For the three and nine-month period ended September 30, 2023

November 14, 2023

The following management's discussion and analysis ("MD&A") dated November 14, 2023, comments on the financial condition and results of operations of NorthStar Gaming Holdings Inc. ("we", "our" or the "Company") for the three and nine-months ended September 30, 2023 and is intended to assist readers in understanding the business environment, strategies, performance and risk factors of the Company. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine-months ended September 30, 2023, as well as the audited consolidated financial statements for the period ended December 31, 2022 ("Fiscal 2022") for Baden Resources Inc. and NorthStar Gaming Inc. and the related Management's Discussion and Analysis'.

Forward Looking Statements

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

In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "anticipate", "believe", "expects" or "does not expect", "estimates", "outlook", "prospects"; "projection", "intends", "believes", "should", "will", "would" or the negative of these terms, and similar expressions intended to identify forward looking statements. This MD&A includes, among other things, forward-looking statements regarding the Company's expectations regarding revenue, expenses and operations, anticipated cash needs, timing or expansion of services, future growth plans, ability to attract and retain players, arrangements and terms with service providers and anticipated trends and challenges in the business and markets. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in the forward-looking statements.

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

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Readers are advised to consider such forward-looking statements in light of the risks set forth under the heading "Risks and Uncertainties" in this MD&A and the Company's annual information form for Fiscal 2022 (the "AIF") which are incorporated by reference into this document. A copy of the Company's AIF and the Company's other publicly filed documents can be accessed under the Company's profile on SEDAR+ at www.sedarplus.com.

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

Basis of Presentation

Our audited annual consolidated financial statements and unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), using the accounting policies described therein. All financial information contained in this MD&A and in the condensed consolidated interim financial statements for the three and nine-months ended September 30, 2023, has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). All amounts are presented in Canadian dollars unless otherwise indicated.

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

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

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

All references in this MD&A to "Q3 2023" are to the three-month period ended September 30, 2023 and to "Q3 2022" are to the three-month period ended September 30, 2022. All references to "YTD 2023" are to the nine-month period ended September 30, 2023 and to "YTD 2022" are to the nine-month period ended September 30, 2022. All references in this MD&A to "Fiscal 2022" are to the 12-month period ended December 31, 2022.

1. Overview and Strategy

A summary of our business and strategy

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

On March 3, 2023, the Company completed a reverse takeover transaction (the "Transaction") with NorthStar, a non-reporting issuer, pursuant to a business combination agreement between the Company and NorthStar which included the amalgamation of NorthStar and a newly incorporated subsidiary of the Company. The Company's name was changed from Baden to NorthStar Gaming Holdings Inc. immediately prior to the Transaction.

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

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

In connection with the launch of operation of Northstarbets.ca, NorthStar Sub also entered into an agreement with iGaming Ontario, a subsidiary of the AGCO, effective May 9, 2022. Under the terms of the agreement, NorthStar Sub will operate Northstarbets.ca in accordance with the regulations as set out by the AGCO and as included in the agreement. As part of the terms of the operating agreement, iGaming Ontario charges the Company fees which are based on a percentage of gross gaming revenue as defined in the iGaming Ontario operating 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, as discussed in greater detail below.

Competitive Landscape and Strategic Initiatives

The main game offerings on Northstarbets.ca include a sportsbook with pre-live and live markets with monthly sports betting markets, and slot/live and jackpot casino games. Northstarbets.ca offers in excess of 500 casino games, including slot games, blackjack, roulette and baccarat, and a variety of stakes and live dealer games, which services casual to VIP players.

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

The Company's online presence also includes a news portal that seamlessly integrates sports news, betting insights, statistics, scores, and odds, which the Company believes to be a key strategic differentiator, a channel to acquire players, and an enhancement of its ability to engage with its user-base.

Northstarbets.ca operates in the online sports betting industry which is highly competitive, constantly evolving and subject to regulatory and rapid technological change. The Ontario gaming market within which the Company operates, is also highly competitive and newly legalized. As a result of recent legalization, Northstarbets.ca is competing for market share and incurring significant expenses on advertisements to build brand recognition and onboard new players. As a result of the foregoing, in addition to the Company's news portal which we believe is a key strategic differentiator, the Company plans to continue to introduce and market new and innovative technologies, product and service offerings and product and service enhancements to effectively stimulate customer demand, acceptance and engagement.

