GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Month Period Ended March 31, 2014

As at May 6, 2014

(Expressed in millions of Canadian dollars, except for per share information)

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INTRODUCTION

Basis of Discussion and Analysis

This management's discussion and analysis ("MD&A") of the financial highlights, major developments, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other financial information of Great Canadian Gaming Corporation ("Great Canadian", the "Company", "we", "our") is dated as of May 6, 2014.

This MD&A should be read in conjunction with our unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2014 ("Condensed Interim Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2013 ("Annual Financial Statements") and our MD&A for the year ended December 31, 2013. The Condensed Interim Financial Statements are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting,* ("IAS 34"). Certain information and note disclosures normally included in the Annual Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. Unless expressly stated otherwise, all financial information is expressed in Canadian dollars.

Capitalized terms are either defined when they first appear or are defined at the end of this MD&A in the section titled "Other Financial Information – Definitions of Other Terms Used in the MD&A".

Non-IFRS Measures

The following non-IFRS definitions are used in this MD&A because management believes that they provide useful information regarding our ongoing operations. Readers are cautioned that the definitions are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to revenues and net earnings determined in accordance with IFRS or as indicators of performance, liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities and accordingly our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

EBITDA as defined by the Company means Earnings Before Interest and financing costs (net of interest income), Income Taxes, Depreciation and Amortization, share-based compensation, reversal of impairment of long-lived assets, restructuring and other, and foreign exchange gain and other. EBITDA is derived from the condensed interim consolidated statements of earnings, and can be computed as revenues less human resources expenses and property, marketing and administration expenses. We believe EBITDA is a useful measure because it provides information to management about the operating and financial performance of the Company and its ability to generate operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures. EBITDA is also used by the investors and analysts for the purpose of valuing the Company. A reconciliation of EBITDA to shareholders' net earnings under IFRS is shown in the "Consolidated Results of Operations" section of this MD&A.

Adjusted net earnings, as defined by the Company, means net earnings plus or minus items of note that management may reasonably quantify and that it believes will provide the reader with a better understanding of the Company's underlying business performance. Items of note may vary from time to time and in this MD&A include reversal of impairment of long-lived assets, FDC revenues previously deferred at Fraser Downs, restructuring severance costs, and income taxes on the above items of note. A reconciliation between net earnings and adjusted net earnings is presented in the "Financial Highlights" section of this MD&A. Adjusted net earnings per common share is defined as adjusted net earnings divided by the weighted average number of common shares outstanding.

The following non-IFRS measures have common definitions in the gaming industry and provide both investors and management with indications of its business' operating volumes and the volatility inherent in the Company's casino games:

- Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games, and is commonly computed as the aggregate amount of money counted in the table games' drop boxes. Generally, the table drop is an indicator of our gaming business; however over the short-term, the table drop is subject to shifts in customer behaviour around buying, retaining and cashing-in of casino chips.

- Table hold is calculated as the table drop plus or minus the net change in casino chip inventory.

- Table hold percentage is the ratio of table hold divided by table drop. Table hold percentage fluctuates with the statistical variations or volatility inherent in casino games, as well as with changes in customer behaviour around buying, retaining and cashing-in of casino chips.

- Poker rake is the commission we earn from poker games at our casinos, and is calculated as a fixed percentage of the amount wagered by customers on every hand of poker played.

- Slot coin-in is the aggregate amount of money customers have wagered on slots and other electronic gaming machines.

- Slot win is the slot coin-in less amounts cashed out and prizes won by customers.

- Slot win per machine per day ("Slot Win/Slot/Day") is the average daily slot win earned per slot machine, and is calculated as the slot win divided by the number of days in the period, divided by the average number of slot machines that operated during the period.

- Slot win percentage is the ratio of slot win divided by slot coin-in.

Forward-Looking Information

This MD&A contains certain "forward-looking information" or statements within the meaning of applicable securities legislation. Forward-looking information is based on the Company's current expectations, estimates, projections and assumptions that were made by the Company in light of its historical trends and other factors. All information or statements, other than statements of historical fact, are forward-looking information including statements that address expectations, estimates or projections about the future, the terms and expected benefits of the normal course issuer bid, the Company's strategy for growth and its objectives, expected future expenditures, costs, operating and financial results and expected impact of future commitments, the future ability of the Company to operate the Georgian Downs and Flamboro Downs facilities beyond the terms of the signed Ontario Lease Agreements and Ontario Racing Agreements, and expectations and implications of changes in legislation and government policies. Forward-looking information may be identified by words such as "anticipate", "believe", "expect", or similar expressions. Such forward-looking information is not a guarantee of future performance and may involve a number of risks and uncertainties.

Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to unknown risks, uncertainties, and a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information. Such factors may include, but are not limited to: terms of operational services agreements with lottery corporations; changes to gaming laws that may impact the operational services agreements; pending, proposed or unanticipated regulatory or policy changes; the outcome of restructuring of gaming in Ontario; the Company's ability to obtain and renew required business licenses, leases, and operational services agreements; the future of horse racing in Ontario; unanticipated fines, sanctions and suspensions imposed on the Company by its regulators; impact of global liquidity and credit availability; possible reassessments of the Company's tax filings by tax authorities; adverse tourism trends and further decreases in levels of travel, leisure and consumer spending; competition from established competitors and new entrants in the gaming business; dependence on key personnel; the Company's ability to manage its capital projects and its expanding operations; the risk that systems, procedures and controls may not be adequate to meet regulatory requirements or to support current and expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; First Nations rights with respect to some land on which we conduct our operations; future or current legal proceedings; construction disruptions; financial covenants associated with credit facilities and long-term debt; credit, liquidity and market risks associated with our financial instruments; interest and exchange rate fluctuations; non-realization of cost reductions and synergies; demand for new products and services; fluctuations in operating results; economic uncertainty and financial market volatility; technology dependence; and privacy breaches and data theft. The Company cautions that this list of factors is not exhaustive. 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 information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors and other risks and uncertainties are discussed in the Company's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the "Risk Factors" section of the Company's Annual Information Form for fiscal 2013, and as identified in the Company's disclosure record on SEDAR at www.sedar.com.

The forward-looking information in documents incorporated by reference speak only as of the date of those documents. Readers are cautioned not to place undue reliance on the forward-looking information, as there can be no assurance that the plans, intentions, or expectations upon which they are based will occur. The Company undertakes no obligation to revise forward-looking information to reflect subsequent events or circumstances except as required by law. The forward-looking information contained herein is made as of the date hereof, is subject to change after such date, and is expressly qualified in its entirety by cautionary statements in this MD&A.

(Expressed in millions of Canadian dollars, except for per share information)

FINANCIAL HIGHLIGHTS

	First Quarter		
	2014	2013	% Chg
Revenues	**$ 103.8**	$ 100.5	3%
EBITDA [1]	**$ 38.1**	$ 38.3	(1%)
EBITDA as a % of Revenues	**36.7%**	38.1%	
Net earnings	**$ 17.0**	$ 31.3	(46%)
Net earnings per common share			
Basic	**$ 0.25**	$ 0.44	
Diluted	**$ 0.25**	$ 0.44	
Adjusted net earnings [1]	**$ 13.3**	$ 11.1	20%
	March 31, 2014	December 31, 2013	% Chg
Total assets	**$ 925.0**	$ 915.7	1%
Long-term debt	**$ 441.2**	$ 441.0	0%

[1] EBITDA and Adjusted net earnings are non-IFRS measures and are defined in the "Introduction - Non-IFRS Measures" section of this MD&A.

Recent Developments
Chances Maple Ridge opened its new permanent facility on October 23, 2013. Hard Rock Casino Vancouver (formerly "Boulevard Casino") was launched on December 20, 2013. Since these dates, both properties have seen improvements in gaming volumes and food and beverage revenues. In particular, Hard Rock Casino Vancouver has delivered significant improvements in its table drop and food and beverage revenues, demonstrating the market's acceptance of the new brand.

Revenues
For the three month period ended March 31, 2014 ("first quarter of 2014"), the Company recorded revenues of $103.8, a $3.3 increase from the first quarter of 2013. This increase was primarily due to record revenues at River Rock Casino Resort ("River Rock") and improvements at the Other BC Casinos and Great American Casinos. River Rock and Great American Casinos continued to show strong growth in table drop. The increase at the Other BC Casinos was primarily due to the growth in hospitality and other revenues at Chances Maple Ridge and Chances Chilliwack. These increases were partially offset by declines at the other properties, primarily the Ontario Racetracks and the Vancouver Island Casinos, as well as Hard Rock Casino Vancouver which recognized a table hold percentage that was 5.5 percentage points below its trailing nine-quarter average.

EBITDA
EBITDA during the first quarter of 2014 was $38.1. Excluding a total of $0.6 in one-time marketing costs at Hard Rock Casino Vancouver and severance costs, EBITDA would have been $38.7, a 1% increase over the first quarter of 2013.

Net earnings
During the first quarter of 2014, Great Canadian's net earnings decreased by $14.3, primarily due to a $5.2 non-cash impairment reversal on long-lived assets that was recognized during the first quarter of 2014 compared to a $28.5 non-cash impairment reversal on long-lived assets that was recognized during

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the first quarter of 2013 as described in the "Major Developments" section of this MD&A. The effect of this impairment reversal was partially offset by the reductions in both income taxes and restructuring and other expenses as well as a $1.7 decrease in share-based compensation expenses during the first quarter of 2014.

The current and prior period's net earnings included some items of note, which are summarized in the following adjusted net earnings table:

	First Quarter		
	2014	2013	% Chg
Net earnings	**$ 17.0**	$ 31.3	(46%)
Items of note			
Reversal of impairments of long-lived assets	**(5.2)**	(28.5)	
FDC revenues previously deferred at Fraser Downs	**(0.2)**	-	
Restructuring severance costs	**0.2**	1.0	(80%)
Income taxes on the above items of note	**1.5**	7.3	(79%)
Adjusted net earnings [1]	**$ 13.3**	$ 11.1	20%
Adjusted net earnings per common share [1]			
Basic	**$ 0.20**	$ 0.16	
Diluted	**$ 0.19**	$ 0.16	
Weighted average shares outstanding			
Basic	**67,459**	70,432	
Diluted	**69,127**	71,489	

[1] Adjusted net earnings and Adjusted net earnings per common share are non-IFRS measures and are defined in the "Introduction - Non-IFRS Measures" section of this MD&A.

After adjusting for the above items of note, the Company's adjusted net earnings increased by $2.2, or 20%, in the first quarter of 2014, when compared to the first quarter of 2013. This increase was primarily due to revenue increases at River Rock and Great American Casinos as well as decreases in amortization and share-based compensation expenses.

