Consolidated Financial Statements
(Expressed in Canadian dollars)

NORTHSTAR GAMING HOLDINGS INC.

And Independent Auditor's Report thereon

Years ended December 31, 2024, and 2023

NOTE TO READER

The annual consolidated financial statements for the years ended December 31, 2023, and January 1, 2023 included as comparatives in these statements replaces and supersedes the previously filed audited annual consolidated financial statements filed on April 29, 2024. The Company has restated the comparative periods for errors identified, as fully described in Note 2 to these restated audited annual consolidated financial statements.

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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, 2024, December 31, 2023 and January 1, 2023
- the consolidated statements of loss and comprehensive loss for the years ended December 31, 2024 and December 31, 2023
- the consolidated statements of changes in shareholders' deficit for the years ended December 31, 2024 and December 31, 2023
- the consolidated statements of cash flows for the years ended December 31, 2024 and December 31, 2023
- and notes to the consolidated financial statements, including a summary of material accounting policies information

(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, 2024, December 31, 2023 and January 1, 2023, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024 and December 31, 2023 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.

Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the financial statements which explains that certain comparative information presented:

- for the year ended December 31 2023 has been restated.
- as at January 1, 2023 has been derived from the financial statements for the year ended December 31, 2022, which have been restated (not presented herein).

Note 2 explains the reasons for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor’s report.

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 (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 was required for 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 of 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, loyalty bonus and points, the 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 generated by the gaming platforms,
- Evaluating the design and testing operating effectiveness of relevant controls at the service provider through the evaluation of a service organization controls report and evaluating the design and testing the operating effectiveness of the complementary user entity controls.

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

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.

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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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

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

Vaughan, Canada

May 14, 2025

NORTHSTAR GAMING HOLDINGS INC.

Consolidated Statements of Financial Position
As at December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars)

	December 31 2024	December 31 2023 (Restated- Note 2)	January 1 2023 (Restated- Note 2)
Assets			
Current assets			
Cash	$ 2,090,904	$ 3,909,761	$ 1,178,977
Restricted cash related to performance guarantee	513,000	271,000	100,000
Player deposits on hand	1,177,537	850,224	538,959
Amounts held for Abenaki Council of Wolinak	306,619	125,718	-
Amounts due from payment processors	645,874	1,417,290	161
Amounts receivable	1,194,536	726,092	740,358
Subscription receipts held in escrow	-	-	5,075,000
Proceeds from convertible debenture held in escrow	-	-	7,250,000
Prepaid expenses and deposits	1,244,931	1,010,321	1,053,961
Total current assets	7,173,401	8,310,406	15,937,416
Non-current assets			
Equipment (note 11)	33,334	35,930	30,138
Intangible assets (note 12)	2,149,232	2,377,911	473,666
	2,182,566	2,413,841	503,804
Total assets	**$ 9,355,967**	**$ 10,724,247**	**$ 16,441,220**
Liabilities and Shareholders' Deficit			
Current liabilities			
Accounts payable and accrued liabilities	$ 7,546,927	$ 8,047,204	$ 6,401,719
Due to related party (note 18)	6,024,583	1,769,414	1,381,103
Liability for player deposits on hand	1,121,838	838,250	490,630
Open bets liability (note 10)	51,270	10,171	40,126
Liability for player loyalty bonuses	197,986	129,636	19,400
Amounts due to Abenaki Council of Wolinak	306,619	125,718	-
Subscription receipts owed to subscribers	-	-	5,075,000
Convertible debenture	-	-	12,250,000
Contingent consideration payable (note 7)	95,788	98,254	-
Unsecured promissory note (note 18)	9,390,336	-	-
Redeemable preferred shares (note 13)	5,593,390	6,482,486	6,982,917
Total current liabilities	30,328,737	17,501,133	32,640,895
Non-current liabilities			
Convertible debenture (note 8)	3,574,262	3,020,100	-
Conversion feature derivative (note8)	811,461	911,951	-
Total liabilities	34,714,460	21,433,184	32,640,895
Shareholders' deficit			
Share capital (note 14)	$ 33,539,164	$ 26,828,431	$ 5,159,856
Contributed surplus (notes 14 and 15)	9,426,495	11,775,712	420,042
Equity component of redeemable preferred shares (note 13)	812,588	812,588	955,986
Accumulated deficit	(69,136,740)	(50,125,668)	(22,735,559)
Total shareholders' deficit	(25,358,493)	(10,708,937)	(16,199,675)
Total liabilities and shareholders' deficit	**$ 9,355,967**	**$ 10,724,247**	**$ 16,441,220**

Related party balances and transactions (note 18)
Commitments (note 22)
Subsequent events (note 23)

See accompanying notes to the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors on May 14, 2025.

/s/ Barry Shafran
Barry Shafran, Director

/s/ Michael Moskowitz
Michael Moskowitz, Director

NORTHSTAR GAMING HOLDINGS INC.

