GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Month Period Ended March 31, 2011

As at May 12, 2011

(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, recent developments, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other financial information of Great Canadian Gaming Corporation (the "Company", "we", "our") is dated as of May 12, 2011.

This MD&A should be read in conjunction with our unaudited condensed consolidated financial statements for the three month period ended March 31, 2011 ("Condensed Financial Statements"). The Condensed Financial Statements are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS"). 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, stock-based compensation, restructuring and other costs, and non-controlling interests. EBITDA is derived from the 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 both management and investors with respect to the operating and financial performance of the Company. A reconciliation of EBITDA to shareholders' net earnings under IFRS is shown in the "Consolidated Results of Operations" section in this MD&A.

Adjusted shareholders' net earnings, as defined by the Company, means shareholders' net earnings plus or minus significant 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 restructuring and other expenses. A reconciliation between shareholders' net earnings and adjusted shareholders' net earnings is presented in the "Discussion of Items Excluded from EBITDA" section of this MD&A. Adjusted shareholders' net earnings per share is defined as adjusted shareholders' net earnings divided by the weighted average number of shares outstanding.

The following non-IFRS measures have common definitions in the gaming industry. 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 Company's strategy for growth, expected future expenditures, costs, operating and financial results and expected impact of future commitments. 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 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 service agreements with lottery corporations; changes to gaming laws that may impact our operational service agreements; pending, proposed or unanticipated regulatory or policy changes; impact of global liquidity and credit availability; 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 risk that systems, procedures and controls may not be adequate to support current and expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; First Nations claims with respect to some Crown 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; and economic uncertainty and financial market volatility.

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 2010 (dated March 17, 2011), 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 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		
	2011	2010	% Chg
Revenues	**$ 92.0**	$ 93.0	(1%)
EBITDA [(1)]	**$ 31.5**	$ 31.4	0%
EBITDA as a % of Revenues	**34.2%**	33.8%	
Shareholders' net earnings	**$ 5.7**	$ 5.1	12%
Shareholders' net earnings per common share:			
Basic	**$ 0.07**	$ 0.06	
Diluted	**$ 0.07**	$ 0.06	
Total assets	**$ 947.1**	$ 963.3	
Long-term debt & Derivative liabilities, excluding current portion	**$ 390.9**	$ 393.0	

(1) EBITDA is a non-IFRS measure and is defined in the Introduction - Non-IFRS measures section of this MD&A.

For the three month period ended March 31, 2011 ("first quarter of 2011"), Great Canadian Gaming Corporation ("the Company") recorded revenues of $92.0, a $1.0 decrease from the first quarter of 2010. This revenue decline was primarily due to revenue decreases at both the Boulevard Casino ("Boulevard") and the BC Racinos. Boulevard's revenues decreased by $1.9, primarily due to disruption caused by construction on provincial highway enhancements adjacent to the facility. The BC Racinos' revenues decreased by $1.2, primarily due to the deconsolidation of TBC Teletheatre BC ("TBC") in April 2010 (see the "Other Financial Information" section of this MD&A). These decreases were partially offset by increased revenues at both the River Rock Casino Resort ("River Rock") and the Other BC Casinos. River Rock's revenues increased by $2.2, primarily due to a 13% improvement in table drop. The Other BC Casinos' revenues increased by $1.1, primarily due to the installation of 100 slot machines at the Maple Ridge Community Gaming Centre in October 2010.

For the first quarter of 2011, the Company recorded EBITDA of $31.5, a $0.1 increase from the first quarter of 2010. Improvements in EBITDA at River Rock and the Other BC Casinos were substantially offset by declines in EBITDA at Boulevard and the Nova Scotia Casinos.

EBITDA as a percentage of revenues for the first quarter of 2011 was 34.2%, a 0.4 percentage point increase from the first quarter of 2010. This increase was primarily due to River Rock's performance, and was partially offset by the impact of Boulevard's revenue decline.

Shareholders' net earnings increased by $0.6 in the first quarter of 2011 when compared to the first quarter of 2010. This increase was primarily due to decreases in stock-based compensation, income taxes, and a decrease in net interest and financing costs, which were partially offset by increased amortization.

RECENT DEVELOPMENTS

British Columbia

Chilliwack Bingo Association

In March 2011, the Company agreed to purchase the assets and undertaking of the Chilliwack Bingo Association ("CBA") for an estimated consideration of $10.0. The CBA operates Chilliwack Bingo, a bingo hall in Chilliwack, British Columbia, whose bingo operating services agreement is scheduled for renewal in May 2016. The CBA also owns an approximately five acre site in Chilliwack that it purchased for $6.5 in 2008, which the Company intends to use for development of a community gaming centre. The agreement between the Company and the CBA also includes contingent trailing payments to be paid over 20 years dependent on the level of future slot win generated by a future community gaming centre. This acquisition remains subject to both the completion of a definitive purchase agreement and the receipt of required regulatory approvals.

River Rock Casino Resort

During the fourth quarter of 2010, the Company commenced construction of a third hotel tower at River Rock. The Company anticipates that this five storey, 193-room hotel tower will reach completion during the fourth quarter of 2011. To date, the Company has spent approximately $7.8 of an estimated $26.0 on this project.

During the first quarter of 2010, the Company completed several enhancements at River Rock. These enhancements, which had a total cost of $2.8, optimized the property's ability to accommodate the increased traffic generated by the Canada Line mass transit system that was completed in August 2009. Enhancements included a relocation of River Rock's poker room, significant improvements to the property's VIP offerings, and space for the installation of additional gaming capacity.

Maple Ridge Community Gaming Centre (formerly "Haney Bingo Plex")

On October 15, 2010, 100 slot machines commenced operation at the Company's Maple Ridge Community Gaming Centre. In order to facilitate the operation of slots at this temporary facility, the Company spent $4.2 on both property enhancements and off-site servicing commitments.

In addition to the $1.0 already paid to the Ridge Meadows Bingo Association in connection with the original purchase of this facility, the operation of slots has initiated a total of $1.3 in trailing purchase payments, to be paid in equal annual instalments over the next 10 years. The Company has also invested $4.7 towards the purchase of land required for a permanent facility in Maple Ridge, and has commenced site preparation work that will require approximately $0.6 in costs. This Company anticipates that this permanent facility will reach completion prior to October 2013.

Ontario

During 2009 and 2010, the Company expanded Georgian Downs in order to accommodate an increase in that property's gaming capacity to 1,000 slot machines, which are owned and operated by the Ontario Lottery and Gaming Corporation ("OLG"). To date, the Company has spent approximately $32.8 of an estimated $33.6 on this expansion. The remaining costs for the project are associated with infrastructure upgrades.

During 2010, the Company and OLG agreed to a five-year renewal of the existing term of Flamboro Downs' Siteholder Agreement, which had previously been extended until April 10, 2011. As a result of this renewal, Flamboro Downs' Siteholder Agreement has been extended until April 9, 2016.

Normal Course Issuer Bid

For the three months ended March 31, 2011, the Company did not purchase any shares under its normal course issuer bid, which expires on January 26, 2012. During 2010, no common shares were purchased under the available normal course issuer bid.

CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes the consolidated operating results for the three month period ended March 31, 2011 with comparatives for the prior period.