Total assets and Long-term debt
Total assets and long-term debt were relatively consistent at the end of the first quarter of 2014 when compared with their balances as at December 31, 2013.

MAJOR DEVELOPMENTS

British Columbia

Hard Rock Casino Vancouver (formerly "Boulevard Casino")

On July 3, 2013, the Company announced plans to rebrand its wholly owned and operated Boulevard Casino, located in Coquitlam, British Columbia, into the "Hard Rock Casino Vancouver" under a trademark license from Hard Rock Hotel & Casino HRHH IP, LLC ("HRHH"). The initial term of the license agreement is for a period of 10 years and will renew for additional two periods of five years provided Hard Rock Casino Vancouver achieves specified increased revenue targets. If such revenue targets are not achieved, the license agreement may be extended at the Company's option. The first phase of the project was substantially completed on December 20, 2013. As at March 31, 2014, the Company has spent approximately $12.9 of an estimated total of $13.2 on this first phase of the project.

The Company continues to assess its plans for the second phase of the property's redevelopment. It is contemplated that this second phase will feature a hotel, conference facilities, additional dining options, and further integration of Hard Rock Casino Vancouver's existing entertainment and dining amenities. Management believes the Hard Rock Casino Vancouver brand will improve the property's long-term performance and is optimistic that it will create momentum that will support proceeding with the second phase plans. However, the property's performance has experienced substantial erosion and the local economy has not recovered the way the Company had expected when plans were initially made for this second phase of development. Consequently, the timeline for the second phase will be announced at a later date. The related property redevelopments and modifications remain subject to approvals from the British Columbia Lottery Corporation ("BCLC") and the City of Coquitlam. As at March 31, 2014, the Company has spent approximately $2.7 of an estimated total of $50.0 on this second phase of the project.

Chances Maple Ridge (formerly "Maple Ridge Community Gaming Centre")

On October 23, 2013, the Company closed its temporary facility and relocated its Maple Ridge Community Gaming Centre operations to the newly opened "Chances Maple Ridge", a community gaming centre in Maple Ridge, BC. This permanent facility features 173 slot machines, two electronic table games, bingo, dining options with liquor service throughout the facility, a meeting facility, and improved parking capacity. In order to facilitate both the operation of slots at the Company's temporary facility in Maple Ridge and the construction of the permanent facility, the Company committed $4.3 for both property enhancements and servicing commitments to the District of Maple Ridge. As at March 31, 2014, the Company has incurred $3.5 towards fulfilling servicing commitments related to the construction of the permanent facility. The Company has also invested $4.7 for the purchase of land required for the permanent facility and incurred $13.8 in construction costs.

With the opening of the new facility, the Community Gaming Centre Operational Services Agreement with BCLC was extended for a 10-year term, expiring on October 31, 2023, with a second renewal term at the Company's option until October 31, 2033.

River Rock

On September 19, 2013, BCLC approved the Company's request to exercise its 10-year extension option for the River Rock Casino Resort's Casino Operational Services Agreement ("COSA"). This 10-year extension resets the COSA expiry date to June 23, 2024.

BC Horse Racing

On February 14, 2014, the B.C. Horse Racing Industry Management Committee ("BCHRIMC") finalized a multi-year industry funding arrangement amongst both the province's Thoroughbred sector and the Standardbred sector and their respective track operators, Hastings Racecourse and Fraser Downs. The BCHRIMC has indicated that this funding arrangement will be in place for the next three years for the Thoroughbred sector and for the next five years for Standardbreds.

The funding model is an extension of the arrangements in place since 2012 whereby pooled income from all the industry's revenue sources is allocated to the industry stakeholders. For 2014, the total of both Hastings' and Fraser Downs' racing industry revenue share percentage is expected to be consistent with the prior year. The BRHRIMC also approved race days and seasons lengths for 2014, subject to ratification by the provincial Gaming Policy and Enforcement Branch. These include 51 confirmed Thoroughbred race days at Hastings over a six-month season and 71 confirmed Standardbred race days at Fraser Downs over an eight-month season. The season length at Fraser Downs will move to seven months in 2015 and to six months in 2016.

The Company looks forward to collaborating with industry stakeholders to achieve greater sustainability and certainty for the industry.

Ontario

Termination of Site Holder Agreements

In March 2012, the Government of Ontario announced the cancellation of the "Slots at Racetracks" program for all Ontario racetracks. As a result of this announcement, the Ontario Lottery and Gaming Corporation ("OLG") was directed to both end this program on March 31, 2013 and strategically redistribute the province's slot facilities in an effort to modernize that province's gaming model. On March 29, 2012, OLG provided notice that the site holder agreements with the Company's Ontario Racetracks would terminate on March 31, 2013. Georgian Downs' site holder agreement was otherwise scheduled to expire in November 2021 and Flamboro Downs' site holder agreement was otherwise scheduled to expire in April 2016. The termination of the "Slots at Racetracks" program has had a negative effect on the revenues and earnings of Georgian Downs and Flamboro Downs.

Lease Agreements and Horse Racing Agreements

The Government of Ontario asked a panel of three former Ontario Cabinet ministers (the "Ontario Horse Racing Industry Transition Panel" or the "Panel") to consult with the horse racing industry to determine how the Government of Ontario can support the industry's transition to a self-sufficient business model, including the allocation of transition funds. In October 2012, the Panel released a report that included recommendations to materially reduce the total province-wide annual horse racing days by approximately half, with these reduced days to be provided by a minimum of six racetracks. The model proposed by the Panel assumes that the participating racetrack operators will not derive profit from racing operations. The Panel recommended that operating costs incurred by the racetracks would be publicly funded and that additional public funding be provided to the horse racing industry over three years, subject to ongoing accountability audits. The Panel also supported the development of an alliance between the participating racetracks in Ontario to manage racing operations, subject to certain conditions. While not exhaustive, these conditions include pooling all Ontario pari-mutuel wagering revenues, allocating and directing those revenues towards racing purses and reinvesting any residual industry earnings.

On March 9, 2013, the Company and OLG signed non-binding letters of intent governing the slot machine areas at the Ontario Racetracks. Under the terms of these letters, OLG would lease these areas for a five-year term commencing April 1, 2013. The Company and OLG operated as though the key provisions of these leases came into effect on April 1, 2013 as evidenced by interim lease arrangements. On April 26, 2013, Georgian Downs received from OLG a one-time settlement payment of $31.5 in connection with the Georgian Downs facility, and the Company and Georgian Downs provided OLG with a release of claims. The settlement payment was recorded as a reduction to Georgian Downs' property, plant and equipment. On November 29, 2013, the Company signed definitive lease agreements with OLG related to these letters of intent.

On March 26, 2013, the Company and the Government of Ontario signed non-binding letters of intent governing horse racing operations at the Ontario Racetracks. On May 24, 2013, the Company signed binding agreements (the "Ontario Racing Agreements") with the Government of Ontario for horse racing transition funding. The funding provided support to continue horse racing at the Ontario Racetracks for up to two years beyond March 31, 2013 and was conditional upon achievement of specific cost reduction targets.

Since April 1, 2013, the Ontario Racetracks no longer directly share in the horse racing pari-mutuel wagering revenues that these properties generate, other than any that may be attributed as a source of funding for the horse racing transition payments received from the Government of Ontario.

On October 11, 2013, the Government of Ontario released a five-year horse racing plan (the "Horse Racing Plan"), consistent with the recommendations of the Panel as contained in their final report which was also publicly released on the same day. Effective April 1, 2014, the Horse Racing Plan includes proposed annual government funding of $80.0 to support live racing, approximately 75% of which would be directed to supporting industry programs and a core group of tracks centred around the concentrated horse supply in Central and South West Ontario that would conduct Thoroughbred, Standardbred and Quarter Horse racing attractive to wagering customers.

On January 14, 2014, the Company made progress with certain other Standardbred horse racing tracks in Ontario by reaching a non-binding agreement in principle to implement the Horse Racing Plan with respect to forming a Standardbred Alliance for the province. On March 31, 2014, the Government of Ontario announced that the Horse Racing Plan would provide annual funding of up to $100.0, which increased from the proposed annual funding of $80.0 previously announced in October 2013. Effective April 1, 2014, the Company signed agreements with five other Ontario racetrack operators and the Ontario Racing Commission ("ORC") in support of the Horse Racing Partnership Plan. These agreements establish an unprecedented standardbred alliance (the "Standardbred Alliance") amongst a core group of racetracks centered around the concentrated horse supply in Central and South Western Ontario and provide better stability and clarity for all industry stakeholders.

The Standardbred Alliance members represent a three-tier racing hierarchy, 'Grass Roots' (Clinton Raceway, Hanover Raceway), 'Signature' (Flamboro Downs, Georgian Downs, Grand River Raceway and The Raceway at Western Fair) and 'Premier' (Mohawk Racetrack and Woodbine Racetrack). The Standardbred Alliance has worked closely with government, regulators and industry participants to develop a racing plan that will see a coordinated year-round racing calendar that is attractive to both foreign and domestic customers, provides for consistent purse levels at each track, and enables enhanced operational efficiencies among the tracks.

Under a new five-year horse racing program that will be administered by the ORC, the Company's Georgian Downs and Flamboro Downs racetracks will receive provincial funding for their racing purses. In addition, under the terms of the revenue sharing agreements amongst the Standardbred Alliance members, the racetracks' pari-mutuel revenues will be pooled and shared amongst the tracks. These agreements are not expected to have a material financial impact on the Company's Ontario Racetrack operations and have replaced the horse racing transition funding that was previously received by the Company's Ontario racetracks from the Government of Ontario during the twelve months ended March 31, 2014.

(Expressed in millions of Canadian dollars, except for per share information)

Long-lived assets impairments and impairment reversals

As a result of the early termination of the site holder agreements for both Georgian Downs and Flamboro Downs, the Company recorded in the first quarter of 2012 impairments of goodwill, intangible assets, and property, plant and equipment for each property. During the first quarter of 2013, as a result of signing the non-binding letters of intent with OLG, the anticipated execution of definitive agreements, and the settlement payment received from OLG on April 26, 2013, the Company recorded reversals of impairments related to Georgian Downs' and Flamboro Downs' intangible assets and property, plant and equipment.

In April 2014, as a result of signing the Standardbred Alliance agreements with five other Ontario racetrack operators and the ORC, the Company secured racing funding for its Georgian Downs and Flamboro Downs racetracks for up to five years and will work with the Standardbred Alliance to realize racing operating cost efficiencies. As a result, Flamoboro Downs recorded a $5.2 long-lived asset impairment reversal at March 31, 2014.