Consolidated Statements of Loss and Comprehensive Loss
Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

	Year Ended December 31 2024	Year Ended December 31 2023 (Restated - Note 2)
Revenues (note 9)	$ 29,555,852	$ 18,844,594
Cost of revenues		
Operator participant fees	6,138,992	4,038,854
Service provider fees	12,873,556	9,277,945
Gross margin	10,543,304	5,527,795
Expenses		
Marketing	15,455,759	14,093,761
General and administrative (note 20)	10,100,354	11,605,697
Share based compensation expense (note 16)	3,792,902	5,343,240
Public listing costs	-	2,789,316
Amortization and depreciation	353,421	246,291
Total operating expenses	29,702,436	34,078,305
Operating Loss	(19,159,132)	(28,550,510)
Gain on remeasurement of consideration payable (note 7)	2,466	390,228
Gain on derecognition of preferred shares	-	48,800
Gain on remeasurement of deferred share purchase liability (note 16)	131,027	-
Gain on remeasurement of preferred shares (note 13)	1,142,736	-
Gain on remeasurement of conversion feature derivative (note 8)	96,547	1,351,959
Gain on settlement of expenses in shares	129,506	-
Amortization of transaction cost (Note 8)	(6,828)	(1,138)
Foreign exchange loss	(89,104)	(2,923)
Interest income	35,290	87,234
Loss on disposal	(2,310)	-
Interest expense	(422,921)	-
Finance cost	(868,349)	(713,760)
	148,060	1,160,400
Loss before income taxes	(19,011,072)	(27,390,110)
Income taxes	-	-
Net loss and comprehensive loss	**$ (19,011,072)**	**$ (27,390,110)**
Loss per common share (notes 6 and 17):		
Basic and diluted	(0.09)	(0.17)
Weighted average number of common shares outstanding, (note 6 and 17):		
Basic and diluted	200,277,032	160,544,233

See accompanying notes to the consolidated financial statements

NORTHSTAR GAMING HOLDINGS Inc.

Consolidated Statements of Changes in Shareholders' Deficit
Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

Year ended December 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	-	$ -	$ 11,775,713	$ 812,588	$ (50,125,669)	$ (10,708,937)
Shares issued on conversion of Restricted Share Units (notes 14 and 16)	12,135,827	6,674,705	-	-	(6,674,705)	-	-	-
Share-based payment expense (note 16)	-	-	-	-	3,792,902	-	-	3,792,902
Shares issued on conversion of unsecured convertible debenture (note 14)	336,875	18,528	-	-	-	-	-	18,528
Shares issued in exchange for services	500,000	17,500	-	-	-	-	-	17,500
Discounted cash flows related to promissory notes	-	-	-	-	532,586	-	-	532,586
Net loss for the period	-	-	-	-	-	-	(19,011,072)	(19,011,072)
Balance December 31, 2024	205,764,717	$ 33,539,164	-	$ -	$ 9,426,496	$ 812,588	$ (69,136,741)	$ (25,358,493)

Year ended December 31, 2023 (Restated - Note 2)	**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	$ (22,735,559)	$ (16,199,675)
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 (notes 5 and 14)	4,181,430	2,090,715	-	-	370,990	-	-	2,461,705
Additional shares issued to former Badedn Resources Shareholders (notes 5 and 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 6, 14 and 15)	10,150,000	4,225,546	-	-	124,290	-	-	4,349,836
Shares and warrants issued on conversion of convertible debenture (notes 6, 14 and 15)	24,500,000	8,205,885	-	-	4,044,115	-	-	12,250,000
Shares issued upon acquisition of Slapshot Media Inc. (notes 7 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 (notes 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 (notes 8 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)	-	-	-	-	5,343,241	-	-	5,343,241
Net loss for the period	-	-	-	-	-	-	(27,390,110)	(27,390,110)
Balance December 31, 2023	192,792,015	$ 26,828,431	-	$ -	$ 11,775,713	$ 812,588	$ (50,125,669)	$ (10,708,937)

See accompanying notes to the consolidated financial statements

NORTHSTAR GAMING HOLDINGS INC.

Condensed Consolidated Statements of Cash Flows
Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

	Twelve months ended December 31 2024	Twelve months ended December 31 2023 (Restated - Note 2)
Cash flows used in operating activites		
Net loss for the period	$ (19,011,072)	$ (27,390,110)
Adjustments for:		
Public listing costs (note 5)	-	2,364,620
Shares for services	98,160	110,655
Change in fair value of open bets (note 10)	41,099	(29,955)
Depreciation and amortization	353,421	246,290
Loss on disposal of fixed assets	2,310	-
Gain on remeasurement of consideration payable (note 6)	(2,466)	(390,228)
Gain on remeasurement of deferred share purchase liability (note 16)	(131,027)	-
Gain on remeasurement of preferred shares (note 13)	(1,142,736)	-
Change in fair value of conversion feature derivative liability (note 7)	(100,490)	(1,351,959)
Gain on settlement of expenses in shares	(129,506)	
Amortization of transaction costs	6,828	-
Gain on derecognition of preferred shares	-	(48,800)
Interest accretion expense (notes 13 and 18)	1,291,270	713,789
Share-based payment expense (note 16)	3,792,902	5,343,240
	(14,931,307)	(20,432,458)
Change in non-cash operating working capital:		
Player deposits on hand	(327,313)	(207,340)
Amounts held for Abenaki Council of Wolinak	(180,901)	(125,718)
Amount due from payment processors	771,416	(1,227,283)
Amounts receivable	(468,444)	160,976
Prepaid expenses and deposits	(234,610)	43,641
Accounts payable and accrued liabilities	(369,251)	1,444,917
Due to related party (note 18)	4,255,169	388,311
Liability for player deposits on hand	283,588	243,695
Amounts due to Abenaki Council of Wolinak	180,901	125,719
Liability for player loyalty bonuses	68,350	110,236
Change in non-cash working capital	3,978,905	957,154
Change in restricted cash	(242,000)	(171,000)
Net cash flows used in operating activities	(11,194,402)	(19,646,304)
Proceeds from financing activities:		
Proceeds from issuance of common shares and warrants (notes 14 and 15)	-	4,349,837
Proceeds from related party for issue of note payable (note 18)	9,500,000	
Proceeds from exercise of warrants and stock options (notes 14 and 15)	-	472,084
Proceeds from private placement financing (note 7)	-	5,126,513
Proceeds from convertible debenture (note 7)	-	12,398,133
Net Proceeds from financing activities	9,500,000	22,346,567
Cash flows used in investing activities:		
Cash and cash equivalents received on the reverse takeover transaction (note 5)	-	106,971
Cash and cash equivalents received on the acquisition of Slapshot Media Inc. (note 6)	-	183,888
Purchase of equipment	(11,540)	(14,970)
Purchase of intangible assets	(112,916)	(245,368)
Net cash flows used in investing activities	(124,456)	30,521
Increase (decrease) in cash	(1,818,857)	2,730,784
Cash, beginning of period	3,909,761	1,178,977
Cash, end of period	$ 2,090,904	$ 3,909,761

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, NorthStar Gaming Inc. Immediately prior to the transaction, Baden changed its name to NorthStar Gaming Holdings Inc.

