

BADEN RESOURCES INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
(Unaudited)
THREE MONTHS ENDED SEPTEMBER 30, 2022

BADEN RESOURCES INC.

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

As at	Note	September 30, 2022	June 30, 2022
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	2	232,945	294,124
Receivables		5,023	5,193
Total assets		237,968	299,317
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable		18,718	176
Accrued liabilities		13,500	36,076
Total liabilities		32,218	36,252
Shareholders' equity			
Share capital	5	883,245	883,245
Reserves	5	30,694	30,694
Deficit		(708,189)	(650,874)
Total shareholders' equity		205,750	263,065
Total liabilities and shareholders' equity		237,968	299,317

Nature of operations and going concern (Note 1)

These financial statements were approved by the Board of Directors on November 28, 2022:

"Steve Mathiesen"

Steve Mathiesen, Director

"Howard Milne"

Howard Milne, Director

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

BADEN RESOURCES INC.Condensed Interim Statements of Loss and Comprehensive Loss - Unaudited
(Expressed in Canadian Dollars)

		For the three months ended	
	Note	September 30,	
		2022	2021
		\$	\$
EXPENSES			
Bank charges and interest		69	65
Consulting fees	4	4,000	-
Listing, filing and transfer agent fees		5,103	3,185
Management fees	4	22,000	12,000
Marketing and advertising		-	27
Operating, general and administrative		2,494	653
Professional fees		19,859	4,700
Rent		4,500	4,500
Telephone and communications		300	300
Loss before other item		(58,325)	(25,430)
Other item			
Interest income		1,010	234
Net loss and comprehensive loss		(57,315)	(25,196)
Loss per share – basic and diluted		(0.00)	(0.00)
Weighted average number of common shares			
outstanding		13,938,100	11,936,982

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

BADEN RESOURCES INC.Condensed Interim Statements of Changes in Shareholders' Equity - Unaudited
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total Equity
		\$	\$	\$	\$
Balance, June 30, 2021	11,936,000	682,920	30,809	(241,290)	472,439
Issuance of common shares on exercise of warrants at \$0.10	2,100	210	-	-	210
Allocation of warrants exercised	-	115	(115)	-	-
Loss and comprehensive loss	-	-	-	(25,196)	(25,196)
Balance, September 30, 2021	11,938,100	683,245	30,694	(266,486)	447,453
Issuance of common shares for cash at \$0.10	2,000,000	200,000	-	-	200,000
Loss and comprehensive loss	-	-	-	(384,388)	(384,388)
Balance, June 30, 2022	13,938,100	883,245	30,694	(650,874)	263,065
Loss and comprehensive loss	-	-	-	(57,315)	(57,315)
Balance, September 30, 2022	13,938,100	883,245	30,694	(708,189)	205,750

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

BADEN RESOURCES INC.Condensed Interim Statements of Cash Flows - Unaudited
(Expressed in Canadian Dollars)

	For the three months ended	
	September 30,	
	2022	2021
	\$	\$
Cash flows used in operating activities:		
Net loss	(57,315)	(25,196)
Changes in non-cash working capital items:		
Receivables	170	(3,916)
Accounts payable and accrued liabilities	(4,034)	5,278
Net cash used in operating activities	(61,179)	(23,834)
Financing activities		
Proceeds from issuance of shares	-	210
Net cash provided by financing activities	-	210
Investing activities		
Exploration and evaluation assets	-	(55,047)
Net cash used in investing activities	-	(55,047)
Decrease in cash and cash equivalents	(61,179)	(78,671)
Cash and cash equivalents, beginning	294,124	402,566
Cash and cash equivalents, ending	232,945	323,895
Cash and cash equivalents consist of the following:		
Cash held in banks	32,945	23,596
Guaranteed investment certificate	200,000	300,299
	232,945	323,895

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

BADEN RESOURCES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - Unaudited
FOR THE THREE MONTHS ENDED SEPTEMBER 30 2022
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Baden Resources Inc. (the "Company") was incorporated in the Province of British Columbia on January, 19, 2020 under the Business Corporations Act of British Columbia. The Company is focused on acquisition, exploration, and development of mineral properties in British Columbia. The Company's business office is located at Suite 503 – 905 W. Pender Street, Vancouver BC V6C 1L6. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "BDN".