In addition, during the three months ended March 31, 2012 and the year ended December 31, 2012, the Company recorded impairments of $3.4 and $10.3, respectively, related to land in Ontario that was written down to its estimated recoverable amount.

The following table summarizes the impairments during 2012 and the impairment reversals during 2013 and 2014 by property and by asset class:

	Georgian Downs				Flamboro Downs		
	Property, plant and equipment	**Intangible assets**	**Goodwill**	**Total**	**Property, plant and equipment**	**Intangible assets**	**Total**
Carrying amount at January 1, 2012	$ 64.9	$ 25.5	$ 3.2	$ 93.6	$ 13.9	$ 40.6	$ 54.5
Net additions and amortization	(1.9)	(1.7)	-	(3.6)	(1.3)	(4.6)	(5.9)
Impairments	(23.5)	(8.2)	(3.2)	(34.9)	(5.2)	(24.2)	(29.4)
Carrying amount at December 31, 2012	$ 39.5	$ 15.6	$ -	$ 55.1	$ 7.4	$ 11.8	$ 19.2
Net additions and amortization	(0.5)	(0.3)	-	(0.8)	(0.4)	(1.3)	(1.7)
Impairment reversals	11.7	8.0	-	19.7	1.5	7.3	8.8
Carrying amount at March 31, 2013	$ 50.7	$ 23.3	$ -	$ 74.0	$ 8.5	$ 17.8	$ 26.3
Net additions and amortization	0.4	(0.3)	-	0.1	(0.1)	(0.9)	(1.0)
Settlement payment	(31.5)	-	-	(31.5)	-	-	-
Carrying amount at June 30, 2013	$ 19.6	$ 23.0	$ -	$ 42.6	$ 8.4	$ 16.9	$ 25.3
Net additions and amortization	(0.2)	(0.5)	-	(0.7)	(0.3)	(1.8)	(2.1)
Carrying amount at December 31, 2013	$ 19.4	$ 22.5	$ -	$ 41.9	$ 8.1	$ 15.1	$ 23.2
Net additions and amortization	**(0.1)**	**(0.3)**	**-**	**(0.4)**	**(0.1)**	**(0.9)**	**(1.0)**
Impairment reversal	**-**	**-**	**-**	**-**	**1.0**	**4.2**	**5.2**
Carrying amount at March 31, 2014	**$ 19.3**	**$ 22.2**	**$ -**	**$ 41.5**	**$ 9.0**	**$ 18.4**	**$ 27.4**

The recoverable amounts for Georgian Downs' and Flamboro Downs' long-lived assets and goodwill at March 31, 2014 were determined based on the value in use method, which estimates the net present value of the future cash flows expected to be generated, using an after-tax discount rate based on the

Company's weighted-average cost of capital. The estimates of future cash flows require a number of key assumptions about future business performance. These assumptions and estimates are primarily based on the relevant business' historical experience and economic trends, and consider past and ongoing communications with relevant stakeholders of the Company. These key assumptions include the future revenue levels, EBITDA, and the expected useful life of the cash generating unit ("CGU"). The assumptions are subject to a number of factors and it is possible that actual results could vary materially from management's estimates. As the carrying values of Georgian Downs' and Flamboro Downs' long-lived assets as at March 31, 2014 were equal to their estimated recoverable amounts, a subsequent change in any key assumption utilized in the estimate of future cash flows may result in a further impairment loss or reversal of an impairment loss.

Request for Gaming Service Providers

In May 2012, OLG issued a request for information ("RFI") to obtain input from potential industry participants regarding the modernization of gaming in Ontario. OLG stated that as a result of the feedback from the RFI, and to enable OLG to more effectively manage the gaming market in Ontario, OLG has grouped many of the 25 Gaming Zones into Gaming Bundles where each bundle represents a separate bidding opportunity. In November 2012, OLG initiated the request for pre-qualifications ("RFPQ") process to pre-qualify service providers for eligibility to participate in the request for proposals process for the Gaming Bundles. The Company is seeking to participate in the future opportunities that have arisen from the intention to modernize gaming in Ontario. To that end, the Company (alone and with proposed partners) has submitted several RFPQs to the OLG. While the RFPQ process is still ongoing, the Company has heard back from the OLG on one of its RFPQ submissions – Game Bundle 2 (East). The Company has been pre-qualified to be eligible to submit a Request for Proposal ("RFP") for that Gaming Bundle which contains the following three gaming zones. The first gaming zone includes the City of Peterborough and surrounding areas, and is currently served by the OLG slots at Kawartha Downs. The second gaming zone includes the City of Belleville, the municipality of Quinte West, and an opportunity for a new greenfield build to service the local area. Lastly, the third gaming zone includes the City of Kingston and surrounding areas, including Gananoque and Leeds. This third gaming zone is currently served by OLG Casino Thousand Island. The Company is bidding on Gaming Bundle 2 (East) with two partners, with the Company intended to be the majority partner. The OLG has publicly stated that they expect to announce a successful proponent for this Gaming Bundle in the first half of 2015. The Company has not heard back on its other RFPQ submissions. OLG stated on April 25, 2014, that it will release the RFPs for the remaining Gaming Bundles in the coming months.

As a number of parties have submitted RFPQs, and there will likely be several parties pre-qualified to submit RFPs for each gaming bundle, it is not certain at this time whether the Company will be successful in being granted an opportunity to bid on more than one bundle. While it has been granted an opportunity to submit and RFP, there is no certainty that the Company will be able to secure a license to operate a gaming facility in Ontario. Accordingly, the full extent of the impact that the continued modernization of gaming in Ontario may have on the Company is not yet known.

Normal Course Issuer Bid

In January 2013, the Company commenced a normal course issuer bid that authorized the Company to purchase up to 4,511,644 of its common shares. For the year ended December 31, 2013, the Company completed this normal course issuer bid by purchasing 4,511,644 common shares at a volume weighted-average price per share of $10.32.

All shares purchased by the Company were cancelled. The Company's share capital was reduced by an amount equal to the carrying value of the shares repurchased and the remainder was recorded as a reduction to retained earnings on the consolidated statements of changes in equity.

In January 2014, the Company received approval from the TSX to commence another normal course issuer bid for up to 4,231,075 of its common shares, representing approximately 10% of the Company's common shares in the public float. The bid commenced on January 30, 2014 and will end on January 29, 2015, or earlier if the number of shares approved for purchase in the issuer bid has been obtained. Pursuant to TSX policies, daily purchases made by the Company will not exceed 17,799 common shares or 25% of the prior six-month average trading volume of 71,194 common shares on the TSX. Purchases will be by way of open market purchases through the facilities of the TSX, and other Canadian market places, and payment for the shares will be in accordance with the TSX's by-laws and rules. Any shares purchased by the Company will be subsequently cancelled.

During the three months ended March 31, 2014, the Company purchased and cancelled 800 common shares at a volume weighted-average price per share of $14.02.

CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes the consolidated operating results for the three month period ended March 31, 2014 with comparatives for the prior period.

	First Quarter		
	2014	2013	% Chg
Gaming revenues - Ontario	**$ -**	$ 5.6	(100%)
Gaming revenues - excluding Ontario	**71.1**	69.3	3%
Facility Development Commission	**8.8**	8.8	0%
Hospitality, lease and other revenues	**25.6**	18.2	41%
Racetrack revenues	**3.3**	3.2	3%
	108.8	105.1	4%
Less: Promotional allowances	**(5.0)**	(4.6)	9%
Revenues	**103.8**	100.5	3%
Human resources	**40.6**	39.1	4%
Property, marketing and administration	**25.1**	23.1	9%
	65.7	62.2	6%
EBITDA	**38.1**	38.3	(1%)
Human resources as a % of Revenues before Promotional allowances	**37.3%**	37.2%	
EBITDA as a % of Revenues	**36.7%**	38.1%	
Amortization	**12.2**	13.0	
Share-based compensation	**0.4**	2.1	
Reversal of impairments of long-lived assets	**(5.2)**	(28.5)	
Interest and financing costs, net	**8.1**	8.2	
Restructuring and other	**-**	1.1	
Foreign exchange gain and other	**(0.3)**	(0.2)	
Income taxes	**5.9**	11.3	
Net earnings	**$ 17.0**	$ 31.3	(46%)
Net earnings per common share			
Basic	**$ 0.25**	$ 0.44	
Diluted	**$ 0.25**	$ 0.44	
Weighted average number of common shares (in thousands)			
Basic	**67,459**	70,432	
Diluted	**69,127**	71,489	

(Expressed in millions of Canadian dollars, except for per share information)

Discussion of Results

The Company's operating results are discussed in two sections. Revenues, human resources expenses, property, marketing and administration expenses, and EBITDA are discussed on a property or, where appropriate, group of similar properties basis. Items excluded from EBITDA are discussed on a consolidated basis. The following table reconciles the property results to the consolidated results of operations on the previous page.

REVENUES and EBITDA

	First Quarter		
	2014	2013	% Chg
REVENUES			
Casinos			
River Rock Casino Resort	**$ 46.0**	$ 42.5	8%
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	**12.7**	12.9	(2%)
Vancouver Island Casinos	**9.2**	9.6	(4%)
Other BC Casinos	**5.1**	4.6	11%
Nova Scotia Casinos	**9.2**	9.3	(1%)
Great American Casinos	**7.0**	5.8	21%
	89.2	84.7	5%
BC Racinos	**8.3**	8.5	(2%)
Ontario Racetracks	**6.3**	7.3	(14%)
Total Revenues	**$ 103.8**	$ 100.5	3%
EBITDA			
Casinos			
River Rock Casino Resort	**$ 25.4**	$ 22.7	12%
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	**2.9**	4.1	(29%)
Vancouver Island Casinos	**4.7**	5.3	(11%)
Other BC Casinos	**2.4**	2.3	4%
Nova Scotia Casinos	**2.1**	2.1	0%
Great American Casinos	**1.2**	0.9	33%
	38.7	37.4	3%
BC Racinos	**1.5**	1.4	7%
Ontario Racetracks	**3.1**	4.0	(23%)
Corporate & Other	**(5.2)**	(4.5)	(16%)
Total EBITDA	**$ 38.1**	$ 38.3	(1%)

(Expressed in millions of Canadian dollars, except for per share information)