	First Quarter		
	2011	2010	% Chg
Gaming revenues	**$ 67.5**	$ 66.5	2%
Facility Development Commission	**7.5**	7.2	4%
Hospitality and other revenues	**15.7**	15.9	(1%)
Racetrack revenues	**4.6**	6.2	(26%)
	95.3	95.8	(1%)
Less: Promotional allowances	**(3.3)**	(2.8)	18%
Revenues	**92.0**	93.0	(1%)
Human resources	**37.4**	37.6	(1%)
Property, marketing and administration	**23.1**	24.0	(4%)
	60.5	61.6	(2%)
EBITDA	**31.5**	31.4	0%
Human resources as a % of Revenues before Promotional allowances	**39.2%**	39.2%	
EBITDA as a % of Revenues	**34.2%**	33.8%	
Amortization	**14.4**	13.5	
Stock-based compensation	**1.7**	2.3	
Restructuring and other	**0.3**	0.1	
Interest and financing costs, net	**6.7**	7.0	
Other expenses	**-**	0.2	
Income taxes	**2.7**	3.2	
Shareholders' net earnings	**$ 5.7**	$ 5.1	12%
Shareholders' net earnings per common share:			
Basic	**$ 0.07**	$ 0.06	
Diluted	**$ 0.07**	$ 0.06	
Weighted average number of common shares (in thousands):			
Basic	**82,914**	82,400	
Diluted	**84,613**	84,376	

(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 above.

REVENUES and EBITDA

	First Quarter		
	2011	2010	% Chg
REVENUES			
Casinos			
River Rock Casino Resort	**$ 32.4**	$ 30.2	7%
Boulevard Casino	**14.4**	16.3	(12%)
Vancouver Island Casinos	**9.5**	9.7	(2%)
Other BC Casinos	**2.6**	1.5	73%
Nova Scotia Casinos	**9.5**	10.3	(8%)
Great American Casinos	**5.9**	6.2	(5%)
	74.3	74.2	0%
Racinos			
BC Racinos	**9.9**	11.1	(11%)
Georgian Downs	**3.5**	3.3	6%
Flamboro Downs	**4.3**	4.4	(2%)
	17.7	18.8	(6%)
Corporate & Other	**-**	-	
Total Revenues	**$ 92.0**	$ 93.0	(1%)
EBITDA			
Casinos			
River Rock Casino Resort	**$ 15.0**	$ 13.8	9%
Boulevard Casino	**6.0**	7.7	(22%)
Vancouver Island Casinos	**5.3**	5.6	(5%)
Other BC Casinos	**1.1**	0.4	175%
Nova Scotia Casinos	**1.9**	2.6	(27%)
Great American Casinos	**1.5**	1.2	25%
	30.8	31.3	(2%)
Racinos			
BC Racinos	**2.6**	2.0	30%
Georgian Downs	**2.1**	1.8	17%
Flamboro Downs	**1.6**	1.6	0%
	6.3	5.4	17%
Corporate & Other	**(5.6)**	(5.3)	(6%)
Total EBITDA	**$ 31.5**	$ 31.4	0%

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

Casinos

River Rock Casino Resort [1]

	First Quarter 2011	2010	% Chg
Gaming revenues	**$ 22.3**	$ 20.5	9%
Facility Development Commission	**3.2**	3.0	7%
Hospitality and other revenues	**8.1**	7.8	4%
Revenues before Promotional allowances	**33.6**	31.3	7%
Less: Promotional allowances	**(1.2)**	(1.1)	9%
Revenues	**32.4**	30.2	7%
Human resources	**11.3**	10.7	6%
Property, marketing and administration	**6.1**	5.7	7%
EBITDA	**$ 15.0**	$ 13.8	9%
Human resources as a % of Revenues before Promotional allowances	**33.6%**	34.2%	
EBITDA as a % of Revenues	**46.3%**	45.7%	

[1] The results of the Racebook at River Rock are included in the results of TBC Teletheatre B.C.

	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Average
Table Drop	$ 181.3	$ 176.7	$ 151.2	$ 149.4	$ 160.3	$ 151.7	$ 129.0	$ 134.4	$ 145.5	
Table Hold	$ 34.5	$ 34.4	$ 29.5	$ 32.5	$ 29.8	$ 30.8	$ 27.9	$ 24.6	$ 31.8	
Table Hold %	19.0%	19.5%	19.6%	21.7%	18.6%	20.3%	21.6%	18.3%	21.9%	20.1%
Poker Rake	$ 1.2	$ 1.5	$ 1.4	$ 1.3	$ 1.6	$ 1.4	$ 1.2	$ 1.0	$ 1.1	
Slot Coin-In	$ 448.2	$ 448.5	$ 451.8	$ 447.9	$ 434.5	$ 420.6	$ 391.7	$ 351.9	$ 375.1	
Slot Win	$ 30.3	$ 31.6	$ 32.8	$ 31.4	$ 30.7	$ 28.8	$ 27.7	$ 25.5	$ 26.7	
Slot Win/Slot/Day[2]	$ 339	$ 348	$ 361	$ 346	$ 348	$ 362	$ 350	$ 324	$ 342	
Slot Win %	6.8%	7.0%	7.3%	7.0%	7.1%	6.8%	7.1%	7.2%	7.1%	7.0%

[2] Slot Win/Slot/Day is an average, presented in dollars.

Revenues

Gaming revenues at River Rock in the first quarter of 2011 increased by 9%, when compared to the first quarter of 2010. This increase was primarily due to a 13% improvement in table drop. This improvement can be primarily attributed to the impact of redevelopments and enhancements at River Rock that reached completion during the fourth quarter of 2009 and the first quarter of 2010. These factors have assisted in the continued growth of gaming volumes at the facility.

River Rock's table hold percentage during the first quarter of 2011 was 19.0%. This percentage was 0.4 percentage points above the property's table hold percentage during the first quarter of 2010. This improvement in table hold percentage, in combination with the increase in table drop, generated a 16% increase in River Rock's table hold in the first quarter of 2011, when compared to the first quarter of 2010.

River Rock's average daily hotel revenue per available room ("REVPAR") was $122 dollars in the first quarter of 2011, compared to $137 dollars in the first quarter of 2010. This decrease was due to a 17% decline in the average daily room rate ("ADR") to $160 dollars, which was only partially offset by a 5.6 percentage point increase in the average hotel occupancy rate to 78%. The decrease in ADR was due to both the positive impact of the Olympics in February of 2010 and pricing fluctuations within the local market during the first quarter of 2011. The increase in occupancy rate was primarily due to low demand during the periods preceding and following the Olympics during the first quarter of 2010.

Expenses

Human resources expenses increased by 6% in the first quarter of 2011, when compared to the first quarter of 2010. This increase was primarily due to staffing level adjustments required to accommodate increases in visitation, gaming volumes, and hospitality business, as well as both inflationary increases and adjustments to ensure competitive compensation.

Property, marketing and administration expenses increased by 7% in the first quarter of 2011, when compared to the first quarter of 2010. This increase was primarily due to increased marketing and hospitality costs associated with the growth in River Rock's visitation.

EBITDA

EBITDA increased by 9% in the first quarter of 2011, when compared to the first quarter of 2010. This improvement was primarily due to River Rock's revenue increases.

