Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

NORTHSTAR GAMING HOLDINGS INC.

Three months ended March 31, 2024 and 2023
(Unaudited)

NORTHSTAR GAMING HOLDINGS INC.

Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2024 and December 31, 2023
(Unaudited, amounts expressed in Canadian dollars)

	March 31 2024	December 31 2023
Assets		
Current assets		
Cash and cash equivalents	$ 61,664	$ 3,909,761
Restricted cash related to performance guarantee	271,000	271,000
Player deposits on hand	976,011	850,224
Amount due from Abenaki Council of Wolinak	169,749	125,718
Amount due from payment processors	2,700,557	2,892,461
Accounts receivable	1,512,951	1,549,893
Prepaid expenses and deposits	979,865	1,010,321
Total current assets	6,671,797	10,609,378
Non-current assets		
Equipment	39,358	35,930
Intangible assets	2,328,768	2,377,911
	2,368,126	2,413,841
Total assets	**$ 9,039,924**	**$ 13,023,219**
Liabilities and Shareholders' Deficit		
Current liabilities		
Accounts payable and accrued liabilities	$ 7,308,232	$ 7,777,204
Due to related party (note 16)	1,992,394	1,769,414
Liability for player deposits on hand	931,567	838,250
Open bets liability (note 10)	42,995	10,171
Liability for player loyalty bonuses	139,032	129,636
Amount due to Abenaki Council of Wolinak	169,749	125,718
Contingent consideration payable (note 6)	120,510	98,254
Current portion redeemable preferred shares (note 11)	6,577,967	6,482,486
Total current liabilities	17,282,446	17,231,134
Non-current liabilities		
Convertible debenture (note 7)	3,213,900	3,020,100
Conversion feature derivative (note7)	1,583,948	911,951
Total liabilities	22,080,294	21,163,185
Shareholders' deficit		
Share capital (note 12)	$ 26,828,431	$ 26,828,431
Contributed surplus (notes 12 and 13)	13,354,427	11,775,712
Equity component of redeemable preferred shares (note 11)	812,588	812,588
Accumulated deficit	(54,035,815)	(47,556,697)
Total shareholders' deficit	(13,040,369)	(8,139,966)
Total liabilities and shareholders' deficit	**$ 9,039,924**	**$ 13,023,219**

Going concern (note 2)
Subsequent events (note 19)

See accompanying notes to the condensed consolidated interim financial statements

NORTHSTAR GAMING HOLDINGS INC.

Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss
For the three months ended March 31, 2024 and March 31, 2023
(Unaudited, amounts expressed in Canadian dollars, except share data)

	Three months ended March 31 2024	Three months ended March 31 2023
Revenues (note 9)	$ 5,939,689	$ 3,646,081
Cost of revenues		
Operator participant fees	1,261,578	794,212
Service provider fees	2,465,212	1,692,913
Gross margin	2,212,899	1,158,956
Expenses		
Marketing	3,687,845	4,072,480
General and administrative (note 18)	2,362,884	2,153,949
Share based compensation expense (note 14)	1,578,715	713,388
Public listing costs	-	2,789,316
Amortization and depreciation	85,863	29,471
Total operating expenses	7,715,308	9,758,604
Loss on remeasurement of consideration payable (note 6)	(22,256)	-
Loss on remeasurement of conversion feature derivative (note 7)	(671,997)	-
Amortization of transaction cost (Note 7)	(1,707)	-
Foreign exchange loss	(12,753)	-
Interest income	19,577	-
Finance cost (note 11)	(287,574)	(104,711)
	(976,710)	(104,711)
Loss before income taxes	(6,479,118)	(8,704,359)
Income taxes	-	-
Net loss and comprehensive loss	**$ (6,479,118)**	**$ (8,704,359)**
Loss per common share (notes 5 and 15):		
Basic and diluted	(0.04)	(0.07)
Weighted average number of common shares outstanding, (note 6 and 15):		
Basic and diluted	160,544,233	123,790,833