The Company's wholly-owned subsidiary, Slapshot, a Canadian iGaming marketing and managed services company provides managed services to Spreads.ca, an iGaming site owned and operated by the Abenaki Council of Wolinak. See below under Recent Developments for a further discussion of Slapshot. Subsequent to the end of the third quarter, on November 1, 2023, Spreads.ca was rebranded to www.Northstarbets.com.

Recent Developments

Private Placement

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

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

Proceeds from the Offering will be utilized to fund marketing to expand Northstarbets.com and for general working capital purposes.

Strategic Marketing Contribution

On June 26, 2023, NorthStar Sub entered into an agreement with Playtech Software Limited (“Playtech”) pursuant to which Playtech will make an initial contribution of up to $1.5 million (which can be increased to up to $4 million) that will directly support NorthStar Sub’s player acquisition strategy beginning in the second half of 2023. Playtech will be reimbursed and compensated through a share of revenue from the income generated in connection with the marketing initiatives to which Playtech contributed.

The Playtech contribution materially increases NorthStar Sub’s marketing budget for the balance of 2023 and is anticipated to accelerate NorthStar Sub’s player acquisition during the fourth quarter of 2023 when many North American professional sports leagues resume regular season play. The Playtech contribution is in addition to the $12.25 million equity investment received from Playtech plc in connection with the conversion of NorthStar’s previously issued convertible debenture (further described herein) and the Transaction.

Through the end of the third quarter, Playtech had contributed $1.5 million in respect of this agreement.

Preferred Share Conversion

On May 31, 2023, the Company reached an agreement with the arm’s length holder of its Redeemable Preferred Shares to convert all of the holder’s Redeemable Preferred Shares into Common Shares. Pursuant to the agreement, the Company issued 2,127,273 Common Shares at $0.55 per Common Share in consideration for the cancellation of 11,700 Redeemable Preferred Shares held by the holder, with a notional value of $1.17 million. The Common Shares issued on the conversion were restricted from trading until October 1, 2023. The holder agreed that 25% of the Common Shares would be released on October 1, 2023 and the balance would be released in equal tranches on October 31, 2023, November 30, 2023 and December 31, 2023.

The conversion of the holder’s Redeemable Preferred Shares bolstered the Company’s balance sheet, removing all current debt in respect of Redeemable Preferred Shares and freed up capital for player acquisition and business development.

Acquisition of Slapshot

On May 8, 2023, the Company acquired 100% of the outstanding shares of Slapshot, a 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 transaction was to ultimately open up the Canadian market to the NorthStar brand outside Ontario, and materially expand the addressable market available to the Company.

This strategic acquisition was highly complementary to the Company’s current online casino and sportsbook offerings. Spreads.ca is not and will not be made available in Ontario and Northstarbets.ca will continue to be the only online casino and sports book offered by NorthStar in Ontario. On November 1, 2023, Spreads.ca was rebranded to www.Northstarbets.com (“Northstarbets.com”). NorthStarbets.com is a site owned and operated by the Abenaki Council of Wolinak.

The Company acquired 100% of the issued and outstanding shares of Slapshot plus an adjustment of $0.3 million for working capital in exchange for 3,818,181 common shares of the Company. Based on the closing share price, of the Common Shares on May 8, 2023, the total consideration paid was $1.7 million. In addition, the former shareholders of Slapshot are also entitled to a separate earn-out of up to $0.5 million based on Slapshot’s revenue performance for the 12-month period following the closing, payable quarterly in Common Shares with a deemed value per Common Share equal to the greater of: (i) the 20-day volume weighted average price calculated at the end of each applicable quarter; and (ii) $0.45 per Common Share. The Company has not yet made any payments in respect of the three month period ended August 8, 2023.