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

Boulevard Casino [1]

	First Quarter 2011	2010	% Chg
Gaming revenues	**$ 10.9**	$ 12.3	(11%)
Facility Development Commission	**1.8**	2.0	(10%)
Hospitality and other revenues	**2.1**	2.3	(9%)
Revenues before Promotional allowances	**14.8**	16.6	(11%)
Less: Promotional allowances	**(0.4)**	(0.3)	33%
Revenues	**14.4**	16.3	(12%)
Human resources	**5.7**	5.8	(2%)
Property, marketing and administration	**2.7**	2.8	(4%)
EBITDA	**$ 6.0**	$ 7.7	(22%)
Human resources as a % of Revenues before Promotional allowances	**38.5%**	34.9%	
EBITDA as a % of Revenues	**41.7%**	47.2%	

[1] The results of the Racebook at Boulevard are included in the results of TBC Teletheatre B.C.

	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Average
Table Drop	$ 39.3	$ 45.8	$ 44.8	$ 47.2	$ 48.4	$ 48.5	$ 52.9	$ 50.0	$ 54.6	
Table Hold	$ 8.7	$ 8.9	$ 9.0	$ 9.7	$ 9.8	$ 9.7	$ 9.8	$ 9.6	$ 10.0	
Table Hold %	22.1%	19.4%	20.1%	20.6%	20.2%	20.0%	18.5%	19.2%	18.3%	19.8%
Poker Rake	$ 1.1	$ 1.3	$ 1.3	$ 1.3	$ 1.2	$ 1.3	$ 1.1	$ 1.1	$ 1.2	
Slot Coin-In	$ 372.8	$ 380.8	$ 406.8	$ 424.6	$ 422.6	$ 427.2	$ 418.5	$ 426.1	$ 460.3	
Slot Win	$ 26.5	$ 27.8	$ 28.9	$ 30.8	$ 29.8	$ 30.1	$ 30.0	$ 31.5	$ 31.9	
Slot Win/Slot/Day[2]	$ 289	$ 292	$ 314	$ 325	$ 314	$ 343	$ 351	$ 369	$ 377	
Slot Win %	7.1%	7.3%	7.1%	7.3%	7.1%	7.0%	7.2%	7.4%	6.9%	7.2%

[2] Slot Win/Slot/Day is an average, presented in dollars.

Revenues

Revenues at Boulevard decreased by 12% in the first quarter of 2011, when compared to the first quarter of 2010. This decrease can be attributed to declines in both table drop and slot coin-in, which decreased by 19% and 12%, respectively. These declines were primarily due to disruption caused by construction on provincial highway enhancements adjacent to the facility. Construction on these enhancements is expected to continue until 2013. Boulevard's revenue declines can also be attributed to proximate competition, including the Company's Maple Ridge Community Gaming Centre. This facility introduced slot machines during October of 2010 and assisted in accommodating some of those patrons displaced by the disruption surrounding Boulevard.

Expenses

Human resources expenses decreased by 2% in the first quarter of 2011, when compared to the first quarter of 2010. This decrease was primarily due to staffing level adjustments implemented in response to the reduced gaming volumes, the impact of which was partially offset by both inflationary increases and adjustments to ensure competitive compensation.

EBITDA

EBITDA decreased by 22% in the first quarter of 2011, when compared to the first quarter of 2010. This decrease was primarily due to the declines in Boulevard's revenues.

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

Vancouver Island Casinos (View Royal Casino and Casino Nanaimo)

	First Quarter		
	2011	2010	% Chg
Gaming revenues	**$ 7.7**	$ 7.8	(1%)
Facility Development Commission	**1.2**	1.3	(8%)
Hospitality and other revenues	**0.9**	0.8	13%
Revenues before Promotional allowances	**9.8**	9.9	(1%)
Less: Promotional allowances	**(0.3)**	(0.2)	50%
Revenues	**9.5**	9.7	(2%)
Human resources	**2.9**	2.8	4%
Property, marketing and administration	**1.3**	1.3	0%
EBITDA	**$ 5.3**	$ 5.6	(5%)
Human resources as a % of Revenues before Promotional allowances	**29.6%**	28.3%	
EBITDA as a % of Revenues	**55.8%**	57.7%	

	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Average
Table Drop	$ 12.9	$ 12.8	$ 13.7	$ 13.7	$ 13.1	$ 12.6	$ 13.2	$ 12.1	$ 12.4	
Table Hold	$ 2.8	$ 2.9	$ 2.8	$ 3.1	$ 2.8	$ 3.0	$ 3.1	$ 2.8	$ 3.0	
Table Hold %	21.7%	22.7%	20.4%	22.6%	21.4%	23.8%	23.5%	23.1%	24.2%	22.6%
Slot Coin-In	$ 365.4	$ 375.3	$ 379.8	$ 394.4	$ 376.8	$ 384.3	$ 387.9	$ 385.1	$ 392.0	
Slot Win	$ 27.0	$ 28.5	$ 29.1	$ 29.5	$ 28.0	$ 28.5	$ 29.1	$ 29.1	$ 28.3	
Slot Win/Slot/Day(1)	$ 293	$ 309	$ 324	$ 321	$ 326	$ 322	$ 351	$ 374	$ 374	
Slot Win %	7.4%	7.6%	7.7%	7.5%	7.4%	7.4%	7.5%	7.6%	7.2%	7.5%

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

Revenues
Revenues at the Vancouver Island Casinos in the first quarter of 2011 were relatively consistent with the same period in 2010.

Expenses
Human resources expenses increased by 4% in the first quarter of 2011, when compared to the first quarter of 2010. This increase was primarily due to increased staffing levels and training intended to improve customer service at the facility, as well as both inflationary increases and adjustments to ensure competitive compensation.

EBITDA
EBITDA decreased by 5% in the first quarter of 2011, when compared to the first quarter of 2010. This decrease was due to the decrease in revenues and the increase in human resources expenses.

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

Other BC Casinos (Chances Gaming Entertainment in Dawson Creek and Maple Ridge Community Gaming Centre (formerly "Haney Bingo Plex"))

	First Quarter 2011	2010	% Chg
Gaming revenues	**$ 1.8**	$ 1.1	64%
Facility Development Commission	**0.5**	0.1	400%
Hospitality and other revenues	**0.4**	0.3	33%
Revenues before Promotional allowances	**2.7**	1.5	80%
Less: Promotional allowances	**(0.1)**	-	
Revenues	**2.6**	1.5	73%
Human resources	**0.9**	0.7	29%
Property, marketing and administration	**0.6**	0.4	50%
EBITDA	**$ 1.1**	$ 0.4	175%
Human resources as a % of Revenues before Promotional allowances	**33.3%**	46.7%	
EBITDA as a % of Revenues	**42.3%**	26.7%	

	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Average
Slot Coin-In	$ 98.4	$ 95.3	$ 56.8	$ 54.9	$ 51.7	$ 54.9	$ 54.7	$ 49.9	$ 55.2	
Slot Win	$ 6.6	$ 6.1	$ 3.4	$ 3.2	$ 3.0	$ 3.0	$ 3.0	$ 2.9	$ 2.8	
Slot Win/Slot/Day(1)	$ 283	$ 260	$ 249	$ 234	$ 227	$ 217	$ 220	$ 212	$ 207	
Slot Win %	6.7%	6.4%	6.0%	5.8%	5.8%	5.5%	5.5%	5.8%	5.1%	5.8%

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

Revenues

Revenues at the Company's Other BC Casinos increased by 73% in the first quarter of 2011, when compared to the first quarter of 2010. This increase was primarily due to the introduction of 100 slot machines at the Maple Ridge Community Gaming Centre in October 2010. This offering both generated new visitation and assisted in accommodating some of those patrons displaced by disruption caused by construction on provincial highway enhancements adjacent to the Company's Boulevard Casino.

