GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended
December 31, 2013

As at March 4, 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 March 4, 2014.

This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013 ("Annual Financial Statements"). The Annual Financial Statements are prepared in accordance 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 (loss) 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, impairment of goodwill, litigation settlement, restructuring and other, and foreign exchange (gain) loss and other. EBITDA is derived from the consolidated statements of earnings (loss), 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 (loss) 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 (loss) 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 and goodwill, a special share-based award to employees for Company share purchases, rebranding and pre-opening costs for Hard Rock Casino Vancouver, Chances Maple Ridge and Chances Chilliwack, one-time non-recurring accelerated FDC at Chances Chilliwack, litigation settlement, equity investment loss, FDC revenues previously deferred at Fraser Downs, without prejudice dispute resolution payments received from the Ontario Lottery and Gaming Corporation ("OLG"), Senior Subordinated Notes redemption costs and previously deferred transaction costs associated with Term Loan B and Senior Subordinated Notes, settlement of derivative liabilities associated with the cross-currency interest rate and principal swaps, human resources severance costs, restructuring severance costs, and income taxes on the above items of note. A reconciliation between net earnings (loss) 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; 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

	Fourth Quarter			Twelve Months of				
	2013	2012	% Chg	**2013**	2012	% Chg	2011	% Chg
Revenues	**$ 101.6**	$ 102.8	(1%)	**$ 407.3**	$ 408.7	0%	$ 388.2	5%
EBITDA [(1)]	**$ 35.2**	$ 37.5	(6%)	**$ 150.6**	$ 147.6	2%	$ 138.9	6%
EBITDA as a % of Revenues	**34.6%**	36.5%		**37.0%**	36.1%		35.8%	
Net earnings (loss)	**$ 7.2**	$ 2.5	188%	**$ 63.1**	$ (27.6)		$ 26.2	
Net earnings (loss) per common share								
Basic	**$ 0.11**	$ 0.04		**$ 0.92**	$ (0.36)		$ 0.32	
Diluted	**$ 0.10**	$ 0.03		**$ 0.90**	$ (0.36)		$ 0.31	
Adjusted net earnings [(1)]	**$ 11.7**	$ 9.0	30%	**$ 46.9**	$ 45.2	4%	$ 33.2	36%
				December 31, 2013	December 31, 2012	% Chg	December 31, 2011	% Chg
Total assets				**$ 915.7**	$ 862.7	6%	$ 976.1	(12%)
Long-term debt & Derivative liabilities, excluding current portion				**$ 441.0**	$ 439.9	0%	$ 398.9	10%

(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.

Revenues

For the three month period ended December 31, 2013 ("fourth quarter of 2013"), the Company recorded revenues of $101.6, a $1.2 decrease from the fourth quarter of 2012. This revenue decrease was primarily due to declines at Flamboro Downs and Georgian Downs (the "Ontario Racetracks"), Boulevard Casino (now "Hard Rock Casino Vancouver"), and the Other BC Casinos. 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 currently receive slot facility lease revenues from the OLG and horse racing transition funds from the Government of Ontario. Consequently, there was a decline in revenues at the Ontario Racetracks in the fourth quarter of 2013 when compared to the fourth quarter of 2012. At Boulevard Casino ("Boulevard"), the declines in table drop, slot coin-in and food and beverage revenues were attributable to decreased visitation mostly due to disruptions arising from the property refresh, a weakened local economy and construction disruption primarily associated with a heightened level of proximate highway construction that has been ongoing since 2010. The drop in revenues at the Other BC Casinos is primarily due to the $1.7 non-recurring accelerated FDC revenues related to the previous bingo operations at Chilliwack Bingo in the fourth quarter of 2012. These decreases were partially offset by increased revenues at River Rock Casino Resort ("River Rock") and Great American Casinos.

For the twelve month period ended December 31, 2013 ("twelve months of 2013"), the Company recorded revenues of $407.3, a $1.4 decrease from the twelve months of 2012. The revenue decrease was primarily due to declines at Boulevard and the Ontario Racetracks. These decreases were partially offset by increased revenues at River Rock, the Other BC Casinos and Great American Casinos.

Revenues for the twelve month period ended December 31, 2012 were $408.7, a $20.5 increase from the twelve months of 2011. This revenue increase was primarily due to River Rock's growth in table drop, slot coin-in, and hospitality revenues. The Other BC Casinos also experienced an increase in revenue, primarily due to both the non-recurring accelerated FDC revenues of Chilliwack Bingo and the commencement of slot operations at Chances Chilliwack. These increases were partially offset by decreased gaming revenues at Great American Casinos and by decreased racetrack revenues at the BC Racinos.

EBITDA

The $2.3 decrease in EBITDA in the fourth quarter of 2013 was primarily due to both the decreased revenue performances from the Ontario Racetracks and Boulevard and Chances Chilliwack's receipt of $1.7 in retroactive accelerated FDC revenues in the fourth quarter of 2012. Also contributing to the decrease in EBITDA was the $1.1 pre-opening expenses that the Company incurred for Hard Rock Casino Vancouver and Chances Maple Ridge during the fourth quarter of 2013. The EBITDA deteriorations were partially offset by growth at River Rock and Great American Casinos. EBITDA as a percentage of revenues for the fourth quarter of 2013 was 34.6%, a 1.9 percentage point drop from the fourth quarter of 2012.

The $3.0 increase in EBITDA in the twelve months of 2013 was primarily due to increases at River Rock, Other BC Casinos, Corporate & Other and Great American Casinos, which were partially offset by EBITDA decreases at Boulevard and the Ontario Racetracks. EBITDA as a percentage of revenues for the twelve months of 2013 was 37.0%, a 0.9 percentage point increase from the twelve months of 2012.

EBITDA in the twelve months of 2012 was $147.6, an $8.7 increase from the twelve months of 2011. This increase was primarily due to the increased revenues, which were partially offset by increased operating costs that included non-recurring severance costs of $1.8.

Net earnings (loss)

During the fourth quarter of 2013, Great Canadian's net earnings increased by $4.7, primarily due to both a $6.9 non-cash impairment charge on long-lived assets and $1.8 higher restructuring and other costs that were recognized during the fourth quarter of 2012 as well as $1.3 reduced amortization expenses in 2013. These items were partially offset by the reductions in both EBITDA and income taxes as well as a $5.9 increase in share based compensation expenses related to a special share-based award to certain employees for the purpose of purchasing the Company's shares, as described in the "Major Developments" section of this MD&A.

