremental transition relief.
- In June 2023, the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards – IFRS S1 (general requirements standard) and IFRS S2 (climate standard).
- The ISSB standards are effective for annual periods beginning on or after January 1, 2024 – subject to local jurisdiction adoption.

Canadian regulators (CSA)

- In parallel with the CSSB's release of its proposals on March 13, 2024, the Canadian Securities Administrators (CSA) issued a statement noting that they will seek consultation on a revised climate-related disclosure rule following the finalization of CSDS 1 and 2.
- In October 2021, the CSA issued their original proposed rule, proposed National Instrument 51-107 *Disclosure of Climate-related Matters*.
- Bill S-211, Canada's new Act on fighting against forced labor and child labour will take effect on January 1, 2024. Canadian and foreign businesses impacted by the Act will be required to file a report on their efforts to prevent and reduce the risk of forced labour and child labour in their supply chain, by May 31st of each year.

US (SEC[2,3] and California[4])

- The SEC's final climate rule was issued on March 6, 2024.
- The final rule will generally apply to all SEC registrants; *including* foreign private issuers (Form 20-F filers); *excluding* Canadian issuers reporting under the Multijurisdictional Disclosure System (Form 40-F filers) and asset-backed issuers.
- The earliest compliance date is the fiscal year beginning in Calendar year 2025 for large accelerated filers.
- The SEC also issued its final rules on cybersecurity in July 2023 and expects to release proposed disclosure rules on human capital management in spring 2024 and corporate board diversity in fall 2024.
- On October 7, 2023, the California Governor signed two climate disclosure laws that will shape climate disclosure practices beyond the state's borders. The laws will apply to US businesses (including US subsidiaries of non-US companies) that meet specified revenue thresholds and do business in California. The Governor also signed the California voluntary carbon market disclosures bill.

EU[5,6]

- The European Financial Reporting Advisory Group (EFRAG) was mandated to develop European Sustainability Reporting Standards (ESRSs) setting out the detailed disclosure requirements under the Corporate Sustainability Reporting Directive (CSRD).
- On July 31, 2023, the European Commission published the final text of its first set of twelve ESRSs as delegated acts
- The ESRSs will become effective as early as 2024 reporting periods for some companies.
- There are potentially considerable ESG reporting implications for Canadian entities – as most EU-listed companies and large subsidiaries of Canadian companies with significant operations in the EU are in scope. Non-EU parent entities with substantial activity in the EU may also be in scope, with separate standards to be developed for these entities, with an effective date of 2028 reporting periods

1. Refer to our ISSB Resource Centre for resources on implementing the IFRS Sustainability Disclosure Standards
2. Refer to our Defining Issues publication for more information on the SEC's final climate rule
3. Refer to our Defining Issues publication for more information on the SEC's cybersecurity rules
4. Refer to our publication on California's introduction of climate disclosures and assurance requirements
5. Refer to our ESRS Resource Centre for resources on implementing the ESRSs
6. Refer to our publication on the impact of EU ESG reporting on non-EU companies

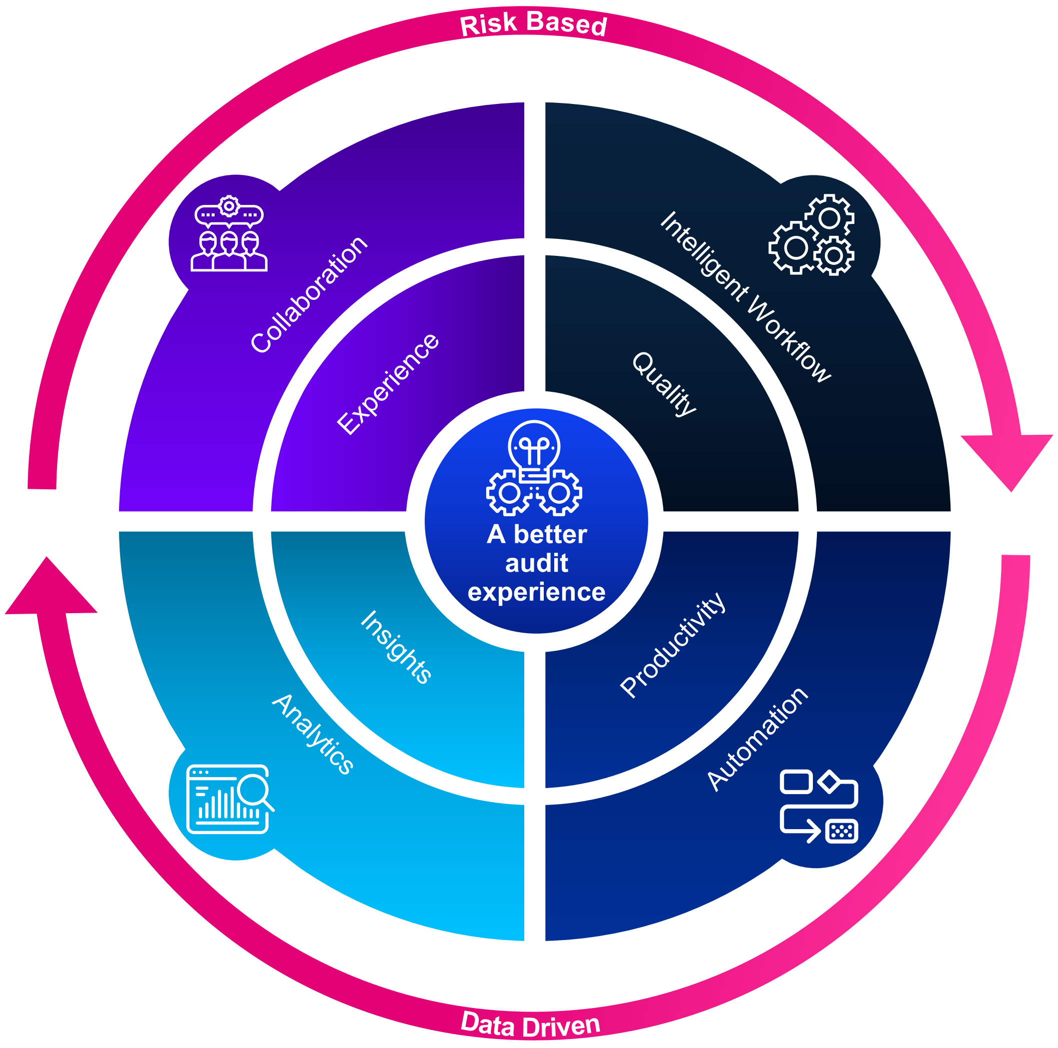
Appendix 7: KPMG Clara

Streamlined client experience
And deeper insights into your business, translating to a better audit experience.

Secure
A secure client portal provides centralized, efficient coordination with your audit team.

Intelligent workflow
An intelligent workflow guides audit teams through the audit.

Increased precision
Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.



Appendix 7: Continuous evolution

Our investment: $5B

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience

Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.

KPMG

https://kpmg.com/ca/en/home.html