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

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

Fair Value of Identifiable Net Assets (in 000s)	
Cash and cash equivalents	$184
Player balances on hand	104
Amounts due from payment processors	190
Accounts receivable	141
Contract with Abenaki of the Wolinak	1,986
Accounts payable and accrued liabilities	(186)
Liability for player deposits on hand	(104)
	$2,315
Fair value of Common Shares issued	$1,737
Consideration payable liability	578
Total purchase price	$2,315

The consideration payable related to the estimated payment of $0.5 million was remeasured to it's estimated fair values at both June 30, 2023 (gain of $0.2 million) and September 30, 2023 (gain of $0.1 million). The three and six-months ended June 30, 2023 have been adjusted by $0.2 million to reduce consideration payable as at June 30, 2023 (previously reported at $0.5 million) and record a gain on remeasurement of $0.2 million for the six-months ended June 30, 2023 (previously reported at $nil). The gain on remeasurement for the nine-months ended September 30, 2023 was $0.4 million.

The Transaction

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

As part of the Transaction:

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

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

(in '000s)	
Fair value of 4,181,430 Common Shares issued[(a)]	$2,091
Fair value of 1,222,680 warrants exercisable at $0.33 issued[(b)]	269
Fair value of 600,000 warrants exercisable at $0.43 issued[(c)]	102

Total purchase price	$2,462
Cash and cash equivalents	$107
Accounts receivable	6
Accounts payable and accrued liabilities	(16)
Net assets assumed	$97
Public listing costs expensed	$2,365
	$2,462

(a) The fair value per Common share on the date of the transaction was $0.50 which was based on the most recent issuance of common shares around the date of the announcement of the transaction..

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

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

The fair value of consideration paid in the Transaction exceeds the fair value of net assets assumed by $2.4 million and was treated as public listing costs and expensed in the three months ended March 31, 2023. Public listing costs for the three months ended March 31, 2023 also include $0.4 million of accounting and legal expenses related to the Transaction.

Subscription Receipt Conversion

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

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

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

Conversion of Convertible Debenture

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

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

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

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

Financial Highlights

Financial highlights for the third quarter ended September 30, 2023:

- Total wagers [(1)] at Northstarbets.ca were $138.0 million in Q3 2023, an increase of 140% compared to $57.6 million in Q3 2022.
- Gross Gaming Revenue [(2)] at NorthStarbets.ca was $5.5 million in Q3 2023, an increase of 120% over $2.5 million in Q3 2022.
- Revenue, net of bonuses, promotional costs and free bets, was $4.7 million in Q3 2023, including $0.2 million of services revenue contributed by Spreads.ca, compared to $2.0 million in Q3 2022. An increase of 131% over the same quarter in the previous year
- Gross margin was $1.6 million in Q3 2023, an increase of 527% over $0.3 million in Q3 2022, and represented 35% of Revenue compared to 13% of revenue in Q3 2022.

- On October 31, 2023, the Company announced the completion of a private placement financing of approximately $10.3 million consisting of common shares, warrants and convertible debentures.

[1] "Total wagers" is a non-IFRS financial measure. For important information on the Company's non-IFRS measures, See "Non-IFRS Financial Measures".
[2] "Gross Gaming Revenue" is a non-IFRS financial measure. For important information on the Company's non-IFRS measures, see "Non-IFRS Financial Measures".

2. Operating Results

A discussion of our operating results for the three and nine-months ended September 30, 2023

Selected Financial Information

The following table summarizes our recent results of operations for the periods indicated. The selected consolidated financial information set out below has been derived from our unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine-months ended September 30, 2023. As the reverse take-over was accounted for as an acquisition of the Company by NorthStar, all comparative periods below reflect NorthStar's operations prior to the Transaction.

	Three months ended	Three months ended	$ Change	Nine months ended	Nine months ended	$ Change
	September 30, 2023	September 30, 2022	Favourable/ (Unfavourable)	September 30, 2023	September 30, 2022	Favourable/ (Unfavourable)
Revenue	**$4,682**	**$2,022**	**$2,660**	**$12,962**	**$2,549**	**$10,413**
Cost of revenues						
Operator participant fee	953	466	(487)	2,691	577	(2,114)
Service providers fees	2,099	1,296	(1,693)	5,618	1,817	(1,693)
Gross margin	**1,630**	**260**	**1,370**	**4,653**	**155**	**4,498**
Expenses:						
Marketing	1,976	4,532	2,556	8,622	9,438	816
General and administrative:						
Salaries, short-term benefits and contractors	1,000	1,104	104	3,350	2,793	(557)
Professional and consulting fees	487	295	(192)	1,804	702	(1,102)
Other administrative expenses	363	40	(323)	954	312	(642)
Insurance	250	224	(26)	959	225	(734)
Share-based compensation expense	1,664	148	(1,516)	3,964	240	(3,724)
Public listing costs (non-cash)	-	-	-	2,364	-	(2,364)
Public listing costs (cash)	-	-	-	425	-	(425)
Depreciation and amortization	63	9	(54)	141	24	(117)
Gain on remeasurement of consideration payable	(144)	-	144	(372)	-	372
Interest expense	164	-	(164)	444	-	(444)
Total expenses	5,823	6,352	529	22,655	13,734	(8,921)
Net loss	**(4,193)**	**(6,092)**	**1,899**	**(18,002)**	**(13,579)**	**(4,423)**
Net loss per share (Basic and fully diluted)	(0.03)	(0.06)	0.03	(0.12)	(0.13)	0.01