See accompanying notes to the condensed consolidated interim financial statements

NORTHSTAR GAMING HOLDINGS INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)
For the three months ended March 31, 2024 and March 31, 2023
(Unaudited, amounts expressed in Canadian dollars, except share data)

Three months ended March 31, 2024	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, 2024	192,792,015	$ 26,828,431	-	$ -	$ 11,775,712	$ 812,588	$ (47,556,697)	$ (8,139,966)
Share-based payment expense (note 14)	-	-	-	-	1,578,715	-	-	1,578,715
Net loss for the period	-	-	-	-	-	-	(6,479,118)	(6,479,118)
Balance March 31, 2024	192,792,015	$ 26,828,431	-	$ -	$ 13,354,427	$ 812,588	$ (54,035,815)	$ (13,040,369)

Three months ended March 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 11 and 12)	4,051,740	402,401	-	-	(55,131)	-	-	347,270
Shares and warrants issued to former Baden Resources Inc. Shareholders (note 5 and note 13)	4,181,430	2,090,715	-	-	370,990	-	-	2,461,705
Additional shares issued to former Badedn Resources Shareholders (notes 5 and 13)	63008	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, 11 and 13)	10,150,000	4,225,546	-	-	124,290	-	-	4,349,836
Shares and warrants issued on conversion of convertible debenture (note 11 and 12)	24,500,000	8,205,885	-	-	4,044,115	-	-	12,250,000
Exercise of warrants (note 12 and 13) post March 3, 2023	369,000	203,235	-	-	(81,180)	-	-	122,055
Share-based payment expense (note 14)	-	-	-	-	713,388	-	-	713,388
Net loss for the period	-	-	-	-	-	-	(8,704,359)	(8,704,359)
Balance March 31, 2023	157,001,109	$ 20,287,639	-	$ -	$ 5,536,514	$ 955,986	$ (30,785,410)	$ (4,005,271)

* The common share numbers as of January 1, 2023 in this statement are retrospectively restated to reflect the share split of 736.68:1 of NorthStar Gaming Inc. (note 5).

NORTHSTAR GAMING HOLDINGS INC.

Condensed Consolidated Interim Statements of Cash Flows
Three months ended March 31, 2024 and March 31, 2023
(Unaudited, amounts expressed in Canadian dollars)

	Three months ended March 31 2023	Three months ended March 31 2022
Cash flows used in operating activites		
Net loss for the period	$ (6,479,118)	$ (8,704,359)
Adjustments for:		
Public listing costs (note 5)	-	2,364,620
Change in fair value of open bets (note 10)	32,824	3,935
Depreciation and amortization	85,863	29,471
Loss on remeasurement of consideration payable (note 6)	22,256	-
Change in fair value of conversion feature derivative liability	671,997	-
Interest accretion expense (note 11)	289,281	189,400
Share-based payment expense (note 14)	1,578,715	713,388
	(3,798,182)	(5,403,545)
Change in non-cash operating working capital:		
Player deposits on hand	(125,787)	(174,958)
Amount due from Abenaki Council of Wolinak	(44,031)	-
Amount due from payment processors	191,904	(135,026)
Accounts receivable	36,940	787,184
Prepaid expenses and deposits	30,456	269,632
Accounts payable and accrued liabilities	(468,973)	(1,323,195)
Due to related party (note 16)	222,980	(471,695)
Liability for player deposits on hand	93,317	174,958
Amount due to Abenaki Council of Wolinak	44,031	-
Liability for player loyalty bonuses	9,396	30,767
Change in non-cash working capital	(9,767)	(842,333)
Net cash flows used in operating activities	(3,807,949)	(6,245,878)
Proceeds from financing activities:		
Proceeds from issuance of common shares and warrants (notes 12 and 13)	-	11,625,337
Proceeds from exercise of warrants (notes 12,13 and 14)	-	440,330
Net Proceeds from financing activities	-	12,065,667
Cash flows used in investing activities:		
Cash and cash equivalents received on the acquisition of NorthStar Gaming Holdings Inc. (note 5)	-	106,972
Purchase of equipment	(6,154)	(2,662)
Purchase of intangible assets	(33,994)	(37,700)
Net cash flows used in investing activities	(40,148)	66,610
Increase (decrease) in cash and cash equivalents	(3,848,097)	5,886,399
Cash and cash equivalents, beginning of period	3,909,761	1,178,977
Cash and cash equivalents, end of period	$ 61,664	$ 7,065,376