Net earnings was $63.1 in the twelve months of 2013, compared to net loss of $27.6 in the twelve months of 2012. The improvement is primarily due to two factors: the reversal of $28.5 in non-cash impairment charges on long-lived assets in the twelve months of 2013 associated with Georgian Downs and Flamboro Downs that were originally part of the $64.3 non-cash impairment charges recorded in the twelve months of 2012, as described in the "Major Developments" section of this MD&A, as well as the non-recurring expense of $11.0 associated with the litigation settlement in the second quarter of 2012. Partially offsetting these two factors was the increase in share-based compensation expense, higher income taxes due to earnings growth, which included the non-cash long-lived asset impairment reversals and the increase to the British Columbia provincial corporate income tax rate in 2013.

Net loss was $27.6 in the twelve months of 2012, compared to net earnings of $26.2 in the twelve months of 2011. During the twelve months of 2012, the Company recognized non-cash impairment charges of $54.0 associated with Georgian Downs and Flamboro Downs, as described in the "Major Developments" section of this MD&A, non-cash impairment charges of $10.3 related to land in Ontario that was written down to its estimated recoverable amount, a non-recurring expense of $11.0 related to a litigation settlement and non-recurring expenses of $14.4 associated with the debt refinancing and settlement of the related derivative liabilities. These items were partially offset by lower amortization expense and improved EBITDA.

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

The current and prior periods’ net earnings (loss) included some items of note, which are summarized in the following adjusted net earnings table:

	Fourth Quarter			Twelve Months of				
	2013	2012	% Chg	**2013**	2012	% Chg	2011	% Chg
Net earnings (loss)	**$ 7.2**	$ 2.5	188%	**$ 63.1**	$ (27.6)		$ 26.2	
Items of note								
(Reversal of) impairment of long-lived assets and goodwill	**-**	6.9		**(28.5)**	64.3		4.4	
Special share-based award to employees	**4.8**	-		**4.8**	-		-	
Rebranding and pre-opening costs for Hard Rock Casino Vancouver, Chances Maple Ridge and Chances Chilliwack	**1.1**	0.2		**1.7**	0.2		-	
One-time non-recurring accelerated FDC revenues at Chances Chilliwack	**-**	(1.7)		**-**	(1.7)		-	
Litigation settlement	**-**	-		**-**	11.0		-	
Equity investment loss	**-**	0.9		**-**	3.5		-	
FDC revenues previously deferred at Fraser Downs	**-**	-		**(0.7)**	-		-	
Without prejudice dispute resolution payments received from OLG	**-**	-		**(0.7)**	-		-	
Senior Subordinated Notes redemption costs and previously deferred transaction costs associated with Term Loan B and Senior Subordinated Notes	**-**	-		**-**	6.3		-	
Settlement of derivative liabilities associated with the cross-currency interest rate and principal swaps	**-**	-		**-**	8.1		5.0	
Human resources severance costs	**-**	-		**-**	1.8		-	
Restructuring severance costs	**0.2**	**-**		**1.3**	-		-	
Income taxes on the above items of note	**(1.6)**	0.2		**5.9**	(20.7)		(2.4)	
Adjusted net earnings [(1)]	**$ 11.7**	$ 9.0	30%	**$ 46.9**	$ 45.2	4%	$ 33.2	36%
Adjusted net earnings per common share [(1)]								
Basic	**$ 0.17**	$ 0.13		**$ 0.68**	$ 0.59		$ 0.40	
Diluted	**$ 0.17**	$ 0.13		**$ 0.67**	$ 0.58		$ 0.39	
Weighted average shares outstanding								
Basic	**67,327**	70,346		**68,560**	76,814		82,670	
Diluted	**69,208**	71,605		**69,934**	78,219		84,210	

(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 $2.7, or 30%, in the fourth quarter of 2013, when compared to the fourth quarter of 2012. This increase was primarily due higher earnings and a decrease in income taxes. Adjusted net earnings for the twelve months of 2013 were relatively consistent with the twelve months of 2012. The Company’s adjusted net earnings increased by 36% in the twelve months of 2012, when compared to the twelve months of 2011. This increase was primarily due to the growth in EBITDA and lower amortization expense.

Total assets

Total assets increased by $53.0 in the twelve months of 2013, when compared to the total assets as at December 31, 2012. This increase was primarily due to cash generated by operating activities and reversal of impairment charges associated with Georgian Downs and Flamboro Downs, as described in the “Major Developments” section of this MD&A, which was partially offset by the $31.5 settlement payment from OLG, common shares repurchased of $46.6 and the amortization of property, plant and equipment.

Total assets decreased by $113.4 as at December 31, 2012, when compared to the total assets as at December 31, 2011. This decrease was primarily due to the cash outflow of $130.1 to repurchase common shares during 2012, non-cash impairment charges of $64.3 associated with Georgian Downs, Flamboro Downs, and land in Ontario that was written down to its estimated recoverable amount and the amortization of property, plant and equipment and intangibles. These decreases were partially offset by cash generated by operating activities, additions to property, plant and equipment and net proceeds of $31.7 associated with the debt refinancing.

Long-term debt

Long-term debt was relatively consistent at the end of the fourth quarter of 2013 when compared with the balance as at December 31, 2012.

Long-term debt and derivative liabilities increased by $41.0 as at December 31, 2012, when compared to the long-term debt and derivative liabilities as at December 31, 2011. This increase was primarily due to the net proceeds associated with the debt refinancing.

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

BUSINESS DESCRIPTION

General

The Company operates gaming, entertainment, and hospitality facilities in British Columbia, Ontario, Nova Scotia, and Washington State. The Company's 17 gaming properties consist of three community gaming centres, four racetracks and ten casinos, including one with a Four Diamond hotel resort. In Canada, the Company operates its casinos both within managed markets that feature high barriers to entry and under long-term agreements as partners with provincial lottery corporations. As at December 31, 2013, the Company had approximately 4,600 employees.

Information on the Canadian and Washington State gaming industries, regulatory environment and the Company's operating agreements in these jurisdictions are included in the Annual Information Form located on the SEDAR website at www.sedar.com or on the Company's website at www.gcgaming.com.

The Company's principal operating entities as at December 31, 2013 and 2012 were:

Entity	Ownership interest at December 31, 2013 and 2012
Chilliwack Gaming Ltd.	100%
Flamboro Downs Limited	100%
Georgian Downs Limited	100%
Great American Gaming Corporation	100%
Great Canadian Casinos Inc.	100%
Great Canadian Entertainment Centres Ltd.	100%
Hastings Entertainment Inc.	100%
Metropolitan Entertainment Group	100%
Orangeville Raceway Limited	100%
TBC Teletheatre B.C.(1)	50%

(1) The Company accounts for its ownership interest in TBC using the equity method.