Revenues

On April 12, 2022, NorthStar received its license from the AGCO and on May 9, 2022 it launched Northstarbets.ca which offers access to regulated sports betting markets, and a robust and curated online casino offering, including popular slot offerings and live dealer games. The Company began generating revenue on May 9, 2022, and accordingly, the comparative revenue information for the nine-month period ended September 30, 2022 does not include comparable operating results of Northstarbets.ca for the period prior to May 9, 2022.

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

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

Revenue in the three months ended September 30, 2023 increased $2.7 million to $4.7 million, compared to $2.0 million in the three months September 30, 2022. Revenue in the third quarter of 2023 included Gaming Revenue of $4.5 million (net of bonuses, promotional costs and free bets of $0.8 million) and managed services revenue of $0.2 million. Revenue in the third quarter of 2022 included Gaming Revenue of $2.0 million (net of bonuses, promotional costs and free bets of $0.5 million) and no managed services revenue as Slapshot was acquired in the second quarter of 2023. Gaming revenues in Q3 2023 were also impacted by seasonality as the first and third quarters traditionally experience lower customer activity and engagement, resulting in lower wagering and associated revenues.

Revenue in the nine months ended September 30, 2023 increased $10.4 million to $12.9 million compared to $2.5 million in the nine months ended September 30, 2022.

Revenue in the first nine months of 2023 included Gaming Revenue of $12.6 million (net of bonuses, promotional costs and free bets of $0.8 million) and managed services revenue of $0.3 million. Revenue in the first nine months of 2022 was comprised entirely of Gaming Revenue of $2.5 million (net of bonuses, promotional costs and free bets of $0.7 million).

Total wagers[1] in respect of Gaming revenue from Northstarbets.ca were $138.0 million in Q3 3023 This compares to total wagers of $57.6 million in respect of Gaming revenues on Northstarbets.ca in Q3 2022. Total wagers in respect of Gaming Revenue from northstarbets.ca were $434.6 million for the YTD 2023. This represents an increase of $362.2 million compared to $72.4 million of total wagers in YTD 2022.

Total wagers in respect of Gaming Revenue from northstarbets.ca were $434.6 million for the YTD 2023. This represents an increase of $362.2 million compared to $72.4 million of total wagers in YTD 2022.

Cost of revenues

Cost of revenues incurred during Q3 2023 and YTD 2023 primarily relate to service provider costs as well as operator participant fees associated with the operation of Northstarbets.ca. Services provider fees incurred in Q3 2023 also include $0.2 million of costs associated with the provision of managed services by Slapshot.

Operator participant fees are a variable cost of Gaming Revenues whereas service provider fees are a combination of fixed and variable charges. For the three and nine months ended September 30, 2023, the Company incurred some amount of fixed service provider fees related to its early stage of operations. However, these fees as a proportion of revenue are much lower than in the comparable periods in 2022 (46% in Q3 2023 compared to 64% in Q3 2022) and service provider fees will generally become more variable as revenues continue to grow.

In Q3 2023, gross margin was $1.6 million or 35% of revenues. Gross margin was $0.3 million or 13% of revenue in Q3 2022. For YTD 2023, gross margin was $4.7 million or 36% of revenues whereas gross margin was $0.2 million or 6% of revenue in YTD 2022.