Casinos

River Rock Casino Resort

	First Quarter 2014	First Quarter 2013	% Chg
Gaming revenues	**$ 32.8**	$ 30.6	7%
Facility Development Commission	**4.7**	4.4	7%
Hospitality and other revenues	**10.8**	9.6	13%
Revenues before Promotional allowances	**48.3**	44.6	8%
Less: Promotional allowances	**(2.3)**	(2.1)	10%
Revenues	**46.0**	42.5	8%
Human resources	**12.8**	12.6	2%
Property, marketing and administration	**7.8**	7.2	8%
EBITDA	**$ 25.4**	$ 22.7	12%
Human resources as a % of Revenues before Promotional allowances	**26.5%**	28.3%	
EBITDA as a % of Revenues	**55.2%**	53.4%	

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Average
Table Drop	$ 266.9	$ 241.4	$ 283.0	$ 221.4	$ 227.6	$ 233.4	$ 205.3	$ 189.0	$ 219.6	
Table Hold	$ 59.1	$ 48.7	$ 49.7	$ 44.6	$ 53.8	$ 41.7	$ 42.0	$ 40.9	$ 53.3	
Table Hold %	22.2%	20.2%	17.6%	20.2%	23.7%	17.9%	20.5%	21.6%	24.3%	20.8%
Poker Rake	$ 1.0	$ 1.1	$ 1.0	$ 0.9	$ 1.0	$ 1.2	$ 1.0	$ 1.1	$ 1.1	
Slot Coin-In	$ 498.1	$ 525.2	$ 536.0	$ 511.5	$ 545.4	$ 521.7	$ 518.1	$ 519.6	$ 493.4	
Slot Win	$ 34.5	$ 35.5	$ 37.0	$ 35.3	$ 35.2	$ 34.9	$ 35.2	$ 34.6	$ 33.9	
Slot Win/Slot/Day[1,2]	$ 350	$ 351	$ 364	$ 352	$ 355	$ 345	$ 349	$ 355	$ 372	
Slot Win %	6.9%	6.8%	6.9%	6.9%	6.5%	6.7%	6.8%	6.7%	6.9%	6.8%

[1] Slot Win/Slot/Day is an average, presented in dollars.
[2] During the second quarter of 2012, the Company added 104 slot machines at River Rock, resulting in 1,110 slot machines since June 30, 2012.

Revenues
Gaming revenues at River Rock increased by 7% in the first quarter of 2014 when compared to the first quarter of 2013. This growth was primarily due to the 17% increase in table drop, which was the property's second highest table drop, partially offset by a 1.5 percentage point decline in table hold percentage, resulting in a 10% increase in table hold. On January 23, 2014, River Rock opened a new high limit table games room which features 13 baccarat tables and a food and beverage area. This new addition contributed to the increase in table drop during the first quarter of 2014. This growth was partially offset by a 2% decrease in slot win that was due to a 9% decrease in slot coin-in, partially offset by 0.4 percentage point increase in slot win percentage.

Hospitality and other revenues increased by 13% in the first quarter of 2014, when compared to the first quarter 2013. This increase was primarily due to growth in hotel revenues.

River Rock's hotel capacity includes the "River Rock Casino Resort Suites", which has 202 rooms, and "The Hotel at River Rock" with 193 rooms offered at a lower price point. On a combined basis, River Rock's average daily hotel revenue per available room ("REVPAR") was $104 dollars in the first quarter of 2014, compared to $82 dollars in the first quarter of 2013. This increase was due to a thirteen percentage point increase in the average hotel occupancy rate to 69% and a 3% increase in the average daily room rate ("ADR") to $150 dollars.

Expenses
Human resources expenses in the first quarter of 2014 were relatively consistent, when compared to the first quarter of 2013. Property, marketing and administration expenses increased by 8% in the first quarter of 2014, when compared to the first quarter of 2013. This increase was primarily due to growth in

business volume.

EBITDA

EBITDA increased by 12% in the first quarter of 2014, when compared to the same period in 2013. This increase was attributed to record revenues which resulted in the highest EBITDA in the property's history.

(Expressed in millions of Canadian dollars, except for per share information)

Hard Rock Casino Vancouver (formerly "Boulevard Casino")

	First Quarter 2014	2013	% Chg
Gaming revenues	**$ 9.2**	$ 9.7	(5%)
Facility Development Commission	**1.5**	1.6	(6%)
Hospitality and other revenues	**2.7**	2.1	29%
Revenues before Promotional allowances	**13.4**	13.4	0%
Less: Promotional allowances	**(0.7)**	(0.5)	40%
Revenues	**12.7**	12.9	(2%)
Human resources	**6.2**	6.0	3%
Property, marketing and administration	**3.6**	2.8	29%
EBITDA	**$ 2.9**	$ 4.1	(29%)
Human resources as a % of Revenues before Promotional allowances	**46.3%**	44.8%	
EBITDA as a % of Revenues	**22.8%**	31.8%	

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Average
Table Drop	$ 51.3	$ 38.9	$ 32.7	$ 36.2	$ 37.9	$ 41.6	$ 40.9	$ 42.1	$ 42.0	
Table Hold	$ 7.1	$ 7.6	$ 6.6	$ 7.3	$ 7.8	$ 8.2	$ 8.4	$ 8.4	$ 9.0	
Table Hold %	13.8%	19.4%	20.2%	20.2%	20.6%	19.7%	20.5%	20.0%	21.4%	19.3%
Poker Rake	$ 1.2	$ 1.1	$ 0.8	$ 0.6	$ 0.7	$ 1.0	$ 0.7	$ 0.9	$ 1.2	
Slot Coin-In	$ 318.9	$ 306.0	$ 304.0	$ 313.8	$ 353.3	$ 385.5	$ 391.3	$ 414.6	$ 400.4	
Slot Win	$ 23.2	$ 23.0	$ 22.6	$ 23.9	$ 24.8	$ 26.7	$ 27.2	$ 28.5	$ 26.6	
Slot Win/Slot/Day[1,2]	$ 270	$ 271	$ 300	$ 326	$ 310	$ 292	$ 302	$ 315	$ 298	
Slot Win %	7.3%	7.5%	7.4%	7.6%	7.0%	6.9%	6.9%	6.9%	6.6%	7.1%

(1) Slot Win/Slot/Day is an average, presented in dollars.
(2) During the twelve months of 2013, the Company removed 41 slot machines at Hard Rock resulting in 949 slot machines as at December 31, 2013.

Recent Developments
As described in the "Major Developments" section of this MD&A, the Company completed the renovation and repositioning of Boulevard Casino with the relaunch as Hard Rock Casino Vancouver on December 20, 2013. Throughout 2013, as proximate highway construction and internal property redevelopment construction increased, gaming volumes declined each quarter on a year over year basis. Since the relaunch, we have seen significant improvements in our table drop, slot coin-in and food and beverage revenues. These have increased by 32%, 4% and 16%, respectively, in the first quarter of 2014, when compared to the fourth quarter of 2013, and demonstrate the initial signs of the market's acceptance of the new brand.

Revenues
Gaming revenues at Hard Rock Casino Vancouver decreased by 5% in the first quarter of 2014, when compared to the first quarter of 2013. A 35% increase in table drop was offset by a 6.8 percentage point decrease in table hold percentage, resulting in a 9% decrease in table hold. The 13.8% table hold percentage in the first quarter of 2014 was also 5.5 percentage points lower than the property's nine quarter average. If Hard Rock Casino Vancouver held its nine-quarter average table hold rate at 19.3 percent, the property's revenues would have been $14.0, a $1.1 increase when compared to the first quarter of 2013. The revenue decrease was also attributable to the 10% decrease in slot coin-in, partially offset by the 0.3 percentage point increase in slot win percentage, resulting in a 6% decrease in slot win.

Hospitality and other revenues increased by 29% in the first quarter of 2014, when compared to the first quarter of 2013. This improvement was primarily due to a 35% increase in food and beverage revenues associated with improved food and beverage amenity offerings and increased visitation and gaming from the property rebranding in December 2013.

Expenses

Human resources expenses increased by 3% in the first quarter of 2014, when compared to the first quarter of 2013, primarily due to $0.1 of severance costs incurred in the first quarter of 2014. Property, marketing and administration expenses increased by 29% in the first quarter of 2014, when compared to the same period in 2013, primarily due to $0.4 of one-time marketing costs associated with the Hard Rock Casino Vancouver launch as well as license and memorabilia rental fees related to the new brand.

EBITDA

EBITDA in the first quarter of 2014 was $2.9, a 29% decrease when compared to the same period of 2013. After adjusting for the above-mentioned lower than average table hold percentage, the one-time Hard Rock Casino Vancouver marketing costs, and the severance costs recorded in the first quarter of 2014, EBITDA would have increased by $0.6 or 15% when compared to the first quarter of 2013.

(Expressed in millions of Canadian dollars, except for per share information)

Vancouver Island Casinos (View Royal Casino and Casino Nanaimo)

	First Quarter		
	2014	2013	% Chg
Gaming revenues	**$ 7.3**	$ 7.5	(3%)
Facility Development Commission	**1.1**	1.5	(27%)
Hospitality and other revenues	**1.2**	1.0	20%
Revenues before Promotional allowances	**9.6**	10.0	(4%)
Less: Promotional allowances	**(0.4)**	(0.4)	0%
Revenues	**9.2**	9.6	(4%)
Human resources	**3.1**	3.0	3%
Property, marketing and administration	**1.4**	1.3	8%
EBITDA	**$ 4.7**	$ 5.3	(11%)
Human resources as a % of Revenues before Promotional allowances	**32.3%**	30.0%	
EBITDA as a % of Revenues	**51.1%**	55.2%	

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Average
Table Drop	$ 11.4	$ 10.8	$ 12.2	$ 12.6	$ 12.4	$ 12.5	$ 13.0	$ 12.4	$ 13.0	
Table Hold	$ 2.8	$ 2.7	$ 2.6	$ 2.8	$ 2.9	$ 2.9	$ 2.8	$ 2.9	$ 2.7	
Table Hold %	24.8%	25.0%	21.1%	22.0%	23.4%	23.2%	21.5%	23.4%	20.8%	22.7%
Slot Coin-In	$ 365.9	$ 359.8	$ 382.0	$ 392.0	$ 372.6	$ 379.8	$ 390.0	$ 397.2	$ 378.1	
Slot Win	$ 25.2	$ 25.9	$ 27.6	$ 28.0	$ 26.7	$ 26.9	$ 28.3	$ 27.8	$ 27.1	
Slot Win/Slot/Day(1)	$ 306	$ 287	$ 305	$ 314	$ 294	$ 289	$ 305	$ 303	$ 295	
Slot Win %	6.9%	7.2%	7.2%	7.2%	7.2%	7.1%	7.3%	7.0%	7.2%	7.1%

(1) Slot Win/Slot/Day is an average, presented in dollars.