See accompanying notes to the condensed consolidated interim 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.

On March 8, 2023, the Company was listed as a Tier 2 issuer on the TSX Venture Exchange ("TSXV") under the symbol BET and on the OTCQB under the symbol "NSBBF. 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 AGCO and as included in the Agreement. As part of the terms of the Agreement, iGaming Ontario charges 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 6). Slapshot earns managed services fees from Abenaki Council of Wolinak and operates in Canada, excluding Ontario, under a 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 Company's online casino and sportsbook and providing managed services to its customer.

2. Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, 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 March 31, 2024, the Company was in its early stage of operations and has experienced losses since inception. The net loss for the three months ended March 31, 2024 was $6,479,118 and the accumulated deficit as at March 31, 2024 was $54,035,815. The Company's unrestricted cash resources as at March 31, 2024 of $61,664 are not sufficient to fund its planned business operations over the next twelve months. Additional financing will be required in order to fund the planned business operations, which include marketing, product development, obtaining and maintaining iGaming licenses and technical infrastructure, until the Company is able to generate positive cash flow from operations. The Company intends to continue to pursue opportunities to improve liquidity and profitability over the next twelve 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 casts significant doubt on the Company's ability to continue as a going concern. These condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements do not include all the disclosures required by International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's annual financial statements for the years ended December 31, 2023 and 2022.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 22, 2024.

b. Basis of presentation

These condensed consolidated interim financial statements have been prepared under the historical cost basis except for the open bets liability, contingent consideration payable and conversion feature derivative which are measured at fair value through profit and loss.

c. Principles of consolidation

The accompanying condensed consolidated interim 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. 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

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

4. Use of estimates and judgments

The preparation of condensed consolidated interim 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. The significant judgements made by management and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

5. Reverse Take-Over Transaction

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") which closed on March 3, 2023. The Transaction was arm's length and resulted in a reverse take-over and acquisition 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 prior to closing the Transaction 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:

Fair value of 4,181,430 common shares issued (a)	$2,090,715
Fair value of 1,222,680 warrants exercisable at $0.33 issued (b)	268,990
Fair value of 600,000 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 costs expensed	2,364,620
	2,461,705

(a) The total consideration has been estimated based on a market price of $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 of 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 three months ended March 31, 2023. Public listing costs for the three months ended March 31, 2023 also include $424,696 of accounting and legal expenses related to the Transaction.

6. 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 was renamed 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. 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 entitled to a separate earn-out of up to $500,000 based on the 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 the 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 the revised revenue performance of Slapshot plus an additional $78,482 in respect of additional working capital.

Following the acquisition, the Company controls Slapshot and for accounting purposes is deemed the acquirer. The business combination was accounted for using the acquisition method and Slapshot's identifiable net assets acquired are recognized at their fair value. The consideration paid has been accounted for at fair value and consisted 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 deferred payment liability is measured at fair value at each reporting date. 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 acquisition-date fair values of identifiable net assets acquired and consideration paid.

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 payable	410,000
Working capital	78,482
Total Purchase Price	$2,225,754

At March 31, 2024, the Company revalued the contingent consideration payable and adjusted the earn out to the share price as of March 31, 2024, which resulted in an adjustment to earn out of $22,256. The loss on remeasurement of the contingent consideration payable has been recognized on the condensed consolidated interim statement of loss and comprehensive loss.