These consolidated financial statements are a 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 operations 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 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 operates in Canada excluding Ontario under the license issued by the Kahnawake Gaming Commission.

The Company continues to be in its early stage of operations and critical to the development of the Company is marketing, product development, obtaining and maintaining iGaming licenses and technical infrastructure. In support of operations, the Company finalized a credit facility on January 24, 2025, as disclosed in the subsequent events note (note 23).

2. Restatement of the comparative periods as at and for the year ended December 31, 2023 and as at December 31, 2022

The Company has restated the comparative periods for errors identified related to an understatement of merchant fees, player bonus expenses and director fees. These fees and expenses were not included in the previously published financial statements.

- With respect to merchant fees, the Company's payment processor deducted merchant fees from the remittances made to the Company, and the deductions were not accounted for by the Company. These additional fees were identified as part of the year-end reconciliation of the amount due from the payment processor, and the 2023 and 2022 consolidated financial statements have been restated accordingly. The service provider fees (cost of revenue) were understated in the financial statements for the years ended December 31, 2023 and 2022 by $1,075,668 and $456,437 respectively. The impact as at December 31, 2023 was a reduction of Amounts due from payment processor $1,075,668 and the impact as at January 1, 2023 (December 31, 2022) was a reduction of Amounts receivable of $456,437.

- The Company identified that certain player bonuses granted by the Company to players were not previously included in the bonus expense recorded by the Company, which is recorded as a reduction in determining gaming revenue; consequently, revenues were overstated in the financial statements for the years ended December 31, 2023 and 2022 by $568,796 and 198,071 respectively. The impact as at December 31, 2023 was a reduction of Amounts due from payment processor $399,503 a reduction of Amounts receivable of $169,293. The impact as at January 1, 2023 (December 31, 2022) was a reduction of Amounts receivable of $198,071.

- As a result of the adjustments above, amount due from payment processors was overstated by $1,475,171 as at December 31, 2023 and amounts receivable was overstated by $823,801 as at December 31, 2023 and $654,508 as at January 1, 2023.

- The Company identified that certain director fees were not accrued for and therefore, director fee expense and accounts payable and accrued liabilities were understated by $270,000 in the financial statements as at and for the year ended December 31, 2023.

(Expressed in Canadian dollars)

The following tables summarize the impacts of the foregoing error corrections on the Company's consolidated financial statements.

Consolidated Statements of Financial Position As at December 31, 2023	**Previously Reported**	**Adjustment**	**As Restated**
Current Assets			
Amount due from payment processors	2,892,461	(1,475,171)	1,417,290
Amounts receivable	1,549,893	(823,801)	726,092
Total current assets	10,609,378	(2,298,972)	8,310,406
Current liabilities			
Total accounts payable and accrued liabilities	7,777,204	270,000	8,047,204
Total current liabilities	17,231,134	269,999	17,501,133
Accumulated deficit	**(47,556,697)**	**(2,568,971)**	**(50,125,668)**

Consolidated Statements of Financial Position As at January 1, 2023	**Previously Reported**	**Adjustment**	**As Restated**
Current Assets			
Amount due from payment processors	161	-	161
Amounts receivable	1,394,866	(654,508)	740,358
Total current assets	16,591,924	(654,508)	15,937,416
Current liabilities			
Total accounts payable and accrued liabilities	6,401,719	-	6,401,719
Total current liabilities	32,640,895	-	32,640,895
Accumulated deficit	**(22,081,051)**	**(654,508)**	**(22,735,559)**

(Expressed in Canadian dollars)

Consolidated Statements Net Loss and Comprehensive Loss **For the year ended December 31, 2023**	**Previously reported**	**Adjustment**	**As Restated**
Revenues	$ 19,413,390	$ (568,796)	$ 18,844,594
Operator participant fee	4,038,854	-	4,038,854
Service provider fees	8,202,277	1,075,668	9,277,945
Gross margin	7,172,259	$ (1,644,464)	5,527,795
Total operating expenses	33,808,305	270,000	34,078,305
Operating loss	(26,636,046)	(1,914,464)	(28,550,510)
Other expenses	1,160,400	-	1,160,400
Net loss and comprehensive loss	**$ (25,475,646)**	**$ (1,914,464)**	**$ (27,390,110)**

Consolidated Statements of Cash Flows **As At December 31, 2023**	**Previously reported**	**Adjustment**	**As Restated**
Net loss for the period	$ (25,475,646)	$ (1,914,464)	$ (27,390,110)
Adjustment for non-cash expenses	6,957,652	281,250	7,238,902
Change in non-cash operating working capital	(957,310)	1,627,755	670,445
Net cash flows used in operating activities	**(19,646,304)**	**-**	**(19,646,304)**
Proceeds from financing activities	**22,346,567**	**-**	**22,346,567**
Net cash flows used in investing activities	**30,521**	**-**	**30,521**
Net decrease in cash	**$ 2,730,784**	**-**	**$ 2,730,784**

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 May 14, 2025.

b. Basis of presentation

These consolidated 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.