Revenues

Revenues at the Vancouver Island Casinos decreased by 4% in the first quarter of 2014, when compared to the first quarter of 2013. These decreases were primarily due to decreases in table drop and slot coin-in, attributable to lower visitation caused by inclement weekend winter weather conditions in the first quarter of 2014, and lower accelerated FDC revenues. No accelerated FDC payments were received from BCLC in the first quarter of 2014.

Expenses

Both human resources and property, marketing and administration expenses in the first quarter of 2014 were relatively consistent with the same period in 2013.

EBITDA

EBITDA decreased by 11% in the first quarter of 2014, when compared to the first quarter of 2013. These decreases were primarily due to the decrease in gaming and FDC revenues.

(Expressed in millions of Canadian dollars, except for per share information)

Other BC Casinos (Chances Dawson Creek, Chances Maple Ridge (formerly "Maple Ridge Community Gaming Centre") and Chances Chilliwack)

	First Quarter		
	2014	2013	% Chg
Gaming revenues	**$ 3.6**	$ 3.5	3%
Facility Development Commission	**0.7**	0.7	0%
Hospitality and other revenues	**1.0**	0.6	67%
Revenues before Promotional allowances	**5.3**	4.8	10%
Less: Promotional allowances	**(0.2)**	(0.2)	0%
Revenues	**5.1**	4.6	11%
Human resources	**1.7**	1.4	21%
Property, marketing and administration	**1.0**	0.9	11%
EBITDA	**$ 2.4**	$ 2.3	4%
Human resources as a % of Revenues before Promotional allowances	**32.1%**	29.2%	
EBITDA as a % of Revenues	**47.1%**	50.0%	

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Average
Slot Coin-In	$ 196.3	$ 196.5	$ 180.6	$ 189.6	$ 191.2	$ 165.3	$ 107.3	$ 107.9	$ 114.1	
Slot Win	$ 13.3	$ 13.2	$ 12.4	$ 13.2	$ 12.6	$ 10.6	$ 7.0	$ 7.1	$ 7.6	
Slot Win/Slot/Day(1)	$ 281	$ 286	$ 308	$ 331	$ 321	$ 315	$ 296	$ 305	$ 327	
Slot Win %	6.8%	6.7%	6.9%	7.0%	6.6%	6.4%	6.5%	6.6%	6.7%	6.7%

(1) Slot Win/Slot/Day is an average, presented in dollars.

Recent Developments
As described in the "Major Developments" section of this MD&A, Chances Maple Ridge relocated from its temporary facility to its new permanent facility on October 23, 2013. Since the grand opening, the property has seen improvements in its gaming volumes and food and beverage revenues.

Revenues
Gaming revenues at Chances Maple Ridge and Chances Chilliwack increased in the first quarter of 2014, when compared with the first quarter of 2013 and was partially offset by decreased gaming revenues at Chances Dawson Creek. Hospitality and other revenues increased by 67% in the first quarter of 2014, when compared to the first quarter of 2013. This increase was primarily due to the growth in food and beverage revenues at both Chances Chilliwack and Chances Maple Ridge, the latter of which moved to its permanent facility in October 2013.

Expenses
Human resources expenses increased 21% in the first quarter of 2014, when compared to the same period in 2013. This increase was primarily due to the incremental staffing costs associated with the new, larger Maple Ridge facility resulting in higher business volume. Property, marketing and administration expenses remained relatively consistent in the first quarter of 2014, when compared to the first quarter of 2013.

EBITDA
EBITDA increased by 4% in the first quarter of 2014 compared with the first quarter of 2013. This was attributable to the increases in revenues, which were partially offset by the increase in human resources expenses.

Labour Relations
Previously a collective agreement between Chilliwack Gaming Limited and National Automobile, Aerospace, Transportation and General Workers Union of Canada ("CAW"), Local 3000, governed wages

and working conditions for the property's bingo workers. Effective February 13, 2013, following a decertification application and a representation vote, the BC Labour Relations Board cancelled the Certification held by the CAW for the property's bingo workers.

(Expressed in millions of Canadian dollars, except for per share information)

Nova Scotia Casinos (Casino Nova Scotia Halifax and Casino Nova Scotia Sydney)

	First Quarter		
	2014	2013	% Chg
Gaming revenues	**$ 8.1**	$ 8.3	(2%)
Hospitality and other revenues	**1.5**	1.4	7%
Revenues before Promotional allowances	**9.6**	9.7	(1%)
Less: Promotional allowances	**(0.4)**	(0.4)	0%
Revenues	**9.2**	9.3	(1%)
Human resources	**3.8**	3.9	(3%)
Property, marketing and administration	**3.3**	3.3	0%
EBITDA	**$ 2.1**	$ 2.1	0%
Human resources as a % of Revenues before Promotional allowances	**39.6%**	40.2%	
EBITDA as a % of Revenues	**22.8%**	22.6%	

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Average
Table Drop	$ 9.8	$ 10.0	$ 11.9	$ 11.3	$ 9.6	$ 10.9	$ 10.4	$ 9.8	$ 10.5	
Table Hold	$ 2.2	$ 2.4	$ 2.2	$ 2.0	$ 2.4	$ 2.5	$ 1.9	$ 1.9	$ 2.3	
Table Hold %	21.9%	24.0%	18.8%	17.7%	25.0%	22.9%	18.3%	19.4%	21.9%	21.0%
Poker Rake	$ 0.5	$ 0.4	$ 0.5	$ 0.5	$ 0.6	$ 0.5	$ 0.5	$ 0.4	$ 0.4	
Slot Coin-In	$ 179.2	$ 182.0	$ 222.5	$ 202.6	$ 174.4	$ 193.7	$ 228.3	$ 206.2	$ 192.6	
Slot Win	$ 13.5	$ 14.0	$ 17.6	$ 15.8	$ 13.6	$ 14.8	$ 18.3	$ 16.1	$ 15.2	
Slot Win/Slot/Day(1)	$ 184	$ 186	$ 228	$ 208	$ 184	$ 185	$ 227	$ 205	$ 191	
Slot Win %	7.6%	7.7%	7.9%	7.8%	7.8%	7.6%	8.0%	7.8%	7.9%	7.8%

(1) Slot Win/Slot/Day is an average, presented in dollars.

Revenues, Expenses and EBITDA

Revenues, Expenses and EBITDA at the Nova Scotia Casinos in the first quarter of 2014 were relatively consistent with the first quarter of 2013.

Great American Casinos

Results in U.S. Dollars (in millions)

	First Quarter		
	2014	2013	% Chg
Gaming revenues	**$ 5.2**	$ 4.8	8%
Hospitality and other revenues	**1.8**	1.6	13%
Revenues before Promotional allowances	**7.0**	6.4	9%
Less: Promotional allowances	**(0.7)**	(0.6)	17%
Revenues	**6.3**	5.8	9%
Human resources	**3.5**	3.3	6%
Property, marketing and administration	**1.8**	1.6	13%
EBITDA	**$ 1.0**	$ 0.9	11%
Human resources as a % of Revenues before Promotional allowances	**50.0%**	51.6%	
EBITDA as a % of Revenues	**15.9%**	15.5%	

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Average
Table Drop	$ 36.6	$ 35.4	$ 34.7	$ 34.1	$ 33.9	$ 34.5	$ 31.6	$ 33.2	$ 35.5	
Table Hold	$ 5.9	$ 5.7	$ 5.6	$ 5.9	$ 5.5	$ 5.1	$ 4.7	$ 5.1	$ 5.4	
Table Hold %	16.1%	16.0%	16.1%	17.3%	16.2%	14.7%	14.9%	15.4%	15.2%	15.7%

Results in Canadian Dollars

	First Quarter		
	2014	2013	% Chg
Revenues	**$ 7.0**	$ 5.8	21%
EBITDA	**$ 1.2**	$ 0.9	33%

Discussion in U.S. Dollars

Revenues
Revenues at Great American Casinos increased by 9% in the first quarter of 2014 when compared to the same period in 2013. These increases were mainly due to the improvements in table drop and increased food and beverage revenues.

Expenses
Human resources expenses increased by 6% in the first quarter of 2014, when compared to the same period in 2013. Property, marketing and administration expenses increased by 13% in the first quarter of 2014, when compared to the same period in 2013. These increases were primarily due to increased human resources costs, marketing expenses and food and beverage costs associated with the growth in gaming and hospitality revenues.

EBITDA
Great American Casinos' EBITDA increased by 11% in the first quarter of 2014, when compared to the same period in 2013. This increase was mainly due to the increases in revenues.

The value of the Great American Casinos' functional currency, the U.S. dollar, in comparison to the Company's reporting currency, the Canadian dollar, affects the reported results of the Great American

Casinos. The average value of the U.S. dollar increased by 9% in the first quarter of 2014, when compared to the first quarter of 2013.

(Expressed in millions of Canadian dollars, except for per share information)

BC Racinos (Fraser Downs Racetrack and Casino, and Hastings Racecourse and Slots Facility)

	First Quarter		
	2014	2013	% Chg
Gaming revenues	**$ 4.4**	$ 4.9	(10%)
Facility Development Commission	**0.8**	0.6	33%
Racetrack revenues	**2.1**	2.2	(5%)
Hospitality and other revenues	**1.3**	1.2	8%
Revenues before Promotional allowances	**8.6**	8.9	(3%)
Less: Promotional allowances	**(0.3)**	(0.4)	(25%)
Revenues	**8.3**	8.5	(2%)
Human resources	**4.1**	4.1	0%
Property, marketing and administration	**2.7**	3.0	(10%)
EBITDA	**$ 1.5**	$ 1.4	7%
Human resources as a % of Revenues before Promotional allowances	**47.7%**	46.1%	
EBITDA as a % of Revenues	**18.1%**	16.5%	

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Average
Table Drop	$ 5.7	$ 5.5	$ 5.6	$ 6.0	$ 7.0	$ 7.1	$ 7.0	$ 7.2	$ 6.4	
Table Hold	$ 1.4	$ 1.5	$ 1.4	$ 1.4	$ 1.7	$ 1.7	$ 1.4	$ 1.4	$ 1.4	
Table Hold %	25.3%	26.8%	24.6%	23.3%	24.3%	24.2%	20.0%	19.4%	21.9%	23.1%
Poker Rake	$ 0.3	$ 0.2	$ 0.1	$ 0.2	$ 0.3	$ 0.1	$ 0.5	$ 0.3	$ 0.2	
Slot Coin-In	$ 209.5	$ 196.9	$ 207.3	$ 225.8	$ 218.5	$ 227.3	$ 239.4	$ 246.3	$ 234.7	
Slot Win	$ 15.3	$ 15.4	$ 16.1	$ 17.7	$ 16.1	$ 16.5	$ 17.9	$ 18.4	$ 17.6	
Slot Win/Slot/Day[1]	$ 160	$ 161	$ 167	$ 184	$ 170	$ 169	$ 184	$ 191	$ 183	
Slot Win %	7.3%	7.8%	7.8%	7.8%	7.4%	7.3%	7.5%	7.5%	7.5%	7.5%

(1) Slot Win/Slot/Day is an average, presented in dollars.