Expenses

Marketing

Marketing expenses of $2.0 million were incurred in Q3 2023 ($4.5 million in Q3 2022) and $8.6 million were incurred in YTD 2023 ($9.4 million in YTD 2022). The decrease in marketing expenses in Q3 2023 as compared to Q3 2022 can be attributed, in part, to marketing expenses incurred in 2022 which were associated with branding that were not incurred during the comparable periods in 2023. There are minimal marketing costs associated with the Slapshot acquisition in May 2023. All other marketing expenses incurred during the 2023 and 2022 periods relate to marketing to acquire new players since the launch of Northstarbets.ca on May 9, 2022. Marketing expenses in Q3 2023 were also managed to reflect the volume of the business as the first and third quarters traditionally experience lower customer activity and engagement.

General and administrative

Salaries, short-term benefits, and contractors were $1.0 million and $3.4 million in Q3 2023 and YTD 2023, a decrease of $0.1 million over Q3 2022 and an increase of $0.6 million over YTD 2022. The increase YTD 2023 is related to additional resources associated with the launch of operations of Northstarbets.ca on May 9, 2022.

Professional and consulting fees were $0.5 million and $1.8 million in Q3 2023 and YTD 2023 and relate to legal and other professional fees. These amounts reflect increases of $0.2 million and $1.1 million over the comparative periods in 2022. These professional fees represent i) ongoing fees associated with the listing on the TSXV in March 2023, ii) various audit costs associated with requirements of the gaming license with iGaming Ontario and the AGCO, and iii) the acquisition of Slapshot in May 2023.

Other administrative expenses were $0.4 million and $1.0 million in Q3 2023 and YTD 2023 compared to less than $0.1 million and $0.3 million in Q3 2022 and YTD 2022. The increase in Q3 2023 and YTD 2023 relative to the comparable periods in 2022 is related to additional activity associated with the launch of Northstarbets.ca.

Insurance costs were $0.3 million and $1.0 million respectively in Q3 2023 and YTD 2023 ($0.2 million in Q3 2022 and YTD 2022) and relate to the launch of operations of Northstarbets.ca in May 2022.

Share-based compensation expenses, which are non-cash, were $1.7 million and $4.0 million in Q3 2023 and YTD 2023 ($0.1 million and $0.2 million in Q3 2022 and YTD 2022 respectively) and reflect expenses associated with stock options and restricted share units, the details of which are further discussed below.

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

Net loss

Net loss for Q3 2023 and YTD 2023 was $4.2 million and $18.0 million respectively compared to $6.1 million and $13.6 million in the comparable periods in 2022. The decrease in net loss in Q3 2023 relative to the comparable period in 2022 was the result of lower marketing costs partially offset by higher non-cash share-based payment expenses.

Net loss for YTD 2023 increased by $4.4 million, and includes the following: (i) $2.8 million of public listing costs associated with the Transaction ($2.4 million non-cash); ii) an increase of non-cash share-based payment expenses of $3.7 million; and (iii) $0.4 million of non-cash imputed interest expense related to the Redeemable Preferred Shares. This increase in expenses was partially offset by an increase in gross margin associated with higher revenues from operations as well as lower marketing costs.

Net loss per share for Q3 2023 and YTD 2023 was ($0.03) and ($0.12) respectively. This compares to loss per share of ($0.06) and ($0.13) for the comparable periods in 2022. The loss per share in Q3 2023 and YTD 2023 reflects the above noted net loss for the period divided by the weighted average number of Common Shares outstanding at September 30, 2023. In addition, all per-share numbers have been restated on a retroactive basis to reflect NorthStar's pre-transaction share split of 736.68:1.

3. Outlook

The outlook for our business in the balance of 2023

Given that the Company is still in its early stage of operations, we anticipate that our player registrations, active players and associated Revenues will continue to grow for the foreseeable future as we continue to invest in additional marketing to support player acquisition and continue to enhance our content-rich user experience and world-class online casino.

Subsequent to the end of the quarter, on October 31, 2023, the Company raised an additional $10.3 million in capital from a combination of convertible debt and equity, as discussed above. These funds will be utilized to fund marketing to expand Northstarbets.com and for general working capital purposes. On November 1, 2023 Spreads.ca was rebranded as www.northstarbets.com in order to materially expand the addressable market available to the NorthStar brand and to improve the efficacy of marketing spend associated with the NorthStar brand.