Business Strategy

The Company's vision is to be the leading gaming, entertainment and hospitality company in its chosen markets by providing superior entertainment value and exceptional experiences. To achieve this goal, the Company has adopted the strategies as outlined below.

1. **Discover New Growth Opportunities*.*** Great Canadian is actively seeking opportunities to grow shareholder value. These opportunities may be located within both the Company's existing markets and new jurisdictions, and include property expansions, the implementation of new offerings, the development of new properties or projects, and strategic acquisitions. Depending upon the size, scope, and regulatory requirements associated with these opportunities, the Company may elect to align itself with strategic business partners. As a result, the Company may hold minority positions in new investment vehicles.

2. **Drive Incremental Growth at the Company's Existing Facilities.** The majority of Great Canadian's existing properties operate within mature, highly regulated markets. As a result of this regulation, these markets feature considerable barriers to entry that offer significant advantages and protection for incumbent operators. This regulation also requires that the Company work alongside its Crown corporation partners when expanding or introducing gaming offerings. These partners also oversee any loyalty programs within the Company's existing markets. In order to increase market share, penetrate new demographics, and drive incremental growth within this environment, the Company seeks to provide its patrons with a superior entertainment experience. In pursuit of this goal, the Company actively reinvests in its properties, supports its gaming offerings with premium non-gaming entertainment and hospitality options, and strives to maintain the highest standards of guest service.

3. **Continually Improve Guest Experiences.** Great Canadian believes guest satisfaction to be the primary driver of patron loyalty, particularly within mature markets. As a result, the Company constantly strives to distinguish itself from its peers by providing exceptional guest service across its entire property portfolio. The Company pursues this service vision through staff training, performance recognition, and communication, all of which emphasizes the importance of each employee taking personal responsibility to exceed our guests' expectations.

4. **Continuously Improve the Company's Operating Efficiency and Effectiveness.** Much of Great Canadian's recent success can be attributed to the Company's commitment to operating efficiency. This efficiency has been primarily driven by an integrated corporate structure that centralizes major property functions such as accounting, purchasing, and human resources. This structure has been supported by investments in technology and resources that have allowed the Company to realize operational synergies, business process improvements and enhanced labour analysis.

5. **Pursue and Promote Exceptional Corporate Culture.** Since its founding, Great Canadian has placed great emphasis on the importance of social responsibility and corporate citizenship. These core values are best reflected in the Company's commitment to developing and assisting the communities in which it operates. The Company is also committed to maintaining an inclusive corporate culture that rewards and recognizes exceptional service and teamwork. The Company mandates a respectful workplace that prioritizes regulatory compliance.

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

Operations

The following table summarizes our Canadian casino operations as at December 31, 2013:

Facility and Location	Year Built/ Renovated	Additional Facilities and Activities	Slot Machines	Table Games	Operational Services Agreements Initial / Renewal Term Expiry Dates(1)
British Columbia					
River Rock Casino Resort, Richmond, BC	2012	2 hotels with 395 rooms, 1,000 seat show theatre, 7 dining options, conference facilities, pool/spa, Racebook(3), marina, 28 Touch Bet Roulette terminals	1,110	102	June 23, 2024(2)
Boulevard Casino(4) (now "Hard Rock Casino Vancouver"), Coquitlam, BC	2013	1,051 seat show theatre convertible to 729 seat cabaret with dance floor, 7 dining options, 22 Touch Bet Roulette terminals, 12 Touch Bet Baccarat terminals	949	58	November 16, 2015 / November 16, 2025
View Royal Casino, Victoria, BC	2009	2 dining options, 10 Touch Bet Roulette terminals	601	14	February 28, 2021
Casino Nanaimo, Nanaimo, BC	2013	1 dining option, Racebook(3), 1 electronic table gaming device	384	6	February 28, 2021
Chances Dawson Creek, Dawson Creek, BC	2006	Bingo, 1 dining option, 2 electronic table gaming devices	147	-	June 30, 2016/ June 30, 2026
Chances Maple Ridge(5), Maple Ridge, BC	2013	Bingo, 1 dining option, 2 meeting rooms, entertainment space, outdoor patio, Racebook(3), 2 electronic table gaming devices	173	-	October 31, 2023 / October 31, 2033
Chances Chilliwack, Chilliwack, BC	2012	Bingo, 1 dining option, meeting facility, 2 electronic table gaming devices	173	-	October 31, 2022 / October 31, 2032
Hastings Racecourse and Slots Facility (Thoroughbred Racing), Vancouver, BC	2008	3 dining options(6), concession, Racebook(3)	596	-	October 28, 2017(7)
Fraser Downs Racetrack and Casino (Standardbred Racing), Surrey, BC	2005	4 dining options, 6 Touch Bet Roulette terminals, Racebook(3)	469	22	March 31, 2014 / March 31, 2024
TBC Teletheatre BC(3)	various	21 Racebooks(3)	-	-	-
Ontario					
Georgian Downs (Standardbred Racing)(8), Innisfil, Ontario	2009	4 dining options, concession, meeting facilities, Racebook, 1,000 slot machines owned and operated by OLG	-	-	March 31, 2018
Flamboro Downs (Standardbred Racing)(8), Flamborough, Ontario	2001	4 dining options, meeting facility, Racebook, 800 slot machines owned and operated by OLG	-	-	March 31, 2018
Nova Scotia					
Casino Nova Scotia Halifax(9), Halifax, Nova Scotia	2006	2 dining options, entertainment show room, lounge, meeting facilities	541	32	July 1, 2015/ July 1, 2025
Casino Nova Scotia Sydney(9), Sydney, Nova Scotia	2006	1 dining option, lounge	275	11	July 1, 2015/ July 1, 2025
			5,418	245	

(1) Renewal terms, at the option of the Company in BC and Nova Scotia. Renewal terms, at the option of OLG in Ontario.
(2) On September 19, 2013, BCLC approved the Company's request to exercise its 10-year extension for River Rock's COSA.

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(3) The Company owns or holds an interest in 23 Racebooks in BC. We own and operate two Racebooks; one at each of Hastings Racecourse and Slots Facility and Fraser Downs Racetrack and Casino. The remaining 21 Racebooks, including those at River Rock Casino & Resort, Hard Rock Casino Vancouver, Casino Nanaimo and Chances Maple Ridge are operated by TBC. TBC also offers internet and phone racetrack wagering. The Company owns a 50% interest in TBC and the remaining 50% interest is held by two horsemen's associations, the Harness Racing BC Society and the Horsemen's Benevolent and Protective Association.