Expenses

Human resources expenses increased by 29% in the first quarter of 2011, when compared to the first quarter of 2010. Property, marketing, and administration expenses increased by 50% in the first quarter of 2011, when compared to the first quarter of 2010. These increases were primarily due to increased staffing levels and increased marketing and hospitality costs required to accommodate the introduction of slot machines at the Maple Ridge Community Gaming Centre.

EBITDA

EBITDA increased by 175% in the first quarter of 2011, when compared to the first quarter of 2010. This increase was primarily due to the introduction of slot machines at the Maple Ridge Community Gaming Centre.

(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 2011	2010	% Chg
Gaming revenues	**$ 9.1**	$ 9.4	(3%)
Hospitality and other revenues	**1.0**	1.5	(33%)
Revenues before Promotional allowances	**10.1**	10.9	(7%)
Less: Promotional allowances	**(0.6)**	(0.6)	0%
Revenues	**9.5**	10.3	(8%)
Human resources	**4.2**	4.1	2%
Property, marketing and administration	**3.4**	3.6	(6%)
EBITDA	**$ 1.9**	$ 2.6	(27%)
Human resources as a % of Revenues before Promotional allowances	**41.6%**	37.6%	
EBITDA as a % of Revenues	**20.0%**	25.2%	

	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Average
Table Drop	$ 10.0	$ 11.5	$ 12.1	$ 12.0	$ 11.4	$ 11.9	$ 12.1	$ 11.1	$ 10.4	
Table Hold	$ 2.1	$ 2.2	$ 2.5	$ 1.9	$ 2.2	$ 2.4	$ 2.2	$ 1.9	$ 2.0	
Table Hold %	21.0%	19.1%	20.7%	15.8%	19.3%	20.2%	18.2%	17.1%	19.2%	19.0%
Poker Rake	$ 0.5	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.5	$ 0.4	$ 0.5	
Slot Coin-In	$ 181.6	$ 200.2	$ 240.5	$ 214.6	$ 209.6	$ 209.6	$ 246.4	$ 220.5	$ 213.9	
Slot Win	$ 14.4	$ 15.6	$ 18.6	$ 16.8	$ 15.6	$ 15.8	$ 18.8	$ 17.3	$ 16.0	
Slot Win/Slot/Day(1)	$ 176	$ 190	$ 226	$ 204	$ 188	$ 202	$ 240	$ 221	$ 207	
Slot Win %	7.9%	7.8%	7.7%	7.8%	7.4%	7.5%	7.6%	7.8%	7.5%	7.7%

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

Revenues
Revenues at the Nova Scotia Casinos decreased by 8% in the first quarter of 2011, when compared to the first quarter of 2010. This was primarily due to inclement weather, which require two property closures during the first quarter of 2011. Revenues were also impacted by the presence of the Canada Games during February 2011, which significantly decreased both visitation and hospitality volumes at the Company's Casino Nova Scotia – Halifax.

Expenses
Human resources expenses increased by 2% in the first quarter of 2011, when compared to the first quarter of 2010. These increases were due to adjustments to ensure competitive compensation.

EBITDA
EBITDA decreased by 27% in the first quarter of 2011, when compared to the first quarter of 2010. This decrease was primarily due to the declines in the Nova Scotia Casinos' revenues.

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

Great American Casinos

Results in U.S. Dollars

	First Quarter 2011	2010	% Chg
Gaming revenues	**$ 5.2**	$ 5.2	0%
Hospitality and other revenues	**1.2**	1.1	9%
Revenues before Promotional allowances	**6.4**	6.3	2%
Less: Promotional allowances	**(0.4)**	(0.3)	33%
Revenues	**6.0**	6.0	0%
Human resources	**3.0**	3.3	(9%)
Property, marketing and administration	**1.5**	1.5	0%
EBITDA	**$ 1.5**	$ 1.2	25%
Human resources as a % of Revenues before Promotional allowances	**46.9%**	52.4%	
EBITDA as a % of Revenues	**25.0%**	20.0%	

(in U.S. dollars)	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Average
Table Drop	$ 31.2	$ 31.1	$ 33.7	$ 28.0	$ 25.6	$ 27.2	$ 25.9	$ 27.5	$ 29.1	
Table Hold	$ 5.9	$ 5.4	$ 5.3	$ 4.6	$ 5.8	$ 5.5	$ 5.1	$ 5.9	$ 5.9	
Table Hold %	18.9%	17.4%	15.7%	16.4%	22.7%	20.2%	19.7%	21.5%	20.3%	19.2%
Poker Rake	$ -	$ -	$ -	$ 0.1	$ -	$ -	$ -	$ -	$ -	

Results in Canadian Dollars

	First Quarter 2011	2010	% Chg
Revenues	**$ 5.9**	$ 6.2	(5%)
EBITDA	**$ 1.5**	$ 1.2	25%

Discussion in U.S. Dollars

Revenues
Revenues at the Great American Casinos in the first quarter of 2011 were relatively consistent with the prior year's period.

Expenses
Human resources expenses decreased by 9% in the first quarter of 2011, when compared to the first quarter of 2010. This decrease was primarily due to the continued optimization of expense reduction initiatives.

EBITDA
EBITDA increased by 25% in the first quarter of 2011, when compared to the first quarter of 2010. This increase was primarily due to the decrease in human resources expenses.

The decreasing value of the Great American Casinos' functional currency, the U.S. dollar, in comparison to the Company's reporting currency, the Canadian dollar, impacted the reported results of the American casinos. The average value of the U.S. dollar decreased 5% against the Canadian dollar during the first quarter of 2011, when compared to the first quarter of 2010.

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

Racinos

BC Racinos (Fraser Downs Racetrack and Casino, Hastings Racecourse and TBC Teletheatre B.C.[(1)])

	First Quarter 2011	First Quarter 2010	% Chg
Gaming revenues	**$ 4.8**	$ 4.3	12%
Facility Development Commission	**0.8**	0.8	0%
Racetrack revenues	**3.4**	5.0	(32%)
Hospitality and other revenues	**1.2**	1.3	(8%)
Revenues before Promotional allowances	**10.2**	11.4	(11%)
Less: Promotional allowances	**(0.3)**	(0.3)	0%
Revenues	**9.9**	11.1	(11%)
Human resources	**4.0**	4.6	(13%)
Property, marketing and administration	**3.3**	4.5	(27%)
EBITDA	**$ 2.6**	$ 2.0	30%
Human resources as a % of Revenues before Promotional allowances	**39.2%**	40.4%	
EBITDA as a % of Revenues	**26.3%**	18.0%	

(1) On April 1, 2010, the Company's control over TBC was reduced to significant influence so it ceased consolidating TBC from that date.