4. Liquidity and Capital Resources

A discussion of our cash flow, liquidity and other disclosures

As at September 30, 2023, the Company had total assets of $7.5 million, negative working capital, excluding the redeemable preferred shares, of $3.2 million and $1.2 million of cash and cash equivalents (September 30, 2022 - $0.6 million, December 31, 2022 - $1.2 million).

In the YTD 2023, we used $12.3 million of cash and cash equivalents in operating activities ($8.0 million in YTD 2022), we generated $12.1 million of cash and cash equivalents from financing activities ($9.0 million in YTD 2022), and we generated $0.3 million in cash and cash equivalents from investing activities (($0.4 million) in YTD 2022). The cash and cash equivalents used in operating activities reflects the $11.3 million net loss, net of non-cash expenses plus an increase in net non-cash working capital of $0.9 million. The cash and cash equivalents generated from financing activities represents $11.6 million in net proceeds from issuing common shares and warrants as part of the subscription receipt conversion and conversion of the convertible debenture discussed previously, as well as $0.5 million in proceeds from the conversion of warrants into common shares. The cash and cash equivalents generated by investing activities was primarily cash and cash equivalents acquired by NorthStar from the Slapshot acquisition and from Baden, as part of the Transaction.

In the nine months ended September 30, 2022, we used $8.0 million of cash and cash equivalents in operating activities, we used $0.4 million in cash and cash equivalents in investing activities, and we generated $9.0 million of cash and cash equivalents from financing activities. The cash and cash equivalents used in operating activities reflects the net loss of $13.3 million partially offset by a decrease in net non-cash working capital of $5.4 million. The cash and cash equivalents used in investing activities reflects the purchase of computer equipment and development of intangible assets associated with preparing the platform for operations, beginning May 9, 2022. The cash and cash equivalents generated from financing activities represents net proceeds from issuing common shares and warrants as part of the private placements in February and March of 2022 as well as $3.8 million of proceeds from issuing redeemable preferred shares in 2022.

Ability to Continue Operations

The Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2023 were prepared on the assumption that the Company is a going concern, will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at September 30, 2023, the Company was in its early stage of operations and therefore the Company has experienced losses since inception. The Company's cash resources as at September 30, 2023 are not sufficient to fund its planned business operations over the next 12 months. As a result, there is significant doubt about the Company's ability to continue as a going concern. In order to fund the Company's planned business operations, which includes marketing, product development, obtaining and maintaining i-Gaming licenses and technical infrastructure, and before the Company expects to generate positive cash flow, additional financing will be required. On October 31, 2023, the Company raised an additional $10.3 million in capital from a combination of convertible debt and equity, as discussed above. In addition, the Company is pursuing opportunities to raise additional capital in the form of equity and/or debt to fund its business operations. However, there is no assurance of the success or sufficiency of any these initiatives, additional financing may not be available, or on favourable terms. The failure to raise such financing could result in the delay or indefinite postponement of current business operations.

Off Balance Sheet Arrangements

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

Contractual Obligations and Other

As at September 30, 2023, the Company had the following minimum commitments:

	Payments Due by Period		
Contractual Obligations	**Less than One Year**	**One to Five Years**	**Greater than Five Years**
Contractual Commitments under service contracts	$3.9 million	$10.3 million	$20.6 million

Current Share Information

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. As at September 30, 2023, 163,263,557 Common Shares and 66,300 Preferred Shares were issued and outstanding. As at November 14, 2023, 192,792,015 Common Shares and 66,300 Preferred Shares were issued and outstanding.

As at September 30, 2023, an aggregate of 26,562,680 warrants to purchase Common Shares were outstanding with exercise prices and expiry dates as follows:

	Exercise Price	Expiry Date
853,680 warrants	$0.33	November 25, 2023
600,000	$0.43	November 25, 2023
609,000	$0.50	March 3, 2025
12,250,000 A warrants	$0.85	March 3, 2028
12,250,000 B warrants	$0.90	March 3, 2028

As at November 14, 2023, an aggregate of 56,091,138 warrants to purchase Common Shares were outstanding with exercise prices and expiry dates as follows:

	Exercise Price	Expiry Date
853,680 warrants	$0.33	November 25, 2023
600,000	$0.43	November 25, 2023
609,000	$0.50	March 3, 2025
12,250,000 A warrants	$0.85	March 3, 2028
12,250,000 B warrants	$0.90	March 3, 2028
14,764,229 A warrants	$0.36	October 31, 2028
14,764,229 B warrants	$0.40	October 31, 2028

As at September 30, 2023, the Company had the following share-based payment arrangements:

Stock Options

At September 30, 2023, the following table provides the outstanding options at their respective exercise prices and the related weighted average remaining contractual life:

Exercise price	Number outstanding	Weighted average remaining contractual life
		(in years)
$0.21	4,479,314	4.29
$0.50	8,058,542	4.67
Total	12,537,856	

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

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

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

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

As at November 14, 2023, 12,537,856 options to purchase Common Shares were outstanding.