Revenues

Gaming revenues at the BC Racinos decreased by 10% in the first quarter of 2014, when compared to the same period in 2013. This decrease was primarily due to decreases in gaming and racetrack revenues, which are attributable to the ongoing industry-wide decline in horse race wagering.

FDC revenues increased in the first quarter of 2014, when compared to the first quarter of 2013, due to the recognition of $0.2 previously deferred FDC revenues that were realized in the first quarter of 2014 when BCLC approved the related eligible expenditures for reimbursement.

Expenses

Human resources expenses were relatively consistent in the first quarter of 2014, when compared with the first quarter of 2013. Property, marketing and administration expenses decreased by 10% in the first quarter of 2014, when compared to the same period in 2013. This decrease was primarily due to operational efficiencies implemented as a result of reduced revenues.

EBITDA

EBITDA at the BC Racinos increased by 7% in the first quarter of 2014, when compared with the same period in 2013. This increase is a result of the decrease in expenses, which was partially offset by the decrease in revenues.

Labour Relations

A collective agreement with UNITE HERE!, Local 40, with a term covering April 01, 2008 through December 31, 2010, is applicable to food and beverage workers at Hastings Racecourse. Collective bargaining for a renewal collective agreement commenced on January 20, 2011 and no further meetings have been held since that date. Collective bargaining is scheduled to recommence on May 29, 2014.

A collective agreement with Canadian Office and Professional Employees Union (COPE), Local 378, is applicable to specified racing, general and casino workers at Hastings Racecourse. Collective bargaining commenced in January 2013, and a new collective agreement was reached in June 2013 covering the term August 1, 2012 through December 31, 2014.

(Expressed in millions of Canadian dollars, except for per share information)

Ontario Racetracks

	First Quarter		
	2014	2013	% Chg
Gaming revenues	**$ -**	$ 5.6	(100%)
Racetrack revenues	**1.2**	1.0	20%
Hospitality, lease and other revenues (1)	**5.1**	0.7	629%
Revenues	**6.3**	7.3	(14%)
Human resources	**1.3**	1.6	(19%)
Property, marketing and administration	**1.9**	1.7	12%
EBITDA	**$ 3.1**	$ 4.0	(23%)
Human resources as a % of Revenues before Promotional allowances	**20.6%**	21.9%	
EBITDA as a % of Revenues	**49.2%**	54.8%	

(1) Included in Hospitality, lease and other revenues are lease and food and beverage revenues from OLG since the second quarter of 2013.

<u>Recent Developments</u>
As described in the "Major Developments" section of this MD&A, the Company's site holder agreements for Georgian Downs and Flamboro Downs were terminated by OLG effective March 31, 2013. On November 29, 2013, the Company and OLG signed lease agreements, whereby OLG would lease the previously-existing slot machine areas of the properties for a period of five years commencing on April 1, 2013.

In May 2013, the Company and the Government of Ontario signed Ontario Racing Agreements outlining terms under which the Company operated a reduced level of horse racing at the properties until March 31, 2014 on a transitional basis and received transition funding from the Government of Ontario. Effective April 1, 2014, the properties will receive funding for their racing purses and will share in the pari-mutuel revenues pooled by the Standardbred Alliance, as described in the "Major Developments" section of this MD&A.

<u>Revenues</u>
Revenues decreased by 14% in the first quarter of 2014, when compared to the same period in 2013. As described in the "Major Developments" section of this MD&A, since April 1, 2013, the Company's Ontario Racetracks no longer receive 10% of OLG's slot machine revenues nor directly share in the horse racing pari-mutuel wagering revenues that the tracks generate. Instead, these Ontario Racetracks received slot facility lease revenues from the OLG and fixed horse racing transition funds from the Government of Ontario. Consequently, there was a decline in revenues at the Ontario Racetracks in the first quarter of 2014 when compared to the first quarter of 2013.

<u>Expenses</u>
Human resources expenses decreased by 19% in the first quarter of 2014, when compared to the same period in 2013. This decrease was primarily due to operational adjustments implemented as a result of operating cost reductions required under the Ontario Racing Agreements. Property, marketing and administration expenses increased by 12% in the first quarter of 2014, when compared to the same period in 2013, which was primarily due to a higher property tax accrual in the first quarter of 2014.

<u>EBITDA</u>
EBITDA declined by 23% in the first quarter of 2014, when compared to the same period in 2013, mainly as a result of the decreases in revenues.

Labour Relations

A collective agreement with Public Service Alliance of Canada, Local 00500 (PSAC), with a term covering September 18, 2013 through September 17, 2015, covers workers at Georgian Downs.

A collective agreement with Service Employees International Union, Local 2 (SEIU) with a term covering January 1, 2011 through December 31, 2013, which was subsequently extended by mutual agreement to December 31, 2014, covers workers at Flamboro Downs.

(Expressed in millions of Canadian dollars, except for per share information)

Corporate & Other

	First Quarter		
	2014	2013	% Chg
Human resources	**$ 3.8**	$ 3.2	19%
Property, marketing and administration	**1.4**	1.3	8%
EBITDA	**$ (5.2)**	$ (4.5)	(16%)

EBITDA
Corporate & Other EBITDA decreased by 16% in the first quarter of 2014, when compared to the same periods in 2013. EBITDA was lower in 2014 primarily due to $0.3 increased consulting fees related to implementing the Company's information technology business recovery plan incurred during the first quarter of 2014 and excess short term incentive accruals of $0.3 released in the first quarter of 2013.

Discussion of Items Excluded from EBITDA

Amortization
Amortization decreased by $0.8 in the first quarter of 2014, when compared to the first quarter of 2013. This decrease was primarily due to the settlement payment received from OLG in the second quarter of 2013, which was applied against the long-lived assets at Georgian Downs as described in the "Major Developments" section of this MD&A.

Share-Based Compensation
Share-based compensation of $0.4 (2013 - $2.1) in the first quarter of 2014 comprises equity-settled share-based compensation of $0.4 (2013 - $1.2) and cash-settled share-based compensation of $nil (2013 - $0.9). This decrease was mainly due to a one-year increase in the vesting period for employee stock options granted in the first quarter of 2014 as compared to those granted in the first quarter of 2013.

Reversal of Impairment of Long-Lived Assets
During the first quarter of 2014, the Company recorded non-cash impairment reversal of long-lived assets of $5.2 in connection with signing the Standardbred Alliance agreements in April 2014 with respect to the Company's Ontario Racetracks as described in the "Major Developments" section of this MD&A. During the first quarter of 2013, the Company recorded non-cash impairment reversals of long-lived assets of $28.5 in connection with signing letters of intent for lease arrangements and horse racing transition funding for Georgian Downs and Flamboro Downs, as described in the "Major Developments" section of this MD&A.

Interest and Financing Costs, net
Interest and financing costs, net of interest income was relatively consistent in the first quarter of 2014, when compared to the first quarter of 2013.

Restructuring and other
Restructuring and other expenses incurred in the first quarter of 2014 included non-recurring staff severance costs of $0.2, which was offset by a $0.2 decrease in the estimated provision for future trailing payments related to the Chilliwack Bingo acquisition from 2011.

Foreign exchange gain and other
Foreign exchange gain and other income was relatively consistent in the first quarter of 2014, when compared to the first quarter of 2013.

Income Taxes
Income taxes decreased by $5.4 in the first quarter of 2014, when compared to the first quarter of 2013. This decrease was primarily due to lower earnings before income taxes in 2014 as a result of $28.5 in non-cash long-lived asset impairment reversals recorded in 2013 compared to reversals of $5.2 recorded in 2014 related to the Ontario Racetracks as described in the "Major Developments" section of this MD&A. This was partially offset by an increase in income tax rate from 25% to 26% effective April 1, 2013.

(Expressed in millions of Canadian dollars, except for per share information)

CONSOLIDATED QUARTERLY RESULTS TREND

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Revenues	$ 103.8	$ 101.6	$ 103.1	$ 102.1	$ 100.5	$ 102.8	$ 101.8	$ 101.3
EBITDA	$ 38.1	$ 35.2	$ 39.1	$ 38.0	$ 38.3	$ 37.5	$ 35.8	$ 35.3
EBITDA as a % of Revenues	36.7%	34.6%	37.9%	37.2%	38.1%	36.5%	35.2%	34.8%
Net earnings (loss)	$ 17.0	$ 7.2	$ 13.3	$ 11.3	$ 31.3	$ 2.5	$ (0.9)	$ 2.7
Net earnings (loss) per common share								
Basic	$ 0.25	$ 0.11	$ 0.20	$ 0.17	$ 0.44	$ 0.04	$ (0.01)	$ 0.03
Diluted	$ 0.25	$ 0.10	$ 0.19	$ 0.16	$ 0.44	$ 0.03	$ (0.01)	$ 0.03

For the past eight quarters, revenues showed a positive trend. The decline in the first quarter of 2013 from the fourth quarter of 2012 was primarily due to the intermittent weekday and multiple weekend evening road closures that affected access to the former Boulevard Casino. This continued to have a negative impact on the property's performance throughout the remainder of 2013, which was offset by positive revenues trend at River Rock and Great American Casinos. Gaming revenues have declined since the first quarter of 2013 primarily due to OLG's termination of the site holder agreements at Flamboro Downs and Georgian Downs on March 31, 2013. During the fourth quarter of 2013, inclement weather conditions in Nova Scotia and the Vancouver Islands contributed to declines in revenues at these properties. Since the opening of the new Chances Maple Ridge and Hard Rock Casino Vancouver in October 2013 and December 2013, respectively, growth in food and beverage revenues contributed to the increases in hospitality, lease and other revenues.

Changes in EBITDA were mainly attributable to changes in revenues, as discussed above, as well as decreased expenses as a result of the Company's continued focus on operating efficiencies. For the fourth quarter of 2013, EBITDA has been affected by the pre-opening costs totalling $1.1 for both Hard Rock Casino Vancouver and Chances Maple Ridge.

