

## **BADEN RESOURCES INC.**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **For the year ended on June 30, 2022**

The following MD&A of Baden Resources Inc. (the “Issuer”) has been prepared by management, in accordance with the requirements of NI 51-102 as of October 25, 2022, and should be read in conjunction with the audited financial statements and accompany notes for the year ended June 30, 2022 and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Issuer. The Issuer is not a “Venture Issuer” as defined in NI 51-102.

All financial information in this MD&A has been prepared in accordance with IFRS. All monetary amounts are expressed in Canadian dollars, the presentation and functional currency of the Issuer, unless otherwise indicated.

#### *Overview*

The Issuer was incorporated in the Province of British Columbia on January 19, 2020 under the name of “Baden Resources Inc.” The Issuer is in the process of exploring mining claims which are held under option and has not yet determined whether or not the optioned properties will contain economically recoverable reserves.

As at June 30, 2022, the Issuer reported working capital of \$263,065. As at June 30, 2022 the Issuer had not yet achieved profitable operations, has accumulated losses of \$650,874 since its inception and expects to incur further losses in the development of its business, all of which casts doubt about the Issuer’s ability to continue as a going concern. The Issuer’s ability to continue as a going concern is dependent on continued financial support from its shareholders, the ability of the Issuer to raise equity financing, the attainment of profitable operations and external financings.

#### *Exploration Activities*

##### Area and Location

The Midway Property that is the subject of the Midway Property Option Agreement comprises 24 contiguous mineral claims totaling 7,096 hectares (17,535 acres), located within the Greenwood Mining Division in southern British Columbia between the towns of Midway, BC and Rock Creek, BC.

The following table summarizes the Issuer's exploration and evaluation asset expenditures to June 30, 2022:

	<b>Bertha Property</b>	<b>Midway Property</b>	<b>Total</b>
	\$	\$	\$
<b>Acquisition costs:</b>			
Balance, June 30, 2020	10	-	10
Additions	-	50,000	50,000
Write-off of mineral property	(10)	-	(10)
Balance, June 30, 2021	-	50,000	50,000
Write-off of mineral property	-	(50,000)	(50,000)
<b>Balance, June 30, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred exploration expenditures:</b>			
Balance, June 30, 2020	57,950	-	57,950
Geological	9,300	20,000	29,300
Write-off of mineral property	(67,250)	-	(67,250)
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)
<b>Balance, June 30, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total exploration and evaluation assets</b>			
As at June 30, 2021	-	70,000	70,000
<b>As at June 30, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Company as of February 17, 2021, terminated its option of the Bertha Property and as a result, fully impaired the property. The \$5,000 reclamation bond for the Bertha Property was transferred to the property owner in exchange for a promissory note for \$5,000 due February 22, 2022 without interest. During the year ended June 30, 2021, the promissory note was paid in full.

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

*Results of Operations - For the three months ended June 30, 2022:*

#### Revenues

Due to the Issuer's status as an exploration stage mineral resource Issuer and a lack of commercial production from its properties, the Issuer currently does not have any revenues from its operations.

## Expenses

During the three months ending June 30, 2022, the Issuer recorded a loss of \$326,455. Some of the significant charges to operations are as follows:

- Directors fees of \$60,000.
- Professional fees of \$37,185.
- Write-off exploration and evaluation assets of \$202,605.

*Results of Operations - For the year ended June 30, 2022:*

## Revenues

Due to the Issuer's status as an exploration stage mineral resource Issuer and a lack of commercial production from its properties, the Issuer currently does not have any revenues from its operations.

## Expenses

During the year ended June 30, 2022, the Issuer recorded a loss of \$409,584. Some of the significant charges to operations are as follows:

- Listing, filing and transfer agent fees of \$19,903.
- Directors fees of \$60,000.
- Management fees of \$48,000.
- Professional fees of \$50,310.
- Write-off exploration and evaluation assets of \$202,605.

## *Selected Annual Information*

The following table summarizes selected financial data for the Issuer for most recently completed financial year and should be read in conjunction with the financial statements.