On June 29, 2022, the Company entered into a business combination agreement (the "Business Combination Agreement") with NorthStar Gaming Inc. ("NorthStar") pursuant to which, among other things, NorthStar will complete a "reverse takeover" of the Company (the "Proposed Transaction") (See Note 8).

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2022, the Company is not able to finance day to day activities through operations and has an accumulated deficit of \$708,189. The continuing operations of the Company are dependent upon its ability to obtain sufficient financing and the success of its exploration activities. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with loans from directors and companies controlled by directors and/or issuance of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. SUMMARY SIGNIFICANT ACCOUNTING

Basis of preparation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The unaudited condensed interim financial statements, prepared in conformity with accounting policies consistent with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual financial statements. Since the unaudited condensed interim financial statements do not include all disclosures required by IFRS for annual financial statements, they should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2022.

Basis of measurement

These unaudited condensed interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The unaudited condensed interim financial statements are presented in Canadian dollars, unless otherwise noted.

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.

Accounting Standards and Interpretations Issued but Not Yet Adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

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3. EXPORATION AND EVALUATION ASSET

The Company entered into an Option Agreement (“Option Agreement”) dated March 12, 2021 to acquire an option on a 75% interest in the Midway Property, consisting of 24 mining claims located in Southeastern BC (the “Property”). Under the terms of the Option Agreement, the Company will earn a 75% working interest in the Property upon completion of the following:

- a) Cash payments totaling \$500,000 consisting of: (i) \$5,000 upon signing of the Option Agreement (paid); (ii) \$15,000 upon the Company’s listing on the CSE (paid); (iii) further payments totaling \$480,000 paid on the first through fifth anniversary dates of the Company’s listing on the CSE;
- b) Payments totaling 800,000 shares of the Company consisting of: (i) 200,000 shares upon the Company’s listing on the CSE (issued); (ii) 120,000 shares each of the first through fifth anniversary dates of the Company’s listing upon the CSE; and
- c) Expenditures on the Property totaling \$1,120,000 consisting of: (i) \$120,000 spend prior to October 31, 2021 (subsequently amended to \$150,000 prior to December 31, 2021); (ii) \$200,000 spend prior to the second, third and fourth anniversary dates of the Company’s listing upon the CSE; (iii) \$400,000 spend prior to the fifth anniversary dates of the Company’s listing upon the CSE.

As at May 25, 2022, the Company terminated its option of the Midway Property and, as a result, fully impaired the property.

A continuity of the Company’s exploration and evaluation asset is as follows:

	Midway Property	Total
	\$	\$
Acquisition costs:		
Balance, June 30, 2021	50,000	50,000
Write-off of mineral property	(50,000)	(50,000)
Balance, June 30, 2022	-	-
Deferred exploration expenditures:		
Balance, June 30, 2021	20,000	20,000
Assaying and sampling	18,301	18,301
Equipment rental	7,986	7,986
Geological	83,510	83,510
Travel and accommodations	22,808	22,808
Write-off of mineral property	(152,605)	(152,605)
Balance, June 30, 2022	-	-
Total exploration and evaluation assets		
As at June 30, 2022	-	-
As at September 30, 2022	-	-

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4. RELATED PARTY TRANSACTIONS*Key management compensation*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. There were no remuneration of directors and key management personnel for the three months ended September 30, 2022 and 2021.