(4) The Company completed its rebranding of Boulevard Casino into Hard Rock Casino Vancouver in December 2013, as described in the "Major Developments" section of this MD&A.

(5) Chances Maple Ridge opened its permanent facility in October 2013, as described in the "Major Developments" section of this MD&A. The Community Gaming Centre Operational Services Agreement with BCLC was extended for a 10-year term.

(6) There are up to 5 dining options during the racing season.

(7) The term of Hastings' COSA with BCLC is conditional upon the renewal of the lease term with the City of Vancouver, which expires on November 9, 2014.

(8) The Site Holder Agreements with OLG for the Ontario Racetracks terminated on March 31, 2013. Effective April 1, 2013, OLG is leasing the slot machine areas at the Ontario Racetracks for a five-year term, as described in the "Major Developments" section of this MD&A. Slot machines are owned and operated by OLG and lease revenues are earned from OLG at these properties.

(9) Casino Nova Scotia Halifax and Casino Nova Scotia Sydney operate under a single operating agreement.

The following table summarizes the Company's consolidated Revenues for the years ended December 31, 2013, 2012, and 2011:

	Twelve Months of		
	2013	2012	2011
Gross Gaming Revenues	**$ 821.3**	$ 827.9	$ 787.6
Facility Development Commission	**34.1**	35.2	32.1
Hospitality, lease and other revenues	**96.8**	82.6	70.4
Racetrack revenues	**14.3**	15.8	19.5
	966.5	961.5	909.6
Less:			
Provincial / state government portion of Gross Gaming Revenues	**(540.7)**	(533.0)	(505.7)
Promotional allowances	**(18.5)**	(19.8)	(15.7)
Revenues	**$ 407.3**	$ 408.7	$ 388.2

The following table summarizes the Company's racetrack operations and the number of actual live race days in 2013, 2012, and 2011:

		Live Race Days		
Property	**Location**	**2013**	2012	2011
Hastings Racecourse and Slot Facility	Vancouver, BC	**63**	67	69
Fraser Downs Racetrack and Casino	Surrey, BC	**77**	79	74
Georgian Downs	Innisfil, ON	**29**	103	103
Flamboro Downs	Flamborough, ON	**94**	188	195

All of our racetrack operations offer simulcast wagering, which allows patrons to place wagers on international and domestic live horse racing events.

British Columbia

Regulatory

In British Columbia, gaming activities are managed and conducted by the British Columbia Lottery Corporation ("BCLC"). BCLC in turn engages service providers, such as the Company, to operate the gaming activities pursuant to operational services agreements. The Company earns a commission based upon its casinos' gaming win, but a significant portion of that gaming win is retained by BCLC. BCLC provides its share of the gaming win to the Province of British Columbia, which then dedicates the funds to many areas. These areas include the consolidated revenue fund for public service programs such as education, the Health Special Account for health care expenditures, and disbursements to charitable organizations.

Since 1997, when BCLC assumed responsibility for casino gaming and introduced slot machines in the BC marketplace, the casino business has developed into BCLC's largest earnings stream. The Company believes that the current market and regulatory environment favours the province's incumbent gaming operators.

BCLC's strategy is to continue to develop casino properties that provide players with an exceptional entertainment experience, while positioning casino gaming as a potential tourism attraction where market demand allows. BCLC is also working closely with service provider partners to provide players with tournaments and services that provide entertaining gaming experiences. In addition, the FDC component of the operational services agreements encourages service providers such as the Company to earn additional commissions by investing capital in the improvement of their gaming facilities.

According to BCLC's annual report for its fiscal year ended March 31, 2013, the Company's facilities represented 43% of the province's slot machines, which produced 44% of the province's win from slot machines, and 45% of the province's table games, which produced 58% of the province's win from table games.

In BC, the strategic direction and business leadership of the local horse racing industry is provided by the B.C. Horse Racing Industry Management Committee ("BCHRIMC"), which also provides a forum for industry participants to cooperate collectively in the development of the industry. The current BCHRIMC members include representatives from both the thoroughbred and standardbred horse associations, the President and Chief Executive Officer of BCLC, representatives from the Government of British Columbia, and the Vice-President of Business Development for the Company. The Agreement provides for mandatory representation on the Committee of a representative of the major racetracks in the province that are owned by the Company.

Under the direction of the BCHRIMC, as described in the "Business of the Company" section of the Company's 2013 Annual Information Form, the Company's BC horse racing operations shared approximately 42% of a consolidated horse racing industry revenue fund in 2013 (2012 – 42%). This fund includes all revenues generated from horse racing and government grants in the province and which has been established and maintained for the purpose of facilitating financial allocations among industry organizations. Also under the direction of the BCHRIMC, TBC Teletheatre B.C., currently operates on a break-even basis whereby it is allocated and permitted to retain a sufficient portion of its revenues to cover its operating expenses, with any surplus of funds being provided to the consolidated horse racing industry revenue fund. Financial allocations from the consolidated horse racing industry revenue fund may be adjusted by resolution of the BCHRIMC. Under the current financial allocations for 2014, the Company's racing industry revenue share percentage is expected to be consistent with 2013.

Seasonality

While the Company's BC casinos operate year-round, its racetracks are subject to seasonal variations due to the timing of their respective live racing seasons. Live racing generally operates from April to October at Hastings Racecourse, and from August to May at Fraser Downs. Gaming offerings and Racebooks at both locations operate year-round.

Metro Vancouver and Vancouver Island, where the majority of the Company's BC facilities are located, do not generally experience harsh weather during the summer or winter months. However, occasional extreme weather conditions can produce a negative impact upon short-term attendance at the Company's BC facilities.

Ontario

Regulatory

In Ontario, gaming activities are managed and conducted by OLG. OLG's operations and revenues are organized under four business lines: lotteries, slots and casinos, resort casinos, and bingo. Prior to April 1, 2013, the Company operated two racetracks, with slot operations owned and operated by OLG pursuant to site holder agreements. The Company earned a site holder payment based upon the win generated from the OLG slot machines, but a substantial portion of that win was retained by OLG. According to OLG's website, it directs gaming proceeds to Ontario's health care, education, infrastructure, amateur sports, problem gaming prevention, treatment and research, and to charitable organizations and non-profit corporations through the Ontario Trillium Foundation.