	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Average
Table Drop	$ 7.0	$ 7.3	$ 6.4	$ 7.0	$ 6.8	$ 7.4	$ 6.0	$ 7.0	$ 6.6	
Table Hold	$ 1.3	$ 1.5	$ 1.4	$ 1.3	$ 1.4	$ 1.5	$ 1.2	$ 1.4	$ 1.5	
Table Hold %	18.6%	20.5%	21.9%	18.6%	20.6%	20.3%	20.0%	20.0%	22.7%	20.4%
Slot Coin-In	$ 219.0	$ 218.7	$ 222.2	$ 225.4	$ 196.3	$ 217.4	$ 234.6	$ 244.6	$ 235.4	
Slot Win	$ 17.2	$ 17.2	$ 17.8	$ 17.4	$ 15.4	$ 17.6	$ 18.8	$ 18.8	$ 18.4	
Slot Win/Slot/Day[(2)]	$ 179	$ 176	$ 184	$ 180	$ 164	$ 184	$ 197	$ 197	$ 194	
Slot Win %	7.9%	7.9%	8.0%	7.7%	7.8%	8.1%	8.0%	7.7%	7.8%	7.9%

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

Revenues
Gaming revenues at the BC Racinos increased by 12% in the first quarter of 2011, when compared to the first quarter of 2010. This increase was primarily due to a full three months of operation at Hastings Racecourse during the first quarter of 2011, which was impacted by a mandatory closure of the facility in February 2010 due to the Winter Olympics.

Racetrack revenues decreased by 32% in the first quarter of 2011, when compared to the first quarter of 2010. This decrease was due to the deconsolidation of TBC in April of 2010, as described in the 'Other Financial Information' section of this MD&A.

Expenses
Human resources expenses decreased by 13% in the first quarter of 2011, when compared to the first quarter of 2010. Property, marketing, and administration expenses decreased by 27% in the first quarter of 2011, when compared to the first quarter of 2010. These decreases were primarily due to the deconsolidation of TBC.

EBITDA

EBITDA increased by 30% in the first quarter of 2011, when compared to the first quarter of 2010. This increase was primarily due to the deconsolidation of TBC, which resulted in reductions in expenses that more than offset the BC Racinos' decrease in racetrack revenues, and the impact of the mandatory closure in February 2010.

Labour Relations

A collective agreement between Hastings Entertainment Inc. and UNITE HERE!, Local 40, with a term covering April 1, 2008 through December 31, 2010, governs wages and working conditions of "employees engaged in the food and beverage dispensing at the Hastings Park Racecourse". Notice to commence collective bargaining was served on October 13, 2010. Collective bargaining for a renewal collective agreement commenced on January 20, 2011, and is ongoing.

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

Georgian Downs

	First Quarter		
	2011	2010	% Chg
Gaming revenues	**$ 2.9**	$ 2.8	4%
Racetrack revenues	**0.4**	0.3	33%
Hospitality and other revenues	**0.2**	0.2	0%
Revenues before Promotional allowances	**3.5**	3.3	6%
Less: Promotional allowances	**-**	-	
Revenues	**3.5**	3.3	6%
Human resources	**0.5**	0.5	0%
Property, marketing and administration	**0.9**	1.0	(10%)
EBITDA	**$ 2.1**	$ 1.8	17%
Human resources as a % of Revenues before Promotional allowances	**14.3%**	15.2%	
EBITDA as a % of Revenues	**60.0%**	54.5%	

Revenues

Revenues at Georgian Downs increased by 6% in the first quarter of 2011, when compared to the first quarter of 2010. This increase was due to the additional gaming capacity installed at Georgian Downs during the second quarter of 2010.

EBITDA

EBITDA increased by 17% in the first quarter of 2011, when compared to the first quarter of 2010. This improvement was primarily due to the increase in Georgian Downs' revenues.

Labour Relations

A collective agreement between Georgian Downs and Public Service Alliance of Canada, Local 00500, with a term covering September 18, 2006 through September 17, 2010, governs wages and working conditions of employees in the Mutuels, Maintenance, Food & Beverage and Gift Shop departments. Collective bargaining for a renewal collective agreement commenced on September 15, 2010. A new collective agreement was reached March 29, 2011, and was ratified by the parties on April 6, 2011. The duration of the new collective agreement is September 18, 2010 to September 17, 2013.

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

Flamboro Downs

	First Quarter		
	2011	2010	% Chg
Gaming revenues	**$ 2.9**	$ 2.9	0%
Racetrack revenues	**0.8**	0.9	(11%)
Hospitality and other revenues	**0.6**	0.6	0%
Revenues before Promotional allowances	**4.3**	4.4	(2%)
Less: Promotional allowances	**-**	-	
Revenues	**4.3**	4.4	(2%)
Human resources	**1.3**	1.3	0%
Property, marketing and administration	**1.4**	1.5	(7%)
EBITDA	**$ 1.6**	$ 1.6	0%
Human resources as a % of Revenues before Promotional allowances	**30.2%**	29.5%	
EBITDA as a % of Revenues	**37.2%**	36.4%	

Revenues and EBITDA

Revenues and EBITDA at Flamboro Downs in the first quarter of 2011 were relatively consistent with the prior year's period.

Labour Relations

A collective agreement between Flamboro Downs Limited and Service Employees International Union ("SEIU"), Local 2, with a term covering January 1, 2007 through December 31, 2009 and subsequently extended by mutual agreement to December 31, 2010, governs wages and working conditions of employees in the Mutuels, Maintenance & Janitorial, Security, Administration, Food & Beverage departments. Collective bargaining for a renewal collective agreement commenced on November 29, 2010 and is ongoing.

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

Corporate & Other

	First Quarter		
	2011	2010	% Chg
Human resources	**3.6**	3.7	(3%)
Property, marketing and administration	**2.0**	1.6	25%
EBITDA	**$ (5.6)**	$ (5.3)	(6%)

EBITDA
EBITDA from Corporate & Other in the first quarter of 2011 was relatively consistent with the prior year's period.

Discussion of Items Excluded from EBITDA

Amortization

Amortization increased by $0.9 in the first quarter of 2011 when compared to the first quarter of 2010. This increase was primarily due to additional amortization associated with development projects completed in 2010, as well as increased amortization associated with the long-lived assets at Hastings Racecourse.

Stock-Based Compensation

Stock-based compensation decreased by $0.6 in the first quarter of 2011 when compared to the first quarter of 2010. This decrease was primarily due to a lower fair value attributed to a lower number of stock options granted in the first quarter of 2011, when compared to the first quarter of 2010.

Restructuring and Other

Restructuring and other costs increased by $0.2 in the first quarter of 2011, when compared to the first quarter of 2010. These costs were primarily due to business development initiatives.

Interest and Financing Costs, net

Interest and financing costs, net of interest income, decreased by $0.3 in the first quarter of 2011, when compared to the first quarter of 2010. This decrease was primarily due to additional interest income received from the Company's short-term investments during the first quarter of 2011, as well as lower interest expense in the first quarter of 2011 due to the repayment of Revolving Credit Facility borrowings in the first quarter of 2010.

Other Expenses

Other expenses decreased by $0.2 in the first quarter of 2011, when compared to the first quarter of 2010. The decrease was primarily due to the deconsolidation of TBC since April 2010.