Restricted Share Units

On April 6, 2023, pursuant to the Equity Compensation Plan, the Company issued 12,135,827 restricted share units to directors, officers, employees and consultants, of which 9,426,154 were issued to directors and officers. These restricted share units were issued at a unit price of $0.55 and vest on April 6, 2024. As at September 30, 2023 and November 14, 2023, there were 12,135,827 restricted share units outstanding.

The expense related to the vesting of RSUs for the three months ended September 30, 2023 was $1.2 million and $2.3 million for the nine months ended September 30, 2023. The expense related to the vesting of RSUs for the three and six-months ended June 30, 2023 has been adjusted by an increase of $0.6 million to reflect the appropriate vesting period and forfeiture rate, with a corresponding increase to net loss. The adjusted three and six months ended June 30, 2023 RSU expense is now $1.1 million (previously reported of $0.5 million).

5. Related Party Transactions

A discussion of transactions with related parties

The Company paid $58,400 and $1,954,518 to Playtech, a company with significant influence (effective March 3, 2023) in the three and nine months ended September 30, 2023 (January 1, 2022 – September 30, 2022 - $359,849) for service provider fees.

The Company owed $1,082,148 to Playtech at September 30, 2023 in respect of trade accounts payable and accrued liabilities which are due on 30 day payment terms and are non-interest bearing (December 31, 2022 - $555,730).

6. Financial Instruments

A summary of our financial instruments

The Company's financial instruments at September 30, 2023 include cash and cash equivalents, restricted cash related to performance guarantee, player deposits on hand, amounts due from payment processors, accounts receivable, accounts payable and accrued liabilities, amounts due to related parties, liability for player deposits on hand, player loyalty bonuses, consideration payable liability and redeemable preferred shares. The carrying value of these amounts are reasonable estimates of fair values due to the relatively short periods to maturity and the terms of these instruments.

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

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

7. Critical Accounting Policies and Estimates

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

Accounting Policies

We consider the accounting policies related to revenue, including gaming revenue, cost of revenues, redeemable preferred shares, convertible debenture, share capital, share-based payments, warrants and financial instruments to be the critical accounting policies used in the preparation of the Condensed Consolidated Interim Financial Statements. The accounting policies below reflect the policies used in preparation of these financial statements.

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

- **Revenue**

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

Gaming Revenue

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

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

Other revenue

Revenue is earned from managed services, which is accounted for under IFRS 15, that arose from the acquisition of Slapshot as discussed above.

- **Cost of revenues**

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

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

Service provider fees include fees that the Company pays to vendors who provide services in respect of the Northstarbets.ca iGaming platform and ancillary services including supplier costs and customer payment transaction fees. Service provider fees also include fees that the Company pays in respect of providing managed services to Spreads.ca. Spreads.ca was rebranded as NorthStarbets.com on November 1, 2023. Service provider fees are recorded based on the level of transactions and contractual amounts and are expensed as incurred.

- **Cash and cash equivalents**

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

- **Restricted cash related to performance guarantee**

Restricted cash related to performance guarantee represents cash held in a trust account in respect of a performance guarantee and is required under the terms of the license with iGaming Ontario.

- **Player deposits on hand**

Player deposits on hand represents cash held on behalf of player deposits.