7. 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 $0.0562 resulting in a total estimated fair value of $830,059.

The value of each B warrant, exercisable at $0.40, has been estimated at $0.0538 resulting in a total estimated fair value of $794,006.

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 $2,263,910 and the host financial liability was recognized as the residual of the proceeds received less the derivative liability at an amount of $2,903,570. The derivative liability is remeasured at fair value at each reporting date, which resulted in a gain on remeasurement of $1,351,959 in the year ended December 31, 2023 and a loss of $671,997 in the three months ended March 31, 2024.

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.

	On date of issuance	At December 31, 2023	At March 31, 2024
Stock price	$0.08	$0.04	$0.08
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	$0.20 for the principal and $0.035 and $0.56 for the capitalized interest
Risk free interest rate	4.08%	3.58%	3.58%
Remaining term	36 months for the principal and the remaining term for each capitalized interest period	34 months for the principal and the remaining term for each capitalized interest period	31 months for the principal and the remaining term for each capitalized interest period
Volatility	71%	71%	71%

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

8. New and revised IFRS Standards and amendments applied for the first time

The Company applied the amendments to IAS 1 Classification of Liabilities as Current or Non-current retrospectively with effect from January 1, 2024. The amendments clarify the classification of liabilities as current or non-current. Adoption had no material impact on the Company's condensed consolidated interim financial statements and no impact on the comparative information.

9. Revenues

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

	Three months ended March 31, 2024	**Three months ended March 31, 2023**
Gaming revenue from wagered games (sports-betting and casino transactions)	$ 5,780,362	$ 3,646,081
Gaming revenue from administered games	-	-
Sub-total Gaming revenue	$ 5,780,362	$ 3,646,081
Other revenue from managed services	$ 159,327	-
Revenue	$ 5,939,689	$ 3,646,08

10. Open bets liability

As at March 31, 2024, the open bets liability for unsettled wagers was $42,995 (December 31, 2023 - $10,171). Open bets liability is a derivative financial instrument and as at March 31, 2024, the fair value remeasurement gain of $1,449 (three months ended March 31, 2023 – fair value remeasurement gain of $4,268) was recorded in gaming revenue. 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 March 2024 (note **1**7).

11. Redeemable preferred shares

The authorized share capital of the Company includes 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 three months ended March 31, 2024 and three months ended March 31, 2023.

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.

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 liability component is subsequently accounted for at amortized cost using the effective interest rate method.

Redeemable Preferred Shares	Number		Redeemable preferred shares liability		Equity component of redeemable preferred shares
Balance, January 1, 2023	78,000	$	6,982,917	$	955,986
Redemption, May 31, 2023 (a)	(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
Interest accretion during the period			95,481		-
Balance, March 31, 2024	66,300		6,577,967		812,588

(a) 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.

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 trade on the TSX Venture Exchange .

12. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Common Shares

During the three months ended March 31, 2024, the Company did not issue shares or warrants.

During the three months ended March 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 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 (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 the 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. 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). In relation to the exercise, the fair value of the warrants of $62,040 was reallocated from contributed surplus to share capital.

13. Warrants

		$
Balance, December 31, 2023 and March 31, 2024	54,637,458	5,792,470

During the three months ended March 31, 2024, the Company did not issue warrants.

As of March 31, 2024, 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

14. Share-based payment arrangements

At March 31, 2024, 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.

The following schedule summarizes the stock option transactions for the three months ended March 31, 2024:

	Number of options	Weighted average exercise price
Outstanding, beginning and end of period	11,778,225	$ 0.40
Vested and exercisable, end of period	9,372,023	$ 0.39
Unvested	2,406,242	$ 0.40

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 and 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 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 March 31, 2024, 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	3,719,723	4.16
$0.50	8,058,542	3.92

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 of 30%. RSU expense for the three months ended March 31, 2024 was $1,168,073 (three months ended March 31, 2023 - nil).