Income Taxes

Income taxes decreased by $0.5 in the first quarter of 2011, when compared to the first quarter of 2011 primarily due to decreases in non-deductible stock-based compensation and decreases in enacted tax rates in 2011 compared to 2010.

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

Shareholders' Net Earnings

Shareholders' net earnings increased by $0.6 in the first quarter of 2011 when compared to the first quarter of 2010. This increase was primarily due to decreases in stock-based compensation, income taxes, and net interest and financing costs, which were partially offset by increased amortization. The current and prior periods' shareholders' net earnings included some items of note, the after-tax effects of which are summarized in the following table:

	First Quarter 2011	First Quarter 2010	% Chg
Shareholders' net earnings	**$ 5.7**	$ 5.1	12%
Items of note, net of tax			
Restructuring and other expenses	**0.3**	0.1	
Adjusted shareholders' net earnings (1)	**$ 6.0**	$ 5.2	15%
Adjusted shareholders' net earnings per common share (1) **:**			
Basic	**$ 0.07**	$ 0.06	
Diluted	**$ 0.07**	$ 0.06	

(1) A non-IFRS measure

After adjusting for the above items of note, the Company's adjusted shareholders' net earnings increased by 15% in the first quarter of 2011, when compared to the first quarter of 2010.

CONSOLIDATED QUARTERLY RESULTS TREND[1]

	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
						----- Under Canadian GAAP -----		
Revenues	$ 92.0	$ 97.2	$ 96.3	$ 97.0	$ 93.0	$ 96.3	$ 96.0	$ 93.8
EBITDA	$ 31.5	$ 35.0	$ 35.0	$ 35.0	$ 31.4	$ 33.0	$ 34.2	$ 30.1
EBITDA as a % of Revenues	34.2%	36.0%	36.3%	36.1%	33.8%	34.3%	35.6%	32.1%
Shareholders' net earnings (loss):	$ 5.7	$ (30.5)	$ 6.2	$ 10.2	$ 5.1	$ 9.8	$ 9.5	$ 6.2
Shareholders' net earnings (loss) per common share:								
Basic	$ 0.07	$ (0.37)	$ 0.07	$ 0.12	$ 0.06	$ 0.12	$ 0.12	$ 0.08
Diluted	$ 0.07	$ (0.37)	$ 0.07	$ 0.12	$ 0.06	$ 0.12	$ 0.11	$ 0.07

(1) Under IFRS unless otherwise noted

For the first quarter of 2011, the Company recorded revenues of $92.0, a $1.0 decrease from the first quarter of 2010. This revenue decline was primarily due to revenue decreases at Boulevard and the BC Racinos. Boulevard's revenue decrease was primarily due to disruption caused by construction on provincial highway enhancements adjacent to that facility. The BC Racinos' revenue decrease was primarily due to the deconsolidation of TBC in April 2010. These declines were partially offset by revenue increases at River Rock and Other BC Casinos. River Rock's revenue increase was primarily due to an improvement in table drop. The Other BC Casinos' revenue increase was primarily due to the introduction of slot machines at Maple Ridge Community Gaming Centre in October 2010. These revenue increases, in combination with improvements in the Company's efficiency, substantially offset the revenue declines. As a result, the Company recorded EBITDA of $31.5, an increase of $0.1 from the first quarter of 2010.

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

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.

At March 31, 2011, the Company had:

- Short-term investments placed in major financial institutions that have minimum grade "A" credit ratings;
- Relatively low levels of receivables of which the majority of these are due from: the Nova Scotia Gaming Corporation (a branch of that province's government) and other provincial gaming corporations, sales tax rebates from the federal government, racetrack operators, a horsemen association, and financial institutions;
- Low exposure to foreign currency exchange rate movements and low exposure to floating interest rate changes since it has cross-currency interest rate swaps that hedge the cash flows associated with its U.S. dollar denominated Term Loan B and Subordinated Notes and has relatively low levels of foreign denominated assets and liabilities;
- $162.7 of available credit on its Revolving Credit Facility;
- Additional debt capacity within the limitations established by the covenants on its existing credit and debt facilities; and
- Counterparties to its existing debt and credit facilities and cross-currency interest rate swaps that are primarily major financial institutions that have minimum grade "A" credit ratings.

Financial Position

	As at March 31, 2011	As at December 31, 2010	% Chg
Cash and cash equivalents	**$ 76.2**	$ 50.9	50%
Short-term investments	**35.1**	53.0	(34%)
Other current assets	**18.6**	16.8	11%
Property, plant and equipment	**659.2**	663.0	(1%)
Other long-term assets	**158.0**	162.5	(3%)
Total Assets	**$ 947.1**	$ 946.2	0%
Current liabilities	**55.4**	60.8	(9%)
Long-term debt & Derivative liabilities (excluding current portion)	**390.9**	393.4	(1%)
Other long-term liabilities	**90.7**	90.9	(0%)
Total Liabilities	**537.0**	545.1	(1%)
Shareholders' equity	**410.1**	401.1	2%
	$ 947.1	$ 946.2	0%

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

Total Assets
Total assets increased by $0.9 in the first quarter of 2011, primarily due to cash generated by operating activities and additions to property, plant and equipment on the Company's major development projects. These increases were primarily offset by amortization of property, plant and equipment and intangible assets.

Total Liabilities
Total liabilities decreased by $8.1 in the first quarter of 2011, primarily due to a decrease in long-term debt associated with the strengthening Canadian dollar's effect on the underlying U.S. dollar debt and a decrease in current liabilities associated with the timing of income tax instalment payments. These decreases were partially offset by the increase in other long-term liabilities primarily due to a decrease in the fair value of the Company's cross-currency interest rate swaps relating to the Term Loan B and Senior Subordinated Notes ("Subordinated Notes") as at March 31, 2011.

Shareholders' equity
Shareholders' equity increased by $9.0 in the first quarter of 2011 due to shareholders' net earnings of $5.7, a $1.1 increase in accumulated other comprehensive income primarily associated with changes in fair value of the Company's cross-currency interest rate swaps, $1.7 of stock-based compensation, and the $0.5 received from the exercise of Company stock options.

Cash Flows

	First Quarter		
	2011	2010	% Chg
Cash generated by operating activities	**$ 12.8**	$ 19.3	(34%)
Cash provided by (used in) investing activities	**12.5**	(9.0)	
Cash used in financing activities	**-**	(12.0)	100%
Effect of foreign exchange on cash and cash equivalents	**-**	(0.1)	100%
Cash Inflow (Outflow)	**$ 25.3**	$ (1.8)	

Cash generated by operating activities decreased in the first quarter of 2011, when compared to the first quarter of 2010. This decrease was primarily due to the decrease in non-cash working capital related to the payment of income tax instalments. For the first quarter of 2011, the Company made $7.9 in income tax payments, an increase of $6.6 from the first quarter of 2010.

Cash provided by investing activities increased in the first quarter of 2011, when compared to the first quarter of 2010. This increase was primarily due to the maturity of $17.9 in short-term investments. The cash used in other investing activities decreased in the first quarter of 2011, when compared to the first quarter of 2010. This decrease was primarily due to the comparative reduction in construction related activity in the first quarter of 2011 associated with the substantial completion of the development projects in 2010.