These consolidated financial statements have been prepared on the historical cost basis except for the open bets liability and contingent consideration payable which are measured at fair value. Other measurement bases used are described in the applicable notes. All amounts are presented in thousands of Canadian dollars, unless otherwise stated.

c. Principles of consolidation

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

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.

e. Segment Reporting

The Chief Operating Decision Maker (CODM), determined to be the Chief Executive Officer of the Company, is responsible for allocating resources and assessing performance, reviews the business operating units as two separate segments. The managed services revenue and loss for the year ended December 31, 2024 were below 10% of the consolidated revenue and loss.

Accordingly, the Company has concluded that it has one reportable segment and segment disclosures have not been presented.

4. Summary of Material Accounting Policy Information

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 revenue recognition.

i) Gaming revenue:

Gaming revenue represents the 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 (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 the Company receives consideration in exchange for providing 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 the 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 operator participant fees and service provider fees.

In connection with the launch of operations 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. The agreement requires the Company to pay operator participant fees to 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 that provide services utilized by the Company 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 trust 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 Council of Wolinak is the corresponding liability.

g. Amount due from payment processors

Amounts due from payment processors represent funds held by payment processors to ensure the processors have adequate funds to honour future winnings and withdrawals from player wallets.

h. 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
- Furniture and fixtures 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.

i. 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. Intangible assets acquired as part of business combinations are initially recognized at their acquisition-date fair values.

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

j. Liability for player bonuses and loyalty bonuses

Liability for bonuses reflect the unredeemed bonuses granted to the players and are redeemable for complimentary bets or wagers. These bonuses are not withdrawable until bonus conditions are met. Bonuses are recognized as a liability measured at the amount redeemable.

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.

k. Redeemable preferred shares

The Company's redeemable preferred shares are classified as a compound financial instrument with a liability component, because they are redeemable in cash by the holders, and an equity component because the holder has the right to request a redemption in common shares at a fixed price per common.

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

l. Convertible debenture and conversion feature derivative

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 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 carries interest at 8% which was waived by the holder in accordance with the debenture's terms because the debenture was converted on March 3, 2023 (note 7).

m. Convertible debentures with conversion option

On October 31, 2023, the Company issued three-year, 8% unsecured convertible debentures 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, 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 7).

n. Contingent consideration payable

Contingent consideration payable represents contingent earn-out consideration on the Slapshot acquisition. 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.

o. 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.

p. 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 the Directors and 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 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.

q. 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.

r. 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.

s. 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.

t. 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 on 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.

u. 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.

v. Financial instruments

Financial assets

Initial Recognition and Measurement

The Company recognizes a financial asset when it becomes a 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 bases. 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 based on 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 a 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 residual.

Classification and subsequent measurement

Subsequent to initial recognition, all the Company's financial liabilities are measured at amortized cost using the effective interest rate method except for the open bets liability and the conversion feature derivative which are measured at fair value through profit and loss. Interest, gains and losses relating to financial liabilities 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.

w. Impact of Accounting Standards Effective January 1, 2024

The following amendments have been applied for the first time in these financial statements.

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

x. New IFRS standards and amendments issued but not yet adopted

The following new standard s has been issued but is not yet effective and will be applied by the Company on their effective dates.

Future Accounting Policy Changes IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18") In April 2024, the IASB issued IFRS 18, which replaces IAS 1. IFRS 18 is a result of the IASB's "Primary Financial Statements" project, which aims to improve comparability and transparency of communication in financial statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and sub-totals. Disclosure of performance measures defined by management will be required, including the aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and related notes. IFRS 18 is expected to impact all reporting entities, Narrow scope amendments have been made to IAS 7, Statement of Cash Flows ("IAS 7"), IAS 34, Interim Financial Reporting ("IAS 34") and other minor amendments to other statements. Some requirements previously included within IAS 1 have been moved to IAS 8, which was renamed as IAS 8, Basis of Preparation of Financial Statements. IFRS 18 and the amendments to the other standards will become effective for reporting periods beginning on or after January 1, 2027, with earlier adoption permitted, and will be applied retrospectively. IFRS 18 and the related amendments have not been early adopted by the Company, and the Company is currently assessing potential impacts of IFRS 18 and the amendments to the other standards.

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 in measuring 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

The following judgements have been exercised in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements:

- 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 accounted for in accordance with the requirements 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 9.

- In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

- Accounting for business combinations and the reverse take-over transaction – notes 5 and 6.

- Recognition of software intangible assets – note 12.

- Classification of redeemable preferred shares as either a liability or component of equity – note 13.

- 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:

- 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 2024 – note 10.

- Estimated useful lives of long-lived assets (equipment and intangible assets) – notes 11 and 12.

- 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 – notes 5 and 15.

- 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 6.

- 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 – note 16.

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 Baden, 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 Baden on a one for one basis. Accordingly, common shares of pre-close NorthStar were exchanged for 117,737,671 common shares of Baden.

- In addition, the NorthStar Redeemable Preferred Shares were also exchanged on a one-for-one basis for redeemable preferred shares of Baden 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 Baden on a one-for-one basis post-consolidation and on the same economic terms and conditions.

- Baden 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 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 are those of NorthStar and per share numbers for the year ended December 31, 2023 have been restated on a retroactive basis to reflect NorthStar's pre-transaction share split.

(Expressed in Canadian dollars)

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 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 included $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 recorded 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 4(m), 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, March 3, 2023, 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 specializes 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 the Company 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 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 the Company's 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 revenue performance of Slapshot as noted above plus an additional $78,482 in respect of additional working capital.

Following the acquisition, the Company controlled Slapshot and for accounting purposes the Company is deemed the acquirer. The acquisition of Slapshot was accounted for in accordance with IFRS 3 as the operations of Slapshot constitute a business. As a result, the business combination was accounted for using the acquisition method of accounting and Slapshot's identifiable net assets acquired are recognized at their fair value. The consideration 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.