In March 2012, the Government of Ontario and OLG decided to end the "Slots at Racetracks" program for all Ontario racetracks on March 31, 2013 as part of an overall plan to modernize that province's gaming model. As part of that plan, and as permitted under the related agreements, on March 29, 2012, OLG provided notice that the site holder agreements with the Company's Georgian Downs and Flamboro Downs racetracks would terminate on March 31, 2013. On March 9, 2013, the Company and OLG signed non-binding letters of intent governing the slot machine areas at the Ontario racetracks. 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 would provide support to continue horse racing at the Ontario Racetracks for up to two years beyond March 31, 2013 and is conditional upon achievement of specific cost reduction targets. On November 29, 2013, the Company signed definitive agreements with OLG whereby OLG would lease slot machine areas at the Ontario racetracks for a five-year term terminating on March 31, 2018.

Seasonality

According to the Ontario Racing Agreements, Georgian Downs will operate live racing from June to August of 2013 and 2014, and Flamboro Downs will operate between November 2013 and March 2014 and for six consecutive months during the twelve-months ending March 31, 2015.

Nova Scotia

Regulatory

In Nova Scotia, gaming activities are managed and conducted by the Nova Scotia Provincial Lotteries & Casinos Corporation ("NSPLCC"). NSPLCC operates two different gaming models: commercial casinos, of which the Company operates the only two within the province, and ticket and video lotteries. Lottery ticket sales are permitted at various locations, whereas video lottery terminals are permitted in licensed liquor establishments, and on First Nations' land. The Company is a service supplier to NSPLCC and earns a commission based upon its casinos' revenues, a portion of which are retained by the NSPLCC. According to NSPLCC's website, the revenues that it retains are directed to the provincial government's general revenue account to help pay for programs and services that benefit the province's residents. These programs and services include investments in infrastructure, schools, hospitals, and community outreach and prevention programs.

In October 2012, the Company signed the second amended and restated operating contract ("AROC") with NSPLCC, effective October 1, 2012. Under the AROC, the Company is entitled to receive an operator's fee equal to 52.24% of the facilities' total revenues, plus an additional 47.76% of non-gaming revenues after deduction of the capital reserve contribution ("CRC"). The CRC is the greater of 5% of total revenue and $5.0 (adjusted for inflation in each year since 2009). The Company is also entitled to receive an additional operator's fee equal to the lesser of $1.3 or 10% of leased slot machines revenues. Prior to October 1, 2012, the Company received 55.5% of both gross gaming and non-gaming revenues, after deduction of the CRC, as well as $1.0 per year related to the operation of leased slot machines. Prior to October 1, 2012, the $1.0 per year received for the leased slot machines was recorded as a reduction to the related leased slot operating expenses that were part of property, marketing and administration expenses.

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

Seasonality

Halifax and Sydney, where the Nova Scotia casinos are located, do not generally experience harsh weather during the summer months. However, occasional extreme weather conditions in the winter can result in a negative impact on short-term attendance. The gaming industry in Nova Scotia has also historically witnessed a slight increase in business volumes during the summer months, primarily as a result of both tourism and favourable weather conditions.

Washington State

The following table summarizes our Washington gaming operations as at December 31, 2013:

Name	Location	Table Games
Great American Casino Everett	Everett, WA	15
Great American Casino Kent	Kent, WA	14
Great American Casino Lakewood	Lakewood, WA	15
Great American Casino Tukwila	Tukwila, WA	15
		59

Regulatory

In Washington State, gaming operations are regulated by the Washington State Gambling Commission ("WSGC") and fall into three categories: charitable, commercial and tribal. The Company operates four commercial card rooms in the Greater Seattle area.

While the commercial gaming environment in Washington State is highly regulated, it does not feature the significant barriers to entry associated with the Company's Canadian operations. Individual cities or counties within Washington State may choose to restrict card room operations within their jurisdiction, which could result in the closure of certain locations. Washington State card room operations are conducted pursuant to house banked card room licenses that limit the number of table games to fifteen per location. These card room licenses must be renewed annually with WSGC, and the Company's renewals have historically been granted automatically.

MAJOR DEVELOPMENTS

British Columbia

Boulevard Casino (now "Hard Rock Casino Vancouver")

On July 3, 2013, the Company announced that it planned to rebrand its wholly owned and operated Boulevard Casino, located in Coquitlam, British Columbia, into the "Hard Rock Casino Vancouver" by the end of 2013 under a trademark license from Hard Rock Hotel & Casino HRHH IP, LLC ("HRHH"). The Hard Rock Casino Vancouver facility continues to be owned and operated by Great Canadian, and the renovations are intended to deliver an improved entertainment experience, including a refreshed gaming floor, updated food and beverage offerings, rock and roll memorabilia as well as guest service that is consistent with the brand standard. 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 the property achieves specified increased revenue targets. If such revenue targets are not achieved, the license agreement may be extended at the Company's option.

The license fees, which are subject to a minimum annual amount, are not expected to have a significant effect on the facility's property, marketing and administration expenses. However, as the facility's revenues grow, the license fees will also increase based on a graduated percentage of revenues. By applying this graduated license fee formula, the value of revenue increases will be significantly more than the value of the license fee increases, so as the business grows, more dollars will be available to contribute to the property's increased operating expenses required to support such growth.

During the third quarter of 2012, the Company commenced the refresh and repositioning of Boulevard Casino to both attract new patrons and bring back guests who had been inconvenienced by proximate local highway construction. The first phase of the project was substantially completed on December 20, 2013 with the relaunch of the property as Hard Rock Casino Vancouver. The Company anticipates our guests' access to the property may still be affected by some continued municipal and provincial roadwork during the first quarter of 2014, and it will take some time for them to become familiar with the improved access and newly established routes to the property. As at December 31, 2013, the Company has spent approximately $12.3 of an estimated total of $13.2 on this first phase of the project. Non-recurring pre-opening and training costs associated with the rebranding of the casino of $1.0 and $1.5 were expensed in the fourth quarter and twelve months of 2013, respectively.

The second phase of the redevelopment is being considered. It is contemplated that this second phase will feature a hotel, conference facilities, additional dining options, and better integration of the facility's existing entertainment and dining amenities. 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. The Company will need to gain greater certainty of the business's recovery before proceeding with the second phase investments. 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. The timeline for the second phase will be announced at a later date. The property redevelopments and modifications remain subject to approvals from BCLC and the City of Coquitlam. As at December 31, 2013, 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 December 31, 2013, 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 $13.6 in construction costs, which was $0.2 below the original estimate of $13.8.

With the opening of the new facility, the CGCCOSA 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.