Cash used in financing activities in the first quarter of 2011 related to the quarterly debt repayment on the Term Loan B, and was offset by proceeds received from issuing common shares. Cash used in financing activities in the first quarter of 2010 related primarily to the repayment of borrowings on the Company's Revolving Credit Facility.

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

Capital Resources

Long-Term Debt and Equity

	March 31, 2011	December 31, 2010
Term Loan B, net of unamortized transaction costs of \$1.4 (2010 - \$1.5)	**\$ 156.9**	\$ 161.2
Senior Subordinated Notes and unamortized premium of \$1.0 (2010 - \$1.1), net of unamortized transaction costs of \$3.3 (2010 - \$3.6)	**162.4**	166.6
	319.3	327.8
Less: current portion	**2.0**	2.0
	\$ 317.3	\$ 325.8

At March 31, 2011 the Company is in compliance with its financial covenants as shown below:

Covenant test	**Required ratio**	**Actual ratio**
Total Debt to Adjusted EBITDA ratio (1)	< 5.00	2.92
Senior Debt to Adjusted EBITDA ratio (1)	< 3.50	1.43
Interest Coverage ratio (1)	> 2.25	5.02
Fixed Charge Coverage ratio (2)	> 2.00	5.15

(1) Defined in the long-term debt agreement covering the Term Loan B and Revolving Credit Facility.
(2) Defined in the long-term debt agreement covering the Senior Subordinated Notes. Tested on specified events.

The Company and its debt facilities have current independent credit ratings as follows:

	Moody's	**Standard & Poor's**
Corporate	Ba3 Stable	BB+ Stable
Term Loan B and Revolving Credit Facility	Ba2	BBB
Subordinated Notes	B2	BB

Cross-Currency Interest Rate and Currency Swap Agreements & Hedge Accounting

In anticipation of issuance of the Company's debt refinancing in February 2007, the Company entered into a series of cross-currency interest rate and principal swaps that effectively converted both the U.S. dollar floating interest rate Term Loan B and the U.S. dollar fixed interest rate Subordinated Notes into Canadian dollar fixed interest rate debt. As at March 31, 2011 the cross-currency interest rate swap agreements are as follows:

	Notional Principal		**Interest Rate**		
Debt	**Receive (USD)**	**Pay (CAD)**	**Receive (USD)**	**Pay (CAD)**	**Maturity Date**
Term Loan B	\$163.2 (3)	\$192.8 (3)	US LIBOR+1.50%	6.1%	February 14, 2014
Subordinated Notes	\$170.0	\$201.1	7.25%	6.6%	February 15, 2015

(3) The Term Loan B cross-currency interest rate swap's notional principal reduces by 0.25% of the original principal of \$170.0 USD quarterly to match the scheduled principal reductions on the Term Loan B.

At March 31, 2011, the Company's swap associated with the Term Loan B was in a $47.0 liability position (December 31, 2010 - $44.7 liability) and is recorded in derivative liabilities on the consolidated statements of financial position. The swap associated with the Subordinated Notes was in a $26.6 liability position (December 31, 2010 - $22.9 liability) and is recorded in derivative liabilities on the consolidated statements of financial position.

The Company has evaluated these cross-currency interest rate swaps and assessed them as effective hedges of the cash flows associated with the Term Loan B and the Subordinated Notes. The Company has applied hedge accounting to these swaps as it believes hedge accounting best represents the economic substance of the underlying transactions. Accordingly, the changes in fair values of the swaps, net of income taxes, have been recorded in other comprehensive income.

The fair values of the Company's cross-currency interest rate swaps at March 31, 2011 and December 31, 2010 were determined based on a credit risk adjusted discounted cash flow model. This model makes assumptions regarding the U.S. dollar exchange rate and discount rates, which are based on the prevailing U.S. dollar exchange rates and prevailing interest rates in Canada and the U.S. at the respective period ends. The credit risk associated with these cross-currency interest rate swap agreements is mitigated since the counterparties to these swaps are Canadian chartered banks with minimum "A" credit ratings.

Outstanding Share Data

As at March 31, 2011 there were 83,067,291 common shares issued and outstanding compared to 82,872,319 as at December 31, 2010. As at March 31, 2011, there were 7,803,030 stock options outstanding at a weighted average exercise price of $7.31.

As at May 11, 2011, there were 83,092,959 common shares outstanding and 7,777,362 stock options outstanding.

Capital Spending and Development

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 percentage is 3% of gross gaming win from casinos, racetracks and community gaming centres. In addition, the BCLC introduced an accelerated FDC program in 2006 that provides an additional 2% of gross gaming win towards site-specific reimbursements of new gaming redevelopments.

Approved expenditures incurred to improve or maintain the two Nova Scotia casinos facilities are reimbursed by the Nova Scotia Gaming Corporation ("NSGC") 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.

During the first quarter of 2011, the Company's capital expenditures net of related accounts payable totalled $5.8. Maintenance capital expenditures primarily related to various property upgrades and information technology. Development capital expenditures during the first quarter of 2011 were primarily related to the third hotel tower at River Rock. For the remaining nine months of 2011, the Company estimates that development capital expenditures and maintenance capital expenditures net of related accounts payable will total approximately $25 and $11, respectively.

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

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

	2011	2010
Opening Approved Amounts at January 1,	**$ 445.1**	$ 385.7
Additional Approved Amounts	**1.3**	5.4
FDC receipts	**(7.5)**	(7.2)
Closing Approved Amounts at March 31,	**$ 438.9**	$ 383.9

The differences between the FDC Approved Amounts and the additions to property, plant and equipment is 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.

Contingencies

We have issued letters of credit to guarantee performance, primarily under construction contracts, gaming cash floats and service commitments in the aggregate amount of $37.3 at March 31, 2011 (December 31, 2010 - $37.3).

Litigation

There are no litigation status updates to report on prior claims and no new material litigation claims in the first quarter of 2011.

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

During the first quarter of 2011, there were no material changes outside of the Company's ordinary course of business that affected the Company's contractual obligations.

Future Cash Requirements

We believe that our current operational requirements and major development plans can be funded from existing cash and cash equivalents, short-term investments, 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

Deconsolidation of TBC Teletheatre B.C.

In April 2010, there was a change in accounting for the Company's 50% ownership investment in TBC Teletheatre B.C. ("TBC"). Prior to April 2010, the Company effectively controlled TBC and fully consolidated it. In April 2010, the Company signed a Memorandum of Agreement and related Addendum with the B.C. Horse Racing Industry (the "BC Horse Racing Industry Agreement") in order to support efforts to revitalize and restore financial strength to British Columbia's horseracing industry. On signing the BC Horse Racing Industry Agreement, the Company deconsolidated TBC, and accounts for its 50% ownership investment using the equity method since the Company has significant influence over TBC. The equity method results in this investment being presented within the "other assets" line of the consolidated statements of financial position, and that investment balance is increased by TBC's periodic net earnings and decreased by any partnership distributions that are received. The Company's share of TBC's net earnings are recorded within the "other expenses" line of this MD&A.

Transition to International Financial Reporting Standards

The Company adopted IFRS effective January 1, 2011 and has prepared unaudited condensed consolidated financial statements for the three month period ended March 31, 2011, which include full disclosure of the Company's new IFRS policies in Note 2 of these financial statements. Prior to the adoption of IFRS, the Company's financial statements were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company's financial statements for the year ending December 31, 2011 will be its first annual financial statements in accordance with IFRS.