(Expressed in Canadian dollars)

The Company's deferred payment liability to the former shareholders of Slapshot was carried at fair value. Management used 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 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
Deferred payment liability	488,482
Total Purchase Price	$ 2,225,754

The contingent consideration payable is measured at fair value at each reporting date with changes in fair value recognized in net income. Management uses current and historical operational results, estimates and probabilities of future earnings and discounted cash flows to estimate the earn-out payment. In the twelve months ended December 31, 2024, the Company remeasured the contingent consideration payable to the actual liability of $95,788 (2023 - $98,254), which resulted in a loss of $18 (2023 – gain of $390,228).

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 $0.0562 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 of $100,930 in the year ended December 31, 2024 (2023 - gain of $1,351,959).

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	At December 31, 2024
Stock price	$0.08	$0.04	$0.035
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%	2.92%
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	36 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 and amortized over three years and the balance $20,484 was expensed in the year ended 31, 2023.

9. Revenues

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

	Year ended December 31, 2024	Year ended December 31, 2023 Restated - Note 2
Gaming revenue from wagered games (sports-betting and casino transactions)	$ 27,118,829	$ 18,379,347
Other revenue from managed services	2,437,023	465,247
Revenue	$ 29,555,852	$ 18,844,594

(Expressed in Canadian dollars)

10. Fair value of open bets liability

As at December 31, 2024, the open bets liability for unsettled wagers was $51,270 (2023 - $10,171). Open bets liability is a derivative financial instrument and for the year ended December 31, 2024, the fair value remeasurement loss of $2,625 (2023 – fair value remeasurement gain of $1,803) 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 December 2024 (note 19).

11. Equipment

Cost	Furniture & Fixtures	Computer Equipment	Total
Balance, December 31, 2022	$ -	$ 38,291	$ 38,291
Additions	-	14,970	14,970
Balance, December 31, 2023	-	53,261	53,261
Additions	5,515	6,025	11,540
Disposals	-	(4,949)	(4,949)
Balance, December 31, 2024	$ 5,515	$ 54,337	$ 59,852
Amortization			
Balance, December 31, 2022	$ -	$ 8,153	$ 8,153
Change for the year	-	9,178	9,178
Balance, December 31, 2023	-	17,331	17,331
Change for the year	814	11,012	11,826
Disposals	-	(2,639)	(2,639)
Balance, December 31, 2024	$ 814	$ 25,704	$ 26,518
Net Book Value			
December 31, 2023	$ -	$ 35,930	$ 35,930
December 31, 2024	$ 4,701	$ 28,633	$ 33,334

(Expressed in Canadian dollars)

12. Intangible assets

Cost	Software	Domain Names	Customer Contract	Total
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
Additions	112,916	-	-	112,916
Balance, December 31, 2024	$ 863,569	$ 31,598	$ 1,895,989	$ 2,791,156
Amortization				
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
Change for the year	161,597	6,320	173,678	341,595
Balance, December 31, 2024	$ 339,342	$ 16,853	$ 285,729	$ 641,924
Net Book Value				
December 31, 2023	$ 572,908	$ 21,065	$ 1,783,938	$ 2,377,911
December 31, 2024	$ 524,227	$ 14,745	$ 1,610,260	$ 2,149,232

13. Redeemable preferred shares:

The Company is authorized to issue 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, 2024 (Year ended December 31, 2023 – $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.

(Expressed in Canadian dollars)

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 fair value of the equity component is not subsequently remeasured.

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, January 1, 2023	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
Balance, January 1, 2024	66,300	$	6,482,486	$	812,588
Fair value adjustment			(1,142,736)		
Interest accretion during the period			253,640		-
Balance, December 31, 2024	66,300	$	5,593,390	$	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 from the date on which the common shares of the Company trades on the TSX Venture Exchange. On September 9. 2024, these preferred shares became redeemable. 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 redemption where such redemption would cause an insolvency event for the Company.

(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.

(c) During the year ended December 31, 2024, the Company changed the redemption date of the preference shares from two years from issue date to five years. This change was made to provide more relevant and reliable information to users of the financial statements in accordance with IFRS. This change in measurement has resulted in a gain of $1,142,736 and recognized in the financial statements for the year ended December 31, 2024.

14. Share capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Common Shares

During the year ended December 31, 2024, the Company:

(a) On June 7, 2024, issued 12,135,827 common shares on the exercise of Restricted Share Units with an exercise price of $0.55. In relation to the exercise, the fair value of the Restricted Share Units of $6,674,705 was reclassified from contributed surplus to share capital.

(b) On July 26, 2024, issued 336,875 common shares on the conversion of unsecured convertible debentures with an exercise price of $0.20. The debenture liability decreased by $67,375, the carrying amount of the converted debentures. $18,529 was reclassified to share capital, which represents the fair value of the shares at the time of issue. $48,846 was recorded as a gain on settlement of expenses in shares, being the difference between the fair value of the shares and the carrying value.

(c) On January 19, 2024 issued 500,000 common shares in exchange for services valued at $98,160. $17,500 was reclassified to share capital, representing the fair value of the shares and $80,660 was recorded as a gain on settlement of expenses in shares, representing the difference between the fair value of the shares and the services provided.

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 16). 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 6), 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 6), 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 issued 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 6), 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 6), 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 ($5,167,480 in gross proceeds before legal costs incurred). Of the gross proceeds $1,611,189 was classified to contributed surplus to reflect the fair value of the warrants issued as part of the financing arrangement. The warrants remain outstanding.

(k) Issued 304,716 common shares in exchange for services valued at $110,655.