Chances Chilliwack

On November 1, 2012, the Company relocated its Chilliwack Bingo operations to the newly opened 'Chances Chilliwack', a community gaming centre in Chilliwack, BC. This new, permanent facility has been developed on the approximately five-acre site that the Company purchased as part of the Chilliwack Bingo acquisition in May 2011. The facility features 173 slot machines, two electronic table gaming devices, bingo, dining options and a meeting facility. In December 2013, the facility obtained a liquor primary license and is now permitted to serve liquor throughout the facility. The total cost to develop this facility and to acquire adjacent land was $14.3, which was $0.7 below the original estimate of $15.0.

BC Horse Racing

On February 14, 2014, 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 GPEB. 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 is optimistic about reaching this multi-year industry funding arrangement and looks forward to collaborating with industry stakeholders to reverse the negative trend on the provinces racing revenues.

Ontario

Termination of Site Holder Agreements

As described in the "Business Description" section of this MD&A, the Government of Ontario terminated the "Slots at Racetracks" program and OLG terminated the site holder agreements with the Company's Ontario properties effective 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 and is expected to have a negative effect on the future revenues 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 will lease these areas for a five-year term commencing April 1, 2013. The Company and OLG have been operating 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 has been 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 will provide support to continue horse racing at the Ontario Racetracks for up to two years beyond March 31, 2013 and is conditional upon achievement of specific cost reduction targets. 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. The core group of tracks includes an alliance of Standardbred tracks, including the Company's own Georgian Downs and Flamboro Downs. According to the Horse Racing Plan, the alliance would work cooperatively to coordinate race dates, standardize purses for races of similar calibre, and create a racing circuit. The Horse Racing Plan also includes creating a new arm of the Ontario Racing Commission ("ORC") to be called Ontario Horse Racing ("OHR") which would oversee all the non-regulatory aspects of racing, including the distribution of government and consolidated industry funds, and would develop new business and marketing synergies with OLG. Under the Horse Racing Plan, public funding would be directed to purse support and pari-mutuel commissions would be split between the racetrack operator and horsepeople. If the Company enters into an agreement as part of the alliance to receive funding under the Horse Racing Plan effective April 1, 2014, the second year of the current Ontario Racing Agreements would be rescinded. The Company is evaluating the implications of the Horse Racing Plan on its businesses in Ontario and looks forward to working with both ORC and OHR on a long-term, more sustainable model for racing in the province.

Georgian Downs operated 29 race days during the twelve months ended December 31, 2013, a significant reduction as compared to the twelve months ended December 31, 2012 (103 race days over a 10-month period). Flamboro Downs operated 94 race days during the twelve months ended December 31, 2013, a significant reduction as compared to the twelve months ended December 31, 2012 (188 race days over an 11-month period). 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.

Based on the terms of both the lease agreements with OLG and the Ontario Racing Agreements with the Province of Ontario, the anticipated racing schedules, which also remain subject to approval by ORC, and assumptions regarding operating costs, the Company expects that the Ontario Racetracks' future EBITDA will decline as compared to levels realized prior to March 31, 2013.

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. The Standardbred Alliance intends to implement a racing program that will see a coordinated racing calendar of year-round racing, a program of racing that is expected to be attractive to both foreign and domestic customers, consistent purses levels at each member track's and enhanced efficiencies.

The Standardbred Alliance has advised both the Ministry of Agriculture and Food and ORC about its agreement in principle and racing program plans. If ORC supports the agreement in principle and the proposed racing program, then the Company expects that definitive Standardbred Alliance agreements will be entered into.

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.

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

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 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	(0.7)	(0.5)	-	(1.2)	(0.3)	(0.7)	(1.0)
Impairments	(16.6)	(8.2)	(3.2)	(28.0)	(5.2)	(24.2)	(29.4)
Carrying amount at March 31, 2012	$ 47.6	$ 16.8	$ -	$ 64.4	$ 8.4	$ 15.7	$ 24.1
Net additions and amortization	(1.2)	(1.2)	-	(2.4)	(1.0)	(3.9)	(4.9)
Impairments	(6.9)	-	-	(6.9)	-	-	-
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**

The recoverable amounts for Georgian Downs' and Flamboro Downs' long-lived assets and goodwill at December 31, 2013 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 December 31, 2013 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 is grouping many of the 29 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 participating in the potential future opportunities that have arisen and from the continued modernization of gaming in Ontario. It is not certain at this time the full extent of the impact that the continued modernization of gaming in Ontario may have on the Company.

Casino Nova Scotia

In October 2012, the Company and NSPLCC signed the second AROC, as described in the "Business Description" section of this MD&A. Prior to October 1, 2012, when the AROC was amended, the Company received $1.0 per year related to the operation of leased slot machines that was recorded as a reduction in leased slot operating expenses that were part of property, marketing and administration expenses. Since October 1, 2012, the Company has been receiving an additional operator's fee, recorded as gaming revenues, equal to the lesser of $1.3 per year or 10% of leased slot machine revenues.

Debt Refinancing

On July 24, 2012, the Company completed a long-term debt refinancing and issued $450.0 of 6.625% Senior Unsecured Notes due on July 25, 2022 ("Senior Unsecured Notes"). The net proceeds were $439.5 after transaction costs of $10.5. The use of proceeds included repayment of the US$161.1 Senior Secured Term Loan B ("Term Loan B"), repurchase or redemption of the US$170.0 Senior Subordinated Notes ("Subordinated Notes"), settlement of the derivative liabilities associated with the related cross-currency interest rate and principal swaps, and the remainder was retained for general corporate purposes.

Issuer Bids

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.

For the year ended December 31, 2012, the Company purchased for cancellation 3,657,210 common shares at a weighted-average price per share of $8.15 under its normal course issuer bid, which expired on January 26, 2013. On July 6, 2012, the Company commenced a substantial issuer bid, pursuant to which the Company offered to purchase for cancellation up to 10,000,000 of its outstanding common shares from shareholders at a purchase price of $10.00 per share. On August 21, 2012, the Company accepted for purchase 10,000,000 of the validly tendered common shares at a purchase price of $10.00 per share for a total of $100.0 and $0.3 in related transaction costs. At the time of the repurchase, the paid-up capital per common share for the purposes of the *Income Tax Act (Canada)* was $3.79.

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.

Subsequent to December 31, 2013, 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.

Board approved special share-based award to certain management and employees

As part of the Board of Directors' ongoing review of management's performance, during December 2013, the Board awarded certain members of management and other employees bonuses which were required to be used to buy common shares in the Company that are subject to a mandatory minimum three year hold period. The related shares were purchased on behalf of the employees on the open, public market through the Company's employee share purchase plan in December 2013. As a result, each recipient paid the same $15.03 price for each of his/her common shares. This share-based compensation incentive has helped to better align the interests of these employees with those of our shareholders.