The net earnings (loss) trend reflects the items noted above, as well as certain impairment charges, reversals of impairment charges, share-based compensation expense, equity investment loss, business development expenses, litigation settlement costs, expenses associated with the debt refinancing and settlement of the related derivative liabilities, and the related income tax effects of these items.

LIQUIDITY AND CAPITAL RESOURCES

The Company manages liquidity risks by closely monitoring its capital structure and operating costs, regularly monitoring forecast and actual cash flows, taking a conservative approach to capital investment, managing the maturity profiles of financial assets and financial liabilities and maintaining credit capacity within its Revolving Credit Facility.

As at March 31, 2014, the Company had:

- Relatively low levels of receivables of which the majority are due from: sales tax rebates from the federal government, racetrack operators, other provincial gaming corporations, and financial institutions;
- Low exposure to foreign currency exchange rate movements and low exposure to floating interest rate changes since it has relatively low levels of foreign denominated assets and liabilities and has fixed interest rates with its Canadian dollar denominated Senior Unsecured Notes;
- $320.2 of available credit on its Revolving Credit Facility, subject to compliance with the related financial covenants; and
- Counterparties to its existing debt and credit facilities that are primarily major financial institutions that have minimum grade “A” credit ratings.

(Expressed in millions of Canadian dollars, except for per share information)

Financial Position

		March 31, 2014		December 31, 2013	% Chg
Cash and cash equivalents	**$**	**204.7**	$	192.6	6%
Other current assets		**18.4**		18.9	(3%)
Property, plant and equipment		**591.0**		596.3	(1%)
Other long-term assets		**110.9**		107.9	3%
Total Assets	**$**	**925.0**	$	915.7	1%
Current liabilities	**$**	**56.7**	$	70.5	(20%)
Long-term debt		**441.2**		441.0	0%
Other long-term liabilities		**99.4**		96.7	3%
Total Liabilities		**597.3**		608.2	(2%)
Shareholders' equity		**327.7**		307.5	7%
Total Liabilities and Shareholders' equity	**$**	**925.0**	$	915.7	1%

Total Assets
Total assets increased by $9.3 in the first quarter of 2014, when compared to the total assets as at December 31, 2013. This increase was primarily due to cash generated by operating activities and the long-lived assets impairment reversal of $5.2 associated with Flamboro Downs.

Total Liabilities
Total liabilities decreased by $10.9 in the first quarter of 2014, when compared to the total liabilities as at December 31, 2013. This decrease was primarily due to decreases in accounts payable.

Shareholders' equity
Shareholders' equity increased by $20.2 in the first quarter of 2014, when compared to shareholders' equity as at December 31, 2013. This increase was due to the net earnings of $17.0, comprehensive income of $0.9, equity-settled share-based compensation of $0.4 and share options exercised of $1.9.

(Expressed in millions of Canadian dollars, except for per share information)

Cash Flows

	First Quarter		
	2014	2013	% Chg
Cash generated by operating activities	**$ 31.0**	$ 35.1	(12%)
Cash used in investing activities	**(5.7)**	(6.7)	15%
Cash used in financing activities	**(13.7)**	(21.6)	37%
Effect of foreign exchange on cash and cash equivalents	**0.5**	0.3	67%
Cash inflow	**$ 12.1**	$ 7.1	70%

Cash generated by operating activities was lower in the first quarter of 2014, when compared to the same period in 2013. This decrease was primarily due to changes in the timing of the settlement of accounts receivable, accounts payable and accrued liabilities.

Cash used in financing activities was lower in the first quarter of 2014, when compared to the first quarter of 2013. During the first quarter of 2013, the Company paid $6.7 to repurchase common shares under its Normal Course Issuer Bid.

(Expressed in millions of Canadian dollars, except for per share information)

Capital Resources

Long-Term Debt and Equity

	March 31, 2014	December 31, 2013
Senior Unsecured Notes, net of unamortized transaction costs of $8.8 (2013 - $9.0)	**$ 441.2**	$ 441.0

As at March 31, 2014, the Company was in compliance with its financial covenants as shown below:

Covenant test	**Required ratio**	**Actual ratio**
Total Debt to Adjusted EBITDA ratio (1)	< 5.00	2.50
Senior Secured Debt to Adjusted EBITDA ratio (1)	< 3.50	0.00
Interest Coverage ratio (1)	> 2.25	5.65
Fixed Charge Coverage ratio (2)	> 2.00	5.67

(1) Calculated on a trailing twelve month basis and defined in the Credit Agreement, as amended on July 24, 2012.

(2) Calculated on a trailing twelve month basis and tested on specified events as defined in the long-term debt agreement covering the Trust Indenture dated July 24, 2012.

The Company and its debt facilities had independent credit ratings as at March 31, 2014 as follows:

	Moody's	**Standard & Poor's**
Corporate	Ba3 Stable	BB+ Stable
Revolving Credit Facility	Ba1	BBB
Senior Unsecured Notes	B1	BB+

Outstanding Share Data

As at March 31, 2014 there were 67,612,429 common shares issued and outstanding compared to 67,333,429 as at December 31, 2013. This increase was primarily due to the exercise of employee stock options during the first quarter of 2014.

As at March 31, 2014, there were 5,385,127 share options outstanding at a weighted-average exercise price of $9.65.

As at May 6, 2014, there were 67,631,464 common shares outstanding and 5,365,258 share options outstanding.

(Expressed in millions of Canadian dollars, except for per share information)

Capital Spending and Development

Under its operating agreements in BC, the Company is reimbursed for capital investments as a percentage of Gross Gaming Revenues. Under its operating agreement in Nova Scotia, the Company is reimbursed for the majority of its capital projects. The majority of the Company's capital expenditures on gaming operations in British Columbia and Nova Scotia are eligible for reimbursement by the provincial gaming authorities. In British Columbia, through the FDC program, BCLC provides commissions for approved capital and operating expenditures related to the development or improvement of gaming properties as defined in the operating services agreements. Currently, the FDC reimbursement percentage is 3% of the Gross Gaming Revenues from gaming activities. BCLC provides for an additional accelerated FDC equal to 2% of the Gross Gaming Revenues and is intended to be a one-time reimbursement of the timely development or redevelopment of gaming facilities and additional entertainment amenities of significant value which may be completed through phases. The Company continues to receive accelerated FDC as it is earned until the approved eligible costs of the project are recovered and provided that the related casino operating services agreement are continuing**.**

The following table summarizes the changes in the Company's Approved Amounts (a term defined in the Company's operating services agreements with BCLC) to be recovered by future FDC receipts from BCLC:

	Three months ended March 31,	
	2014	2013
Opening Approved Amounts	**$ 380.9**	$ 412.0
Additional Approved Amounts	**1.6**	1.1
FDC receipts	**(8.8)**	(8.8)
Closing Approved Amounts	**$ 373.7**	$ 404.3

The differences between the FDC Additional Approved Amounts and the additions to property, plant and equipment are primarily due to the difference in timing between when the expenditures are incurred, when the invoices are received, and when they are submitted to BCLC for approval.

Approved expenditures incurred to improve or maintain the two Nova Scotia casinos are reimbursed by NSPLCC from a Capital Reserve Account ("CRA"). The Company is required to make contributions to the CRA equal to 5% of the annual gross operational revenues from the two Nova Scotia casinos with a minimum contribution of approximately $5.0 per year adjusted for inflation since April 2010. If the CRA is in a deficit balance, the amount owed to the Company accrues interest at a rate of bank prime plus 2% per annum.

The following table summarizes the Company's maintenance and development capital expenditures net of accounts payable for the first quarter of 2014:

	First Quarter	
	2014	2013
Maintenance capital expenditures net of related accounts payable	**$ 1.0**	$ 0.7
Development capital expenditures net of related accounts payable	**5.0**	5.4
Total capital expenditures net of related accounts payable	**$ 6.0**	$ 6.1

Maintenance capital expenditures were primarily related to various property upgrades. Development capital expenditures during the first quarter of 2014 were primarily related to River Rock and Hard Rock Casino Vancouver. For the remaining nine months of 2014, the Company estimates that development capital expenditures and maintenance capital expenditures net of related accounts payable will total approximately $4.0 and $4.1, respectively.

Contingencies

The Company has issued letters of credit to guarantee performance primarily under gaming cash floats, construction contracts, and provincial gaming corporation payables in the aggregate amount of $29.8 as at March 31, 2014 (December 31, 2013 - $29.8).

Litigation

The Company is subject to legal proceedings, claims and investigations in the ordinary course of business. Liabilities related to such matters are recorded when it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. All legal costs associated with litigation are expensed as incurred.

Guarantees and Indemnifications

The Company may provide guarantees and indemnifications in conjunction with transactions in the normal course of operations. These are recorded as liabilities when reasonable estimates of the obligations can be made. Guarantees and indemnifications that the Company has provided include obligations to indemnify:

- directors and officers of the Company and its subsidiaries for potential liability while acting as a director or officer of the Company, together with various expenses associated with defending and settling such suits or actions due to association with the Company, the risk of which is mitigated by the Company's directors' and officers' liability insurance;
- certain vendors of acquired companies or properties for obligations that may or may not have been known at the date of the transaction;
- certain financial institutions for costs that they may incur as a result of representations made in our debt and equity offering documents; and
- lessors of leased properties for personal injury claims that may arise at the facilities we operate.

Commitments

There were no material changes outside of the Company's ordinary course of business that affected the Company's contractual obligations for the first three months of 2014.

Future Cash Requirements

Management believes that the Company's current operational requirements and major development plans can be funded from existing cash and cash equivalents, cash generated from operations, and existing capacity on our Revolving Credit Facility. If future circumstances dictate an increased cash requirement and we elect not to delay, limit, or eliminate some of our plans, we may raise additional funds through the refinancing of existing debt, the issuance of additional debt that fits within the limitations established by the covenants on our existing credit and debt facilities, the issuance of hybrid debt-equity securities, or additional equity securities. If the Company needs to access the capital markets for additional financial resources, we believe we will be able to do so at prevailing market rates.

OTHER FINANCIAL INFORMATION

Changes in Accounting Policies

Effective January 1, 2014, the Company adopted the following revised IASs and IFRSs issued by the International Accounting Standards Board ("IASB") and interpretation of the International Financial Reporting Standards Interpretations Committee ("IFRIC"). These revised standards and interpretation did not have a material impact on the Company's condensed interim consolidated financial statements.

- *IAS 32, Financial Instruments: Presentation* – amended to clarify under what circumstances financial assets and financial liabilities should be offset. It is effective for annual periods beginning on or after January 1, 2014.