	For the three months ended September 30,	
	2022	2021
	\$	\$
Consulting fees paid to a director	1,000	-
Management fees paid to a company controlled by the CEO	11,000	6,000
Management fees paid by a company controlled by the CFO	11,000	6,000
	23,000	12,000

5. SHARE CAPITAL*Authorized share capital*

Unlimited number of common shares without par value

*Common Shares**Shares issued during the year ended June 30, 2022*

On August 19, 2021, the Company issued 2,100 common shares on exercise of warrants for gross proceeds of \$210.

On February 25, 2022, the company issued 2,000,000 common shares at \$0.10 per unit for proceeds of \$200,000. Each unit consists of one common share and one warrant. Each warrant is exercisable for one addition common share at \$0.13 per share, expiring May 25, 2023.

Warrants

The following is a summary of the Company's warrants for the three months ended September 30, 2022.

	Number	Weighted average exercise price	Weighted average life (years)
		\$	
Balance, June 30, 2021	4,077,700	0.10	-
Issued	2,000,000	0.13	
Exercised	(2,100)	0.10	-
Balance, June 30, 2022 and September 30, 2022	6,075,600	0.11	.32

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5. SHARE CAPITAL (continued)*Stock options*

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with Exchange policies, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares issued and outstanding from time to time. Such options are non-transferable and are exercisable at a price per share not below the closing traded price on the day before the date of grant for a period of up to ten years from the date of grant.

	Number	Weighted average exercise price \$	Weighted average life (years)
Balance, June 30, 2022 and September 30, 2022	725,000	0.10	2.45

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

The Company's primary source of capital is through the issuance of equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

7. FINANCIAL INSTRUMENTS

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include interest rate risk, credit risk, liquidity risk, and currency risk and price risk. The carrying value of the Company's financial instruments approximates their fair value due to their short-term nature. Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair values of other financial instruments, which include cash, accounts payable and accrued liabilities, and promissory notes approximate their carrying values due to the relatively short-term maturity of these instruments.

- a) Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

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7. FINANCIAL INSTRUMENTS (continued)

- b) **Credit risk:** Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, which is held with a high-credit financial institution and amounts receivable from the Government of Canada. As such, the Company's credit exposure is minimal.
- c) **Liquidity risk:** Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company addresses its liquidity through equity financing obtained through the sale of common shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.
- d) **Currency risk:** Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange. The Company has minimal exposure to foreign currency transactions during the three months ended September 30, 2022 and accordingly the risk is considered low.

The carrying value of Company's financial assets and liabilities as at September 30, 2022 and June 30, 2022 approximate their fair value due.

8. PROPOSED TRANSACTION

In accordance with the terms of Business Combination Agreement, the parties will complete a three-cornered amalgamation (the "Amalgamation") under the policies of the TSX Venture Exchange (the "TSX-V").

Prior to the Amalgamation, it is anticipated that (i) all of the outstanding NorthStar common shares will be subdivided on a 1 (one) for 736.68 basis, (ii) all post-split NorthStar common shares outstanding will be exchanged for common shares of the Company on a one-for-one basis, post-Consolidation (as defined below), and (iii) the NorthStar preferred shares will be exchanged on a one-for-one basis for preferred shares of the Company.

As a condition to completion of the Proposed Transaction, (i) the Company intends to complete a consolidation of its outstanding common shares on a 3.333333:1 basis (the "Consolidation"), and (ii) NorthStar intends to complete an offering of up to 30,000,000 subscription receipts (the "Subscription Receipts") at a price of \$0.50 per Subscription Receipt.

Immediately prior to completion of the Proposed Transaction, the Subscription Receipts will convert into post-split NorthStar common shares which will then be exchanged for the Company's common shares on a post-Consolidation basis pursuant to the Amalgamation.

Completion of the Proposed Transaction remains subject to a number of conditions, including completion of satisfactory due diligence by both parties, the receipt of any required regulatory approvals and completion of the Concurrent Offering. It is also a condition to completion of the Proposed Transaction that the Company delist from the CSE and the Resulting Issuer obtain conditional approval to list on the TSX-V.