(Expressed in Canadian dollars)

15. Warrants

The following schedule summarizes the warrant transactions for the years ended December 31, 2024 and 2023:

Warrants	Number		Value
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		830,059
Exercisable at $0.40 (d)	14,764,229		794,006
Expired	(1,453,680)		(289,810)
Exercised (a), (e), (f)	(4,420,740)		(136,311)
Balance, December 31, 2023	54,637,458	$	5,792,470
Balance, January 1, 2024	55,637,458	$	5,792,470
Issued	-		-
Balance, December 31, 2024	55,637,458	$	5,792,470

As at December 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

No warrants were issued during the year ended December 31, 2024.

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 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, 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 6). The fair value of the warrants issued of $370,990 was allocated to contributed surplus (note 6).

(c) In connection with the private placement concurrent with the Transaction on March 3, 2023, issued 609,000 warrants to agents (note 6). The fair value of the warrants issued of $124,390 was allocated to contributed surplus (note 6).

(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 6). 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 6).

(e) On March 31, 2023, issued 282,000 common shares on the exercise of warrants for proceeds of $93,060 (note 15).

(f) On May 9, 2023, issued 87,000 common shares on the exercise of warrants for proceeds of $28,995 (note 15).

(g) In connection with the private placement on October 31, 2023, issued 14,764,229 warrants exercisable at $0.36 and 14,764,229 warrants exercisable at $0.40 to Playtech, senior management and directors and agents. The fair value of the warrants issued of $830,059 and $794,006 was allocated to contributed surplus (note 8).

16. Share-based payment arrangements:

At December 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”).

(Expressed in Canadian dollars)

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.

The following schedule summarizes the stock option transactions for the period ended December 31, 2024:

	Number of options	Weighted average exercise price
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, December 31, 2023	11,581,591	$ 0.40
Outstanding, January 1, 2024	11,581,591	$ 0.40
Granted	5,960,000	0.06
Exercised	-	-
Cancelled or forfeited	(1,472,131)	0.21
Outstanding, December 31, 2024	16,069,460	$ 0.40
Vested and exercisable, end of period	9,166,510	$ 0.43
Unvested	6,902,950	$ 0.08

Options outstanding as of January 1, 2023 are restated to reflect the share split of 736.68:1 of NorthStar Gaming Inc. (note 6).

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. Total of 736,680 options have been forfeited or cancelled. The remaining 5,267,261 options vest one year from the date of grant.

(Expressed in Canadian dollars)

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.

On May 30, 2024, the Company granted a total of 5,960,000 options to an officer, employees and contractors, of which 2,400,000 were issued to officers of the Company. Of the options, 1,966,800 will vest on May 30, 2025 and the remaining 3,993,200 options vest in tranches of 499,150 on each of the eight subsequent quarters. The estimated fair value of the stock-options was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.055, ii) exercise price $0.06 iii) an estimated expected life of 4 years; iv) a risk-free rate of 3.85%; v) dividend yield of nil; and vi) expected volatility of 71%.

At December 31, 2024, 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)**
2,787,597	$0.21	2.30
7,321,863	$0.50	3.25
5,960,000	$0.06	4.42

(Expressed in Canadian dollars)

Restricted Share Units (RSU)

On April 6, 2023, the Company issued 12,135,827 restricted share units to directors, officers, employees and consultants, of which 9,534,036 were issued to directors and officers. These restricted share units were exercised on June 7, 2024 and settled by the issuance of 12,135,827 common shares of the Company and an amount of $6,674,705 was reclassified from contributed surplus to share capital.

The expenses related to the vesting of RSUs for year ended December 31, 2024 was $3,248,357 (2023 - $3,426,348).

Deferred Share Units (DSU)

The Company has a Deferred Share Unit ("DSU") plan for directors. Under the DSU plan, participants are granted units that represent a right to receive an equivalent number of common shares or cash payment at the time of their departure from the Company.

DSUs vest immediately upon grant and are settled in cash or shares upon the termination of the participant's service. The number of DSUs granted is based on the market value of the Company’s common shares on the grant date.

The DSUs are classified as a liability and are marked to market at each reporting period, with changes in fair value recognized in the consolidated statement of income (loss). The liability is presented as part of current liabilities on the consolidated statement of financial position.

As at year ended December 31, 2024, the number of outstanding DSUs was 8,599,999 (2023 – nil), and the liability recognized in respect to the DSU plan was $301,000 (2023 – nil).

The following table summarizes the DSU activity during the year:

	Number of DSUs
Outstanding, January 1, 2024	-
Granted	8,599,999
Exercised	-
Outstanding, December 31, 2024	8,599,999

(Expressed in Canadian dollars)

17. Loss per share:

	Twelve months ended December 31, 2024	Twelve months ended December 31, 2023 (Note 2 - Restated)
Numerator:		
Loss for the period	$ (19,011,072)	$ (27,390,110)
Denominator: Weighted average number of shares:		
Basic and diluted	200,277,032	160,544,233
Loss per share:		
Basic and diluted	$ (0.09)	$ (0.17)

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

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, 2024 and December 31, 2023, 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 December 31, 2024.

18. Related party balances and transactions:

Playtech

Playtech plc obtained significant influence over the Company as of March 3, 2023.

The Company incurred service provider fees of $10,633,211 from Playtech during the year ended December 31, 2024 (2023 - $5,448,085) for use of Playtech's iGaming platform, which is critical to the ongoing operations of northstarbets.ca and Slapshot, 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.

(Expressed in Canadian dollars)

The Company owed $6,024,583 to Playtech as at December 31, 2024 (2023 - $1,769,414) in respect of trade accounts payable and accrued liabilities which are due on 30-day payment terms and are non-interest bearing.