- *IAS 36, Impairment of Assets* – amended to clarify the standard's disclosure requirements and require the disclosure of the discount rate used in determining an impairment value calculated using a present value technique. It is effective for annual periods beginning on or after January 1, 2014.

- *IFRS 10, Consolidated Financial Statements ("IFRS 10"), IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12") and IAS 27, Separate Financial Statements ("IAS 27")* – IFRS 10 has been amended to introduce an exception from the requirement to consolidate subsidiaries for an investment entity. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities. IFRS 12 and IAS 27 have been amended to introduce new disclosure requirements for investment entities. These amendments are effective for annual periods beginning on or after January 1, 2014.

- *IFRIC 21, Levies* – provides guidance for applying IAS 37, *Provisions, contingent liability and contingent assets*, with respect to when a company should recognize a liability for a levy imposed by a government. It is effective for annual periods beginning on or after January 1, 2014.

Recent Accounting Pronouncements

The IASB issued the following new and revised accounting pronouncements, which are not expected to have a material impact on the Company's consolidated financial statements:

- *IFRS 2, Share based payments* – amended the definitions of "vesting condition" and "market conditions" and added definitions for "performance condition" and service condition". These amendments apply to share based payment transactions with a grant date on or after July 1, 2014.

- *IFRS 8, Operating Segments* – amended to require the disclosure of the judgments made by management in applying the aggregation criteria to operating segments and to clarify that the reconciliation of the segment assets is required if they are regularly provided to the chief operation decision-maker. It is effective for annual periods beginning on or after July 1, 2014.

- *IFRS 13, Fair Value Measurement ("IFRS 13")* – the Basis of Conclusions was amended to clarify that issuing IFRS 13 and amending IFRS 9, *Financial Instruments* ("IFRS 9") and IAS 39, *Financial Instruments: Recognition and measurement* ("IAS 39") did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis. IFRS 13 was also amended to clarify the scope of the portfolio exception. It is effective for annual periods beginning on or after July 1, 2014.

- *IAS 16, Property, Plant and Equipment and IAS 38, Intangible assets* – amended to clarify that, under the revaluation method, the gross amount of property, plant and equipment and intangible asset is adjusted in a manner consistent with the revaluation of the carrying amount of the asset. It is effective for annual periods beginning on or after July 1, 2014.

- *IAS 24, Related Party Disclosures* – amended to clarify how payments to entities providing management services are to be disclosed. It is effective for annual periods beginning on or after July 1, 2014.

- *IFRS 9* – replaces IAS 39. IFRS 9 simplifies the classification and measurement requirements for financial instruments, which replaces the multiple classification and measurement models in IAS 39. The IASB tentatively decided that the mandatory effective date will be for annual periods beginning on or after January 1, 2018.

Critical Accounting Estimates and Judgments

The Company's reported financial position and results of operations are dependent on the selection of accounting policies that are based on IFRS and accounting estimates that underlie the preparation of the Company's Condensed Interim Consolidated Financial Statements. The Company's Annual Financial Statements contain a summary of the Company's significant accounting policies and accounting estimates. The Company's Condensed Interim Financial Statements highlight additional new significant accounting policies and estimates, if any, that are not already described in the Annual Financial Statements. Estimates by their nature are subject to risks, uncertainties and assumptions, which could cause the Company's financial position and operating results to differ materially from those presented in the Company's Annual Financial Statements. Future changes in accounting estimates will be applied on a prospective basis.

The critical accounting estimates and judgments that are the most judgmental or material to the Company's Annual Financial Statements are those relating to the impairment of long-lived assets and goodwill, estimated useful lives of long-lived assets, equity-settled share-based compensation, income taxes, contingencies, hedge accounting, and determination of CGUs. The Company's critical accounting estimates and judgments are further detailed in Note 3 of the Company's Annual Financial Statements.

Financial Instruments and Other Instruments

The Company's risk management strategy is to minimize exposure to currencies other than the Canadian dollar and, with the exception of revolving lines of credit, to fix substantially all of its floating interest rate debt. The financial instrument that gives rise or may give rise to the most significant exposure to floating interest rate risk is the Revolving Credit Facility.

Definitions of Other Terms Used in the MD&A

Gross Gaming Revenues – the amounts wagered on gaming activities, less the payout or prizes to winning customers.

Racebook – an off-racetrack betting facility for pari-mutuel wagering on live horse races displayed by television broadcasts operated by the Company or TBC.

Revenues – the sum of the following:

- Casino gaming in BC – gaming revenues are net of amounts paid to BCLC (provincial government portion is 60% of the win on most table games and 75% of the slot machine win) and are net of accruals for anticipated payouts of progressive slot machine jackpots and progressive table game payouts.

- Bingo and slots at a community gaming centre in BC – gaming revenues are net of amounts paid to BCLC (provincial government portion is 75% of the win on slots, and 40% to 75% of the weekly bingo win) and are net of prizes.

- Horse racing in BC – Racetrack revenues represent the Company's share of total wagering less amounts returned as winning wagers, provincial and federal taxes, and includes the host track share of wagering on the Company's races simulcast to other associations.

- Horse racing in Ontario – Effective April 1, 2013, racetrack revenues includes transition funding for horse racing received from the Government of Ontario. Prior to April 1, 2013, racetrack revenues represented the Company's share of total wagering less amounts returned as winning wagers, provincial and federal taxes, and included the host track share of wagering on the Company's races simulcast to other associations.

- Casino gaming in Washington – gaming revenues are net of county gaming taxes at various rates ranging from 10% to 11% for card and progressive jackpot games, 5% on pull-tabs and 2% on amusement games.

- Casino gaming in Nova Scotia – effective October 1, 2012, gaming revenues are approximately equal to 52.24% of the gross gaming revenues, after deduction of the capital reserve contribution ("CRC"). The CRC is the greater of 5% of total revenue or $5.0 (adjusted for inflation in each year since 2009). The Company is also entitled to receive additional Operator Fees equal to the lesser of $1.3, or 10% of leased slot machine revenues.

- Facility Development Commission ("FDC") – A reimbursement of Approved Amounts (a defined term in the casino operating service agreements and generally consists of approved capital and operating expenditures related to the development or improvement of gaming properties) that is earned from BCLC as a fixed percentage of gross gaming revenues, subject to the Company incurring sufficient. BCLC also provides for an accelerated FDC amount towards the timely development or redevelopment of gaming facilities and additional entertainment amenities of significant value which may be completed through phases. Generally, the FDC percentage is 3% or 5% of gross gaming win from casinos, racetracks and community gaming centres.

- Hospitality, lease and other revenues – food and beverage revenues, hotel revenues, and other revenues such as: ATM commissions, theatre revenues, advertising revenues, lease revenues and other income from ancillary services.

- Promotional allowances – the retail value of promotional allowances furnished to guests without charge, which have been included in gaming revenues or hospitality, lease and other revenues, are deducted.

Additional Information

Additional information relating to the Company, including the Company's latest Condensed Interim Financial Statements, Annual Financial Statements and Annual Information Form, can be located on the SEDAR website at www.sedar.com or on the Company's website at www.gcgaming.com.

Shareholders of the Company may obtain a copy of the Company's TSX Form 12 Notice of Intention to Make a Normal Course Issuer Bid as filed with and as accepted by the TSX, at no charge, by contacting the Company.

(Expressed in millions of Canadian dollars, except for per share information)

SUPPLEMENTAL FINANCIAL INFORMATION

Consolidated Quarterly Results Trend

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Gaming Revenues					
River Rock Casino Resort	$ 32.8	$ 29.0	$ 29.7	$ 27.4	$ 30.6
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	9.2	9.7	8.8	9.3	9.7
Vancouver Island Casinos	7.3	7.3	7.7	7.8	7.5
Other BC Casinos	3.6	3.5	3.4	3.7	3.5
Nova Scotia Casinos	8.1	8.4	10.2	9.2	8.3
Great American Casinos	5.7	5.3	5.1	5.3	4.8
BC Racinos	4.4	4.5	4.6	5.0	4.9
Ontario Racetracks	-	-	-	0.7	5.6
	71.1	**67.7**	**69.5**	**68.4**	**74.9**
Facility Development Commission					
River Rock Casino Resort	4.7	4.2	4.3	3.9	4.4
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	1.5	1.5	1.5	1.6	1.6
Vancouver Island Casinos	1.1	1.2	1.2	1.3	1.5
Other BC Casinos	0.7	0.7	0.7	0.7	0.7
BC Racinos	0.8	0.6	0.6	1.4	0.6
	8.8	**8.2**	**8.3**	**8.9**	**8.8**
Hospitality, Lease and Other Revenues					
River Rock Casino Resort	10.8	11.9	11.7	11.1	9.6
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	2.7	2.5	1.9	2.2	2.1
Vancouver Island Casinos	1.2	1.1	1.1	1.1	1.0
Other BC Casinos	1.0	1.0	0.7	0.7	0.6
Nova Scotia Casinos	1.5	1.8	1.7	1.7	1.4
Great American Casinos	2.0	2.0	1.7	1.6	1.6
BC Racinos	1.3	1.5	2.5	2.0	1.2
Ontario Racetracks	5.1	5.3	5.0	4.8	0.7
	25.6	**27.1**	**26.3**	**25.2**	**18.2**
Racetrack Revenues					
BC Racinos	2.1	2.2	2.7	2.9	2.2
Ontario Racetracks	1.2	1.2	1.1	1.1	1.0
	3.3	**3.4**	**3.8**	**4.0**	**3.2**
Promotional Allowances	(5.0)	(4.8)	(4.8)	(4.4)	(4.6)
Revenues	**$ 103.8**	**$ 101.6**	**$ 103.1**	**$ 102.1**	**$ 100.5**
EBITDA					
River Rock Casino Resort	$ 25.4	$ 22.3	$ 23.7	$ 21.2	$ 22.7
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	2.9	2.6	3.0	3.5	4.1
Vancouver Island Casinos	4.7	4.8	5.3	5.5	5.3
Other BC Casinos	2.4	2.0	2.2	2.4	2.3
Nova Scotia Casinos	2.1	2.3	3.9	2.9	2.1
Great American Casinos	1.2	0.9	0.8	1.3	0.9
BC Racinos	1.5	1.3	1.6	2.8	1.4
Ontario Racetracks	3.1	3.6	3.2	3.3	4.0
Corporate & Other	(5.2)	(4.6)	(4.6)	(4.9)	(4.5)
	$ 38.1	**$ 35.2**	**$ 39.1**	**$ 38.0**	**$ 38.3**