15. Loss per share

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Numerator:		
Loss for the period	(6,563,437)	(8,704,359)
Denominator:		
Weighted average number of shares:		
Basic and diluted	160,544,233	123,790,833
Loss per share:		
Basic and diluted	(0.04)	(0.07)

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

During the three months ended March 31, 2024 and March 31, 2023, outstanding stock options, warrants, RSUs and Redeemable Preferred Shares 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 March 31, 2024.

16. Related party transactions

Playtech obtained significant influence over the Company as of March 3, 2023. The Company paid $1,804,684 to Playtech during the three months ended March 31, 2024 (three months ended March 31, 2023 - $1,017,128) for service provider fees and marketing affiliate fees. Service provider fees are paid 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. Marketing affiliate fees are based on the revenue generated from the marketing services provided by Playtech. In addition, the Company has also received $1,429,427 during the three months ended March 31, 2024 (three months ended March 31, 2023 – nil) towards marketing costs under the marketing agreement.

The Company owed $1,992,394 to Playtech at March 31, 2024 in respect of trade accounts payable and accrued liabilities which are due on 30-day payment terms and are non-interest bearing (March 31, 2023 - $1,769,414).

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 Notes bear interest of 8% per annum, payable in arrears at maturity (Note 19).

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 extended agreement, Playtech Software will provide marketing services in Ontario, through to October 31, 2024 (Note 19).

17. 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 March 31, 2024 and December 31, 2023:

	March 31, 2024		**December 31, 2023**	
Classification	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial assets:				
Amortized cost:				
Cash and cash equivalents	$ 61,664	$ 61,664	$ 3,909,761	$ 3,909,761
Restricted cash related to performance guarantee	271,000	271,000	271,000	271,000
Player deposits on hand	976,011	976,011	850,224	850,224
Amounts held for Abenaki Council of Wolinak	169,749	169,749	125,718	125,718
Amount due from payment processor	2,700,557	2,700,557	2,892,461	2,892,461
Accounts receivable	1,512,951	1,512,951	1,549,893	1,549,893
Prepaid expenses and deposits	979,865	979,865	1,010,321	1,010,321
Financial liabilities:				
Amortized cost:				
Accounts payable and accrued liabilities	$ 7,308,232	$ 7,308,232	$ 7,777,204	$ 7,777,204
Due to related party	1,992,394	1,992,394	1,769,414	1,769,414
Liability for player deposits on hand	931,567	931,567	838,250	838,250
Open bets liability (note 10)	42,995	42,995	10,171	10,171
Liability for player loyalty bonuses	139,032	139,032	129,636	129,636
Amount due to Abenaki Council of Wolinak	169,749	169,749	125,718	125,718
Convertible debenture	3,213,900	3,213,900	3,020,100	3,020,100
Working capital	78,482	78,482	78,482	78,482
Current portion redeemable preferred shares (note 11)	6,577,967	6,577,967	6,482,486	6,482,486
Fair value through profit and loss				
Deferred payment liability	42,028	42,028	19,772	19,772
Conversion feature derivative (note 7)	1,583,948	1,583,948	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 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 convertible debenture approximates fair value as at March 31, 2024 because the effective interest rate is comparable to a current market rate.

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.

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

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 (notes 2 and 11).

(c) Capital management

The Company's capital management objectives are to maintain financial flexibility in order to meet financial commitments, 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, 2023. At March 31, 2024, capital under management was a deficit of $6,462,402 (December 31, 2023 – deficit of $1,657,480) (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.

18. General and administrative expense classified by nature

	Three months ended March 31, 2024	2023
Salaries, other short-term benefits and contractors	$ 1,427,595	$ 1,318,810
Professional and consulting fees	476,238	305,255
Other administrative expenses	161,258	301,896
Insurance	297,793	227,988
	$ 2,362,884	$ 2,153,949

19. 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

l 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 extended agreement, Playtech Software will provide marketing services in Ontario, 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.