During the year ended December 31, 2024, the Company entered into three unsecured promissory notes with Playtech for a total of $9,500,000. Each note bears interest at 8% per annum, which is below market rate. On initial recognition each note was recognized at its fair value, estimated as the present value of future cash flows using prevailing market rates at the time of receipt of funds. The discount was recognized as contributed surplus. Interest was expensed during the year ended December 31, 2024, calculated using the effective interest rate used to calculate the discount. Subsequent to the year end the promissory notes and accrued interest were repaid as described in note 23.

The following table outlines the details of the promissory notes:

	Effective Rate	Amount Received	Fair Value Adjustment	Interest Accretion	Total
Note 1 - April 2024	14.67%	$ 3,000,000	$ (174,501)	$ 280,876	$ 3,106,375
Note 2 - September 2024	14.68%	3,000,000	(174,747)	123,004	2,948,257
Note 3 - December 2024	13.97%	3,500,000	(183,337)	19,041	3,335,704
Balance, December 31, 2024		$ 9,500,000	$ (532,585)	$ 422,921	$ 9,390,336

On October 31, 2023, the Company completed a private placement financing of $10,000,000, consisting of common shares, warrants and convertible debentures (note 7).

Subsequent to the year end, Playtech, together with certain of its affiliates (the “Playtech Guarantors”) guaranteed a credit facility in the sum of $43,431,00 In consideration of the Playtech Guarantors providing the Playtech Guarantee, NorthStar has issued to Playtech 32,735,295 common share purchase warrants (“Bonus Warrants”), exercisable at a price of $0.055 CAD per share, reflecting an approximately 8.70% premium to the five-day volume-weighted average price of the common shares of the Company on January 24, 2025. The Bonus Warrants will be subject to a trading hold period expiring four months from the date of issue under applicable securities laws. The Bonus Warrants expire on January 24, 2030, and are non-transferable. In accordance with the policies of the TSX Venture Exchange, if at any time the outstanding principal amount under the Credit Facility is reduced or repaid during the first year of the term of the Credit Facility, the expiry date in respect of a pro rata number of the total Bonus Warrants will be accelerated to the later of: (a) one year from the date of issuance of the Bonus Warrants; and (b) 30 days from such reduction or repayment of the Credit Facility (note 23).

(Expressed in Canadian dollars)

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 Development Officer and the Chief Financial Officer. Compensation provided to key management during the year ended December 31, 2024, was $1,697,056 (December 31, 2023 – $1,949,442). Post-employment benefits expense and share based compensation expense were $22,851 and 2,211,531 respectively during the year ended December 31, 2024 (December 31, 2023 – $27,457 and $3,054,866).

In addition, on October 31, 2023, the key management personnel participated in a private placement financing of $166,511, consisting of common shares and warrants.

19. 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, 2024, and December 31, 2023:

	December 31, 2024		December 31, 2023	
Classification	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Amortized cost:				
Cash	$ 2,090,904	$ 2,090,904	$ 3,909,761	$ 3,909,761
Restricted cash related to performance guarantee	513,000	513,000	271,000	271,000
Player deposits on hand	1,177,537	1,177,537	850,224	850,224
Amounts held for Abenaki Council of Wolinak	306,619	306,619	125,718	125,718
Amount due from payment processor	645,874	645,874	1,417,290	1,417,290
Amounts receivable	1,194,536	1,194,536	726,092	726,092
Prepaid expenses and deposits	1,244,931	1,244,931	1,010,321	1,010,321

(Expressed in Canadian dollars)

	December 31, 2024		December 31, 2023	
Classification	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial liabilities:				
Amortized cost:				
Accounts payable and accrued liabilities	$ 7,546,927	$ 7,546,927	$ 8,047,204	$ 8,047,204
Due to related party	6,024,583	6,024,583	1,769,414	1,769,414
Liability for player deposits on hand	1,121,838	1,121,838	838,250	838,250
Liability for player loyalty bonuses	197,986	197,986	129,636	129,636
Amounts due to Abenaki Council of Wolinak	306,619	306,619	125,718	125,718
Convertible debenture	3,574,262	3,574,262	3,020,100	3,020,100
Current portion redeemable preferred shares	5,593,390	5,593,390	6,482,486	6,482,486
Unsecured promissory note	9,390,336	9,390,336	-	-
Deferred payment liability	95,788	95,788	98,254	98,254
Fair value through profit and loss:				
Open bets liability	51,270	51,270	10,171	10,171
Conversion feature derivative	812,588	812,588	911,951	911,951

The carrying values of cash and cash equivalents, restricted cash related to performance guarantee, player deposits on hand, amounts receivable, amounts due from payment processor, accounts payable and accrued liabilities, 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 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 and contingent consideration are 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, restricted cash, player deposits on hand 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 above and raising additional capital. See note 23 – Subsequent events. 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 13).

Subsequent to the year end, the Company entered into a credit agreement (the "Credit Agreement") in respect of a senior secured first lien term loan facility providing for US dollar denominated loans. Minimum quarterly liquidity requirement commencing Q1 2025 to be greater of (1) $ 2,500,000 or (2) an amount equal to $5,000,000 minus consolidated EBITDA for the period; if the consolidated EBITDA is negative, consolidated EBITDA shall be deemed to be $0 (note 23). Based on the Company's forecast for the following twelve months, the Company expects to be in compliance with the covenants applicable to the Credit Agreement. Any substantial change to the Company's liquidity could cause a breach to such covenants.

(c) Capital management:

The Company's capital management objectives are to maintain financial flexibility in order to preserve its capacity to meet financial commitments, to meet its potential obligations resulting from internal growth and acquisitions and to the extent possible, pay dividends. There have been no changes in capital or capital management since the prior year.