MARKET UPDATE

British Columbia

Extension of Operating Agreement for Hastings Racecourse and Slots Facility

On October 25, 2012, the Company reached an agreement with the City of Vancouver for a two-year extension to the operating agreement at Hastings Racecourse and Slots Facility until November 9, 2014 on substantially the same terms. This two-year period was intended to afford the horse racing industry, under the leadership of the BCHRIMC, time to determine the appropriate plan of action to best assure itself of long-term sustainability. With the multi-year industry funding arrangement announced by the BCHRIMC in February 2014, the Company has commenced discussions with the City of Vancouver for a new longer term arrangement at Hastings Racecourse that works for both parties.

Competition

One of the Company's direct competitors, Paragon Gaming LLC ("Paragon"), operates the Edgewater Casino in downtown Vancouver, BC. Paragon has received approval to redevelop the Edgewater Casino. This redevelopment would relocate its current facility to a new location within the same area of downtown Vancouver. In December 2013, the City of Vancouver conditionally approved Paragon's development application for a $535 million casino complex adjacent to B.C. Place Stadium. The new casino is permitted to host a maximum of 600 slot machines and 75 table games (the same number that they are permitted to operate at their current facility) and includes plans to add two hotel towers, a conference centre, and restaurants. However, the application is subject to final approval by the City of Vancouver. Management is closely monitoring the development as it may impact our facilities.

In October 2012, the City of Surrey approved the installation of up to 150 temporary slot machines in the existing Newton bingo hall, which commenced operations in November 2012. The operation of the temporary slot machines, as approved by the City of Surrey, will be limited to: 18 calendar months from the date of activation, or the date on which permanent slot machines are activated in a new Newton community gaming centre, whichever occurs first.

CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes the consolidated operating results for the three month and twelve month periods ended December 31, 2013 with comparatives for the prior periods.

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 67.7**	$ 71.4	(5%)	**$ 280.6**	$ 294.9	(5%)
Facility Development Commission	**8.2**	10.7	(23%)	**34.1**	35.2	(3%)
Hospitality, lease and other revenues	**27.1**	21.9	24%	**96.8**	82.6	17%
Racetrack revenues	**3.4**	3.5	(3%)	**14.3**	15.8	(9%)
	106.4	107.5	(1%)	**425.8**	428.5	(1%)
Less: Promotional allowances	**(4.8)**	(4.7)	2%	**(18.5)**	(19.8)	(7%)
Revenues	**101.6**	102.8	(1%)	**407.3**	408.7	0%
Human resources	**40.8**	40.8	0%	**160.5**	163.8	(2%)
Property, marketing and administration	**25.6**	24.5	4%	**96.2**	97.3	(1%)
	66.4	65.3	2%	**256.7**	261.1	(2%)
EBITDA	**35.2**	37.5	(6%)	**150.6**	147.6	2%
Human resources as a % of Revenues before Promotional allowances	**38.3%**	38.0%		**37.7%**	38.2%	
EBITDA as a % of Revenues	**34.6%**	36.5%		**37.0%**	36.1%	
Amortization	**11.6**	12.9		**48.5**	51.6	
Share-based compensation	**6.1**	0.2		**9.7**	3.6	
(Reversals of) impairments of long-lived assets	**-**	6.9		**(28.5)**	61.1	
Impairment of goodwill	**-**	-		**-**	3.2	
Interest and financing costs, net	**8.0**	8.4		**32.8**	37.0	
Litigation settlement	**-**	-		**-**	11.0	
Restructuring and other	**0.6**	2.4		**2.0**	5.1	
Foreign exchange (gain) loss and other	**(0.3)**	(0.2)		**(0.9)**	6.8	
Income taxes	**2.0**	4.4		**23.9**	(4.2)	
Net earnings (loss)	**$ 7.2**	$ 2.5	188%	**$ 63.1**	$ (27.6)	
Net earnings (loss) per common share						
Basic	**$ 0.11**	$ 0.04		**$ 0.92**	$ (0.36)	
Diluted	**$ 0.10**	$ 0.03		**$ 0.90**	$ (0.36)	
Weighted average number of common shares (in thousands)						
Basic	**67,327**	70,346		**68,560**	76,814	
Diluted	**69,208**	71,605		**69,934**	76,814	

(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

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
REVENUES						
Casinos						
River Rock Casino Resort	**$ 43.2**	$ 39.6	9%	**$ 170.1**	$ 159.5	7%
Boulevard Casino (now "Hard Rock Casino Vancouver")	**13.0**	14.4	(10%)	**50.0**	57.9	(14%)
Vancouver Island Casinos	**9.1**	10.1	(10%)	**38.2**	39.2	(3%)
Other BC Casinos	**5.0**	6.1	(18%)	**19.1**	15.3	25%
Nova Scotia Casinos	**9.8**	10.4	(6%)	**41.0**	41.8	(2%)
Great American Casinos	**6.6**	5.3	25%	**24.8**	21.6	15%
	86.7	85.9	1%	**343.2**	335.3	2%
BC Racinos	**8.4**	8.9	(6%)	**37.9**	40.1	(5%)
Ontario Racetracks	**6.5**	8.0	(19%)	**26.2**	33.3	(21%)
Total Revenues	**$ 101.6**	$ 102.8	(1%)	**$ 407.3**	$ 408.7	0%
EBITDA						
Casinos						
River Rock Casino Resort	**$ 22.3**	$ 18.8	19%	**$ 89.8**	$ 79.4	13%
Boulevard Casnio (now "Hard Rock Casino Vancouver")	**2.6**	5.1	(49%)	**13.3**	21.1	(37%)
Vancouver Island Casinos	**4.8**	5.7	(16%)	**20.9**	21.6	(3%)
Other BC Casinos	**2.0**	3.4	(41%)	**8.9**	7.1	25%
Nova Scotia Casinos	**2.3**	3.1	(26%)	**11.1**	11.4	(3%)
Great American Casinos	**0.9**	0.6	50%	**3.9**	2.6	50%
	34.9	36.7	(5%)	**147.9**	143.2	3%
BC Racinos	**1.3**	1.6	(19%)	**7.2**	7.3	(1%)
Ontario Racetracks	**3.6**	4.3	(16%)	**14.0**	17.3	(19%)
Corporate & Other	**(4.6)**	(5.1)	10%	**(18.5)**	(20.2)	8%
Total EBITDA	**$ 35.2**	$ 37.5	(6%)	**$ 150.6**	$ 147.6	2%