	For the year ended June 30, 2022	For the year ended June 30, 2021	Period from incorporation on January 19, 2020 to June 30, 2020
	\$	\$	\$
Revenue	Nil	Nil	Nil
Loss for the year	(409,584)	(187,695)	(53,595)
Deficit	(650,874)	(241,290)	(53,595)
Loss Per Share (Basic & Diluted)	(0.03)	(0.02)	(0.02)
Current assets	299,317	412,939	254,350
Total assets	299,317	482,939	312,310
Total liabilities	36,252	10,500	30,586

## Summary of Quarterly Results

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	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Revenue	Nil	Nil	Nil	Nil
Loss for the period	(326,455)	(28,913)	(29,021)	(25,196)
Deficit	(650,874)	(324,419)	(295,506)	(266,486)
Loss per share (Basic & Diluted)	(0.02)	(0.00)	(0.00)	(0.00)
Current assets	299,317	400,056	251,232	338,184
Total assets	299,317	601,120	449,107	463,231
Total liabilities	36,252	11,600	30,674	15,778

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	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Revenue	Nil	Nil	Nil	Nil
Loss for the period	(82,071)	(81,142)	(3,876)	(20,606)
Deficit	(241,290)	(159,219)	(78,077)	(74,201)
Loss per share (Basic & Diluted)	(0.01)	(0.00)	(0.00)	(0.00)
Current assets	412,939	544,875	559,978	577,654
Total assets	482,939	554,422	628,738	640,614
Total liabilities	10,500	29,912	23,086	31,086

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### Liquidity and Capital Resources

As at June 30, 2022, the Issuer had working capital of \$263,065 and an accumulated deficit of \$650,874. The financial statements have been prepared in accordance with IFRS on an ongoing basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Issuer is dependent upon the financial support of creditors and stockholders, refinancing debts payable, obtaining additional long-term debt or equity financing, as well as achieving and maintaining a profitable level of operations. The Issuer believes it will require additional working capital to meet operating and exploration costs for the upcoming year.

During the year ended June 30, 2022, the Issuer completed the following transactions:

- a) On August 19, 2021, the Company issued 2,100 common shares on exercise of warrants for gross proceeds of \$210.
- b) 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 share purchase warrant. Each warrant is exercisable for one addition common share at \$0.13 per share, expiring May 25, 2023.

## *Cash Flow Analysis*

### Operating Activities

During the year ended June 30, 2022, cash used in operating activities was \$181,047.

### Financing Activities

During the year ended June 30, 2022, cash generated by financing activities was \$200,210. The Issuer received net proceeds of \$200,210 from private placement financings.

### Investing Activities

During the year ended June 30, 2022, cash used in investing activities was \$127,605. The Issuer spent \$132,605 on exploration and evaluation assets.

## *Contractual Obligations*

The Company has no contractual obligations as it terminated the Midway Property Option Agreement on May 25, 2022.

## *Proposed Transaction*

On June 29, 2022, the Company entered into a Business Combination Agreement with NorthStar pursuant to which the Company will acquire, through its newly formed subsidiary, all the issued and outstanding share capital of NorthStar (the "Proposed Transaction").

NorthStar, an arm's length party to the Company, is an online gaming operator registered by the Alcohol and Gaming Commission of Ontario (AGCO). Following completion of the Proposed Transaction, the resulting company (the "Resulting Issuer") will operate the business of NorthStar.

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.

#### *Related Party Transactions*

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. The Company entered into the following transactions with related parties:

	<b>For the year ended June 30, 2022</b>	<b>For the year ended June 30, 2021</b>
	\$	\$
Consulting fees paid to a director	<b>500</b>	-
Directors fees	<b>60,000</b>	-
Management fees paid to a company controlled by the CEO	<b>24,000</b>	2,333
Management fees paid by a company controlled by the CFO	<b>24,000</b>	2,333
Share-based compensation paid to directors	-	5,540
	<b>108,500</b>	10,206

#### *Risks and Uncertainties*

The Issuer is engaged in the acquisition and exploration of mining claims. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases eliminate the risk involved. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual losses are expected to continue until the Issuer has an interest in a mineral property that produces revenues. The Issuer's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Issuer's financial statements do not give effect to any adjustments which would be necessary should the Issuer be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Issuer cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Issuer's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Issuer and other factors.

### Capital risk management

The Issuer's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Issuer includes shareholders' equity, comprised of issued share capital, contributed surplus and deficit, in the definition of capital.

The Issuer's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Issuer will attempt to raise additional funds through the issuance of equity, debt or by securing strategic partners.

The Issuer is not subject to externally imposed capital requirements. The Issuer's financial instruments and risk exposures are summarized below.

### Currency risk

Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies. The Issuer's functional and presentation currency is the Canadian dollar.

### Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Issuer is exposed to credit risk with respect to its cash. The Issuer reduces its credit risk by maintaining its primary bank accounts at large financial institutions.

### Liquidity risk

Liquidity risk is the risk that the Issuer will not be able to meet its obligations as they fall due. The Issuer manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at June 30, 2022, the Issuer had a working capital of \$263,065.

The Issuer has liquidity risk and is dependent on raising additional capital to fund exploration and operations.

### Fair Value risk

Fair value represents the amounts at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods.

The carrying values of cash, reclamation bonds, bank overdraft and accounts payable and accrued liabilities approximate fair values due to the relatively short-term maturities of these instruments.

## FAIR VALUE HIERARCHY

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair values of cash are measured based on level 1 inputs of the fair value hierarchy.

### *Outstanding Shares, Stock Options and Warrants*

As at the date of this MD&A, the Issuer had the following outstanding share data:

	Number	Exercise price	Expiry date
Common shares	13,938,100	Nil	Nil
Warrants	4,075,600	\$0.10	November 26, 2022
Warrants	2,000,000	\$0.13	May 25, 2023
Stock options	725,000	\$0.10	February 28, 2025- July 6, 2025

### *Off-Balance Sheet Arrangements*

The Issuer has no off-balance sheet arrangements.

### *Significant Accounting Policies*

#### Restoration liabilities

The Issuer recognizes the fair value of restoration liabilities related to statutory, contractual or legal obligations associated with the retirement of mining claims in the year in which it is incurred when a reasonable estimate of fair value can be made, in which case the carrying amount of the related mining claim is increased by the same amount as the net present value of the restoration liability. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The Issuer's estimates of such costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures and changes in the net present value.

#### Acquisition, exploration and evaluation expenditures

The Issuer is in the exploration stage with respect to its investment in exploration properties and follows the practice of capitalizing all costs relating to the acquisition of its interest in properties excluding mining lease agreements. All exploration and development expenditures are expensed in the period incurred. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate acquisition costs related to abandoned mineral properties are charged to income

at the time of any abandonment or when it has been determined that there is evidence of permanent impairment.

An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for interest in exploration properties is dependent upon the discovery of economically recoverable reserves, the ability of the Issuer to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Issuer recognizes in income costs recovered on exploration properties when amounts received or receivable are in excess of the carrying amount.

All capitalized acquisition costs of interests in properties are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that the capitalized acquisition cost is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

#### Share Capital

Common Shares are classified as equity. Transaction costs directly attributable to the issue of Common Shares and share options are recognized as a deduction from equity, net of any tax effects.

#### Income/Loss per share

The Issuer presents basic and diluted income/loss per share data for its Common Shares, calculated by dividing the income/loss attributed to common shareholders of the Issuer by the weighted average number of Common Shares outstanding during the period. Diluted income/loss per share does not adjust the income/loss attributed to the common shareholders or the weighted average number of Common Shares outstanding when the effect is anti-dilutive.

#### Provisions

A provision is recognized in the statements of financial position when the Issuer has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Issuer has recorded no provisions at June 30, 2022.

#### Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Issuer intends to settle its current tax assets and liabilities on a net basis.

### Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, “Financial Instruments: Classification and Measurement”. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### *Financial assets*

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVTOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVTOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Issuer may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

The Issuer derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Receivables are measured at amortized cost.

#### *Impairment of financial assets*

IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Issuer’s receivables.

### *Impairment*

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

### *Financial liabilities*

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade payables are classified under other financial liabilities and carried on the statement of financial position fair value through profit or loss.

The Issuer derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Issuer also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit and loss.

### Foreign currency translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and monetary liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate.

Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

### Related Party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

### Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

Information regarding significant areas of estimation, uncertainty and critical judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are the following:

#### Share-based payments

Judgment is applied in determining the share price to be assigned to shares issued to enter into mining lease agreements.

#### Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the probability that the Issuer will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

Additionally, future changes in tax laws in the jurisdictions in which the Issuer operates could limit the ability of the Issuer to obtain tax deductions in future periods.

#### Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Issuer and its subsidiary is the Canadian dollar.

Other significant accounting estimates include the amounts accrued for restoration liabilities.

#### *Internal Controls Over Financial Reporting*

##### Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Issuer will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

#### *Management's Responsibility for Financial Statements*

The information provided in this MD&A, including the financial statements, is the responsibility of management. In the preparation of financial statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.