(Expressed in Canadian dollars)

The Company defines capital as total equity and redeemable preferred shares, as presented on the statement of financial position. At December 31, 2024, capital under management was a deficit of $19,980,497 (2023 – deficit of $4,282,068) as it was in its early stage of operations.

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.

As per the terms of the Agreement with iGaming Ontario, 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.

20. General and administrative expense classified by nature

	Year ended December 31,	
	2024	2023 Restated - Note 2
Salaries, other short-term benefits, and contractors	$ 5,423,729	$ 5,037,003
Professional and consulting fees	2,261,501	2,708,683
Other administrative expenses	1,653,480	2,650,569
Insurance	761,644	1,209,442
	$ 10,100,354	$ 11,605,697

(Expressed in Canadian dollars)

21. Income Taxes

The components of income tax expense (recovery) are:

		Year ended December 31, 2024		Year ended December 31, 2023
Current tax expense (recovery)	$	-	$	-
Deferred tax expense (recovery)				
Origination and reversal of temporary differences	$	(76,438)	$	(7,058)
Change in previously unrecognized tax losses	$	76,438	$	7,058
	$	-	$	-

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, 2024		Year ended December 31, 2023
Net loss	$	(19,011,072)	$	(27,390,110)
Combined federal and provincial income tax rates		26.5%		26.5%
Computed expected tax recovery		(5,037,934)		(7,258,379)
Increase resulting from:				
Deferred tax assets not recognized		4,239,244		5,466,740
Non-deductible items and other		798,690		1,791,639
As at December 31	$	-	$	-

The statutory income tax rate was 26.5% for 2024 and 26.5% for 2023. The December 31, 2023 figures have been restated based on the restated net loss in Note 2.

(Expressed in Canadian dollars)

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, 2024	Recognized in Net Loss	December 31, 2024
Equipment	$ (7,163)	$ 1,700	$ (5,463)
Intangible assets	(376,229)	74,738	$ (301,491)
Non-capital losses	383,392	(76,438)	306,954
Deferred tax asset (liability)	$ -	$ -	$ -

	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)	$ -	$ -	$ -	$ -

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, 2024	**Year ended December 31, 2023**
Non-capital losses	$ 59,909,253	$ 43,768,789
Other deductible temporary differences	$ 1,100,522	$ 1,243,839
	$ 61,009,775	$ 45,012,628

Non-capital loss carryforwards will expire in 2044 and 2043, if they remain unused.

In assessing deferred tax tassets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred 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 deferred tax assets and available tax planning strategies in making the assessment.

(Expressed in Canadian dollars)

22. Commitments

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

	Less than One Year	One to Five Years	Greater than Five Years
Contractual commitments under service			
Contracts:			
Related party	$ 2,413,200	$ 9,652,800	$ 20,311,100
Others	$ 1,999,992	$ 1,527,971	$ 3,025,000
	$ 4,413,192	$ 11,180,771	$ 23,336,100

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 $160,762 for the year ended December 31, 2024 (2023 - $94,199).

23. Subsequent events

- On January 24, 2025, the Company entered into a credit agreement (the “Credit Agreement”) in respect of a senior secured first lien term loan facility providing for US dollar denominated loans in an aggregate principal amount of up to US$30,000,000 or approximately CAD $43,400,000 (the “Credit Facility”) to be made available by Beach Point Capital Management LP (“Beach Point”). The Credit Agreement matures on January 24, 2030 (the “Maturity Date”). The interest rate is calculated based on the applicable SOFR rate plus 9.35%, with a SOFR floor of 4.40%. There is no amortization for the first 30 months following the closing date, after which 2.5% of the principal amount is amortized per annum until the 42nd month (paid quarterly), and, thereafter, 5% per annum until the Maturity Date (paid quarterly).

  The purpose of the Credit Facility is to support NorthStar’s continued growth by significantly strengthening the Company’s financial position. The Company has drawn down funds of $43,431,000 under the Credit Facility to: (i) repay the aggregate $9,500,0000 principal amount (plus accrued interest) loaned to the Company by Playtech pursuant to unsecured promissory notes dated April 25, 2024, September 13, 2024 and December 16, 2024; (ii) fund an interest reserve account in respect of the Credit Facility in an amount equal to $7,000,000; and (iii) pay transaction costs in connection with the Credit Facility of approximately $ 6,700,000. Future use of the Credit Facility will be to fund working capital and for general corporate purposes. Minimum quarterly liquidity requirement commencing Q1 2025 to be greater of (1) $ 2,500,000 or (2) an amount equal to $5,000,000 minus consolidated EBITDA for the period; if the consolidated EBITDA is negative, consolidated EBITDA shall be deemed to be $0. Additional covenants come into effect from December 2026 onwards.

The Credit Facility is guaranteed by the Company, and by Playtech, together with certain of its affiliates (the “Playtech Guarantors”). In consideration of the Playtech Guarantors providing the Playtech Guarantee, NorthStar has issued to Playtech 32,735,295 common share purchase warrants (“Bonus Warrants”), exercisable at a price of $0.055 CAD per share, reflecting an approximately 8.70% premium to the five-day volume-weighted average price of the common shares of the Company on January 24, 2025. The Bonus Warrants will be subject to a trading hold period expiring four months from the date of issue under applicable securities laws. The Bonus Warrants expire on January 24, 2030, and are non-transferable. In accordance with the policies of the TSX Venture Exchange, if at any time the outstanding principal amount under the Credit Facility is reduced or repaid during the first year of the term of the Credit Facility, the expiry date in respect of a pro rata number of the total Bonus Warrants will be accelerated to the later of: (a) one year from the date of issuance of the Bonus Warrants; and (b) 30 days from such reduction or repayment of the Credit Facility.

- On April 23, 2025, 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, Playtech Software will provide marketing services to the Company in Ontario, through to March 31, 2025. 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.