- **Equipment**

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

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

- Computer equipment 5 years

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

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

- **Intangible assets**

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

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

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

- Software (including licenses and integration) 5 years
- Domain names 5 years
- Customer contract Over the remaining term to expiry

- **Accrued player loyalty bonuses**

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

- **Redeemable preferred shares**

The Company's Preferred Shares are classified as a compound financial instrument with a liability component as they are redeemable in cash by the holders and have an equity redemption feature. The redeemable preferred shares that allow the holder to request a redemption in Common Shares at a fixed price per Common Share results in a compound financial instrument with an equity and a liability component. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

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

- **Convertible debenture**

On December 19, 2022, NorthStar issued a convertible debenture which allowed the holder to convert the debenture into 24,500,000 Common Shares, 12,250,000 A warrants and 12,250,000 B warrants. The debenture carried interest at 8% which would be waived by the holder if the Transaction occurred within 90 days of the date of issue. The conversion feature of the convertible debenture required NorthStar (and then the Company) to deliver a combination of Common Shares and warrants. As a result, the conversion feature did not meet the definition of equity and the convertible debenture was therefore a financial liability in its entirety and measured at fair value through profit and loss (“FVTPL”). The debenture was converted on March 3, 2023. On conversion, the value ascribed to the separate equity instruments was allocated using the relative fair value method.

- **Share capital**

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

- **Share-based payments**

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

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

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

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

- **Restricted Share Units**

The Company has an equity compensation plan for directors, officers, employees and consultants. Each tranche of 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 quarterly with any impact being recognized immediately. When Common Shares are issued for restricted share units, the fair value attributed to these restricted share units is transferred from contributed surplus to share capital.

- **Warrants**

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

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

- **Loss per share**

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

- **Taxes**

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

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

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

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

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

- **Financial Instruments**

Financial assets

Initial Recognition and Measurement

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

Classification and subsequent measurement

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

Financial assets are classified as follows:

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

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

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

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

Business model assessment

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

Contractual cash flow assessment

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

Impairment

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

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

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

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

Derecognition of financial assets

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

Financial liabilities

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

Derecognition of financial liabilities

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

Accounting Estimates and Judgements

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

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

Assumption and estimation uncertainties

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

8. Summary of Quarterly Results

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

(in '000s of dollars)	**Fiscal 2023**			**Fiscal 2022**				**Fiscal 2021**
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Financial Summary:								
Revenue	$4,682	$4,635	$3,646	$3,195	$2,022	$527	Nil	Nil
Net Loss	(4,193)	(5,104)	(8,704)	(6,409)	(6,092)	(5,614)	(1,873)	(1,256)
Basic loss per share	($0.03)	($0.02)	($0.07)	($0.06)	($0.06)	($0.05)	($0.03)	($0.11)

The summary of quarterly results illustrates the launch of Northstarbets.ca on May 9, 2022 as well as the cyclical nature of Gaming Revenues. The second and fourth quarters are generally the strongest driven by seasonality in gaming activities with somewhat less gaming activity in the first and third quarters.

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

* The Net Loss for Q2 2023 has been adjusted to reflect the following:

a. The three and six-months ended June 30, 2023 have been adjusted by $0.2 million to reduce consideration payable as at June 30, 2023 (previously reported at $0.5 million) and record a gain on remeasurement of $0.2 million for the six-months ended June 30, 2023 (previously reported at $nil).

b. The expense related to the vesting of RSUs for the three and six-months ended June 30, 2023 has been adjusted by an increase of $0.6 million to reflect the appropriate vesting period and forfeiture rate, with a corresponding increase to net loss. The adjusted three and six months ended June 30, 2023 RSU expense is now $1.1 million (previously reported of $0.5 million).

9. Non-IFRS Financial Measures

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

10. Risks and Uncertainties

Risks and uncertainties surrounding our business

There are a number of risks and uncertainties associated with the Company. For a detailed description of such risk factors, refer to the “Risk Factors” section of the Company’s annual information form for Fiscal 2022 dated as of July 14, 2023 (the “AIF”) which is available under the Company’s profile on SEDAR+ (www.sedarplus.com). The risks described in the AIF are incorporated by reference in this MD&A.

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

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

Risks Related to the Company’s Business and Industry

The requirement of being a public company may strain the Company’s resources and divert management’s attention.

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

Risks Related to the Company’s Securities

The price of the Company’s Common Shares may experience volatility and may be subject to fluctuation in the future based on market conditions.

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

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

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

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

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

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

(a) designed, or caused to be designed, DC&P to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

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

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

11. Additional Information

Additional information relating to the Company, including the Company's AIF, is available on SEDAR+ at www.sedarplus.com. The Company's Common Shares are listed for trading on the TSX Venture Exchange under the symbol "BET".