IFRS employs a conceptual framework that is similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS will not change the actual cash flows of the Company, the adoption will result in changes to the consolidated statements of financial position and consolidated statements of earnings of the Company.

In order to allow the users of the financial statements to better understand these changes, the Company has prepared reconciliations between Canadian GAAP and IFRS in Note 23 to the Condensed Financial Statements. In preparing the reconciliations, the Company applied the principles, elections, and exemption of IFRS 1, First Time Adoption of International Accounting Standards, ("IFRS 1") with a transition date of January 1, 2010.

The transition to IFRS did not materially affect the manner in which the Company's revenues and EBITDA are currently recognized and measured.

Critical Accounting Estimates and Judgments

The Company's reported financial position and results of operations are dependent on our selection of accounting policies that are based on IFRS and accounting estimates that underlie the preparation of our Condensed Financial Statements. The Company's Condensed Financial Statements contain a summary of its significant accounting policies and accounting estimates. 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 Condensed Financial Statements. Future changes in accounting estimates will be applied on a prospective basis.

The critical accounting estimates and judgments that we believe are the most judgmental or are material to the Company's Condensed Financial Statements are those relating to the impairment of long-lived assets and goodwill, estimated useful lives of long-lived assets, the fair value of net assets acquired in business combinations, the fair value of assets acquired in business transactions with non-monetary consideration, stock-based compensation, income taxes, contingencies, hedge accounting, and control over a subsidiary. The Company's Condensed Financial Statements provide further details regarding the Company's critical accounting estimates and judgments in Note 3.

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 instruments that give rise or may give rise to the most significant exposure to foreign currency and floating interest rate risk are the Term Loan B, the Subordinated Notes, and the Revolving Credit Facility.

The Company entered into a series of cross-currency interest rate swaps to hedge the currency and interest rate risks associated with the Term Loan B and the Subordinated Notes. Refer to the "Capital Resources" section of this MD&A for information on the Company's long-term debt and the hedging activities used to manage the foreign currency and interest rate risks associated therewith.

Definitions of Other Terms Used in the MD&A

Gross gaming win – the amount wagered on gaming activities, less the payout or prizes to winning customers.

Racebook – an off-racetrack wagering facility.

Revenues – means the sum of the following:

- Casino gaming in BC – gaming revenues are net of commissions paid to BCLC (commissions are 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 commissions paid to BCLC (commissions are 75% of the win on slots, and 40% to 75% of the weekly bingo win) and are net of prizes.

- Horseracing in BC and Ontario – 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.

- 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 – gaming revenues are approximately equal to 52.725% of the gross gaming win.

- Slot commissions in Ontario – slot machine commissions represent 10% of the gross gaming win from slot machines, all of which are operated by OLG.

- Facility Development Commission ("FDC") – revenues earned from BCLC as a fixed percentage of gross gaming win, subject to the Company incurring sufficient 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). Specifically, BCLC's program permits a 3% FDC commission on gross gaming win from casinos, racetracks and community gaming centres and provides an additional, accelerated 2% of gross gaming win towards site-specific reimbursements of new gaming redevelopments.

- Hospitality and other revenues:

  - Food and beverage revenues – revenues are recorded at the retail price at the time of service. Food and beverage revenues in Nova Scotia are generally recorded at retail price less the 47.275% revenue retained by the NSGC.

  - Hotel revenues – revenues are recognized as services are performed.

  - Other revenues – ATM commissions, theatre revenues, advertising 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 food and beverage revenues, are deducted.

Additional Information

Additional information relating to the Company, including the Company's latest 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 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Gaming Revenues					
River Rock Casino Resort	$ 22.3	$ 22.7	$ 21.2	$ 21.8	$ 20.5
Boulevard Casino	10.9	11.3	11.7	12.5	12.3
Vancouver Island Casinos	7.7	8.1	8.3	8.3	7.8
Other BC Casinos	1.8	1.8	1.2	1.2	1.1
Nova Scotia Casinos	9.1	9.5	11.2	10.0	9.4
Great American Casinos	5.1	4.8	4.8	4.2	5.4
BC Racinos	4.8	4.8	4.9	4.7	4.3
Georgian Downs	2.9	3.1	3.5	3.2	2.8
Flamboro Downs	2.9	3.0	3.2	3.1	2.9
Corporate & Other	-	-	0.3	-	-
	67.5	**69.1**	**70.3**	**69.0**	**66.5**
Facility Development Commission					
River Rock Casino Resort	3.2	3.3	3.1	3.2	3.0
Boulevard Casino	1.8	1.9	2.0	2.0	2.0
Vancouver Island Casinos	1.2	1.3	1.3	1.4	1.3
Other BC Casinos	0.5	0.7	0.1	0.1	0.1
BC Racinos	0.8	0.9	1.0	0.8	0.8
	7.5	**8.1**	**7.5**	**7.5**	**7.2**
Hospitality and Other Revenues					
River Rock Casino Resort	8.1	8.8	7.9	8.4	7.8
Boulevard Casino	2.1	2.6	2.1	2.4	2.3
Vancouver Island Casinos	0.9	0.9	0.8	0.9	0.8
Other BC Casinos	0.4	0.4	0.3	0.3	0.3
Nova Scotia Casinos	1.0	1.5	1.0	0.6	1.5
Great American Casinos	1.2	1.1	1.1	1.1	1.1
BC Racinos	1.2	1.4	2.1	2.0	1.3
Georgian Downs	0.2	0.6	0.5	0.5	0.2
Flamboro Downs	0.6	0.7	0.7	0.7	0.6
Corporate & Other	-	-	0.1	0.1	-
	15.7	**18.0**	**16.6**	**17.0**	**15.9**
Racetrack Revenues					
BC Racinos	3.4	4.2	3.9	4.9	5.0
Georgian Downs	0.4	0.4	0.5	0.5	0.3
Flamboro Downs	0.8	0.8	0.9	0.9	0.9
	4.6	**5.4**	**5.3**	**6.3**	**6.2**
Promotional Allowances	(3.3)	(3.4)	(3.4)	(2.8)	(2.8)
Revenues	**$ 92.0**	**$ 97.2**	**$ 96.3**	**$ 97.0**	**$ 93.0**
EBITDA					
River Rock Casino Resort	$ 15.0	$ 15.3	$ 13.9	$ 15.5	$ 13.8
Boulevard Casino	6.0	6.1	6.6	7.8	7.7
Vancouver Island Casinos	5.3	5.6	6.0	6.1	5.6
Other BC Casinos	1.1	1.5	0.6	0.5	0.4
Nova Scotia Casinos	1.9	2.6	3.8	2.0	2.6
Great American Casinos	1.5	1.4	0.9	0.2	1.2
BC Racinos	2.6	4.0	3.4	3.6	2.0
Georgian Downs	2.1	2.1	2.4	2.4	1.8
Flamboro Downs	1.6	1.8	2.3	2.1	1.6
Corporate & Other	(5.6)	(5.4)	(4.9)	(5.2)	(5.3)
	$ 31.5	**$ 35.0**	**$ 35.0**	**$ 35.0**	**$ 31.4**