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

Casinos

River Rock Casino Resort

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 29.0**	$ 26.2	11%	**$ 116.6**	$ 108.4	8%
Facility Development Commission	**4.2**	3.9	8%	**16.8**	15.8	6%
Hospitality and other revenues	**11.9**	11.4	4%	**44.4**	43.3	3%
Revenues before Promotional allowances	**45.1**	41.5	9%	**177.8**	167.5	6%
Less: Promotional allowances	**(1.9)**	(1.9)	0%	**(7.7)**	(8.0)	(4%)
Revenues	**43.2**	39.6	9%	**170.1**	159.5	7%
Human resources	**13.3**	13.0	2%	**51.4**	51.2	0%
Property, marketing and administration	**7.6**	7.8	(3%)	**28.9**	28.9	0%
EBITDA	**$ 22.3**	$ 18.8	19%	**$ 89.8**	$ 79.4	13%
Human resources as a % of Revenues before Promotional allowances	**29.5%**	31.3%		**28.9%**	30.6%	
EBITDA as a % of Revenues	**51.6%**	47.5%		**52.8%**	49.8%	

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Average
Table Drop	$ 241.4	$ 283.0	$ 221.4	$ 227.6	$ 233.4	$ 205.3	$ 189.0	$ 219.6	$ 169.4	
Table Hold	$ 48.7	$ 49.7	$ 44.6	$ 53.8	$ 41.7	$ 42.0	$ 40.9	$ 53.3	$ 32.5	
Table Hold %	20.2%	17.6%	20.2%	23.7%	17.9%	20.5%	21.6%	24.3%	19.2%	20.5%
Poker Rake	$ 1.1	$ 1.0	$ 0.9	$ 1.0	$ 1.2	$ 1.0	$ 1.1	$ 1.1	$ 1.2	
Slot Coin-In	$ 525.2	$ 536.0	$ 511.5	$ 545.4	$ 521.7	$ 518.1	$ 519.6	$ 493.4	$ 522.8	
Slot Win	$ 35.5	$ 37.0	$ 35.3	$ 35.2	$ 34.9	$ 35.2	$ 34.6	$ 33.9	$ 34.5	
Slot Win/Slot/Day(1,2)	$ 351	$ 364	$ 352	$ 355	$ 345	$ 349	$ 355	$ 372	$ 375	
Slot Win %	6.8%	6.9%	6.9%	6.5%	6.7%	6.8%	6.7%	6.9%	6.6%	6.7%

(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 11% in the fourth quarter of 2013 when compared to the fourth quarter of 2012. This growth was primarily due to the 3% increase in table drop and the 2.3 percentage point increase in table hold percentage, resulting in a 17% increase in table hold. Slot win increased by 2% due to a 1% increase in slot coin-in and 0.1 percentage point increase in slot win percentage.

Gaming revenues increased by 8% in the twelve months of 2013, when compared to the twelve months of 2012. This increase was primarily attributable to the growth in table drop of 15%.

Hospitality and other revenues in the fourth quarter and twelve months of 2013 were relatively consistent with the fourth quarter and twelve months of 2012.

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 $106 dollars in the fourth quarter of 2013, compared to $96 dollars in the fourth quarter of 2012. This increase was due to a seven percentage point increase in the average hotel occupancy rate to 70%. The average daily room rate ("ADR") remained consistent at $152 dollars. For the twelve months of 2013, River Rock's REVPAR was $106 dollars, compared to $102 dollars in the twelve months of 2012. This increase was due to a three percentage point increase in the average hotel occupancy rate to 72%, partially offset by a 0.2% decrease in ADR to $147 dollars.

Expenses
Both human resources and property, marketing and administration expenses in the fourth quarter and twelve months of 2013 were relatively consistent with the fourth quarter and twelve months of 2012.

EBITDA
EBITDA increased by 19% and 13% in the fourth quarter and twelve months of 2013, respectively, when compared to the same periods in 2012. These increases were primarily due to River Rock's revenue increase.

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

Boulevard Casino (now "Hard Rock Casino Vancouver")

	Fourth Quarter			**Twelve Months of**		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 9.7**	$ 10.6	(8%)	**$ 37.5**	$ 43.3	(13%)
Facility Development Commission	**1.5**	1.7	(12%)	**6.2**	7.1	(13%)
Hospitality and other revenues	**2.5**	2.6	(4%)	**8.6**	9.7	(11%)
Revenues before Promotional allowances	**13.7**	14.9	(8%)	**52.3**	60.1	(13%)
Less: Promotional allowances	**(0.7)**	(0.5)	40%	**(2.3)**	(2.2)	5%
Revenues	**13.0**	14.4	(10%)	**50.0**	57.9	(14%)
Human resources	**6.6**	6.2	6%	**24.5**	24.9	(2%)
Property, marketing and administration	**3.8**	3.1	23%	**12.2**	11.9	3%
EBITDA	**$ 2.6**	$ 5.1	(49%)	**$ 13.3**	$ 21.1	(37%)
Human resources as a % of Revenues before Promotional allowances	**48.2%**	41.6%		**46.8%**	41.4%	
EBITDA as a % of Revenues	**20.0%**	35.4%		**26.6%**	36.4%	

	Q4 2013	**Q3 2013**	**Q2 2013**	**Q1 2013**	**Q4 2012**	**Q3 2012**	**Q2 2012**	**Q1 2012**	**Q4 2011**	**Average**
Table Drop	$ 38.9	$ 32.7	$ 36.2	$ 37.9	$ 41.6	$ 40.9	$ 42.1	$ 42.0	$ 41.6	
Table Hold	$ 7.6	$ 6.6	$ 7.3	$ 7.8	$ 8.2	$ 8.4	$ 8.4	$ 9.0	$ 8.4	
Table Hold %	19.4%	20.2%	20.2%	20.6%	19.7%	20.5%	20.0%	21.4%	20.2%	20.2%
Poker Rake	$ 1.1	$ 0.8	$ 0.6	$ 0.7	$ 1.0	$ 0.7	$ 0.9	$ 1.2	$ 1.1	
Slot Coin-In	$ 306.0	$ 304.0	$ 313.8	$ 353.3	$ 385.5	$ 391.3	$ 414.6	$ 400.4	$ 400.6	
Slot Win	$ 23.0	$ 22.6	$ 23.9	$ 24.8	$ 26.7	$ 27.2	$ 28.5	$ 26.6	$ 26.7	
Slot Win/Slot/Day[1,2]	$ 271	$ 300	$ 326	$ 310	$ 292	$ 302	$ 315	$ 298	$ 289	
Slot Win %	7.5%	7.4%	7.6%	7.0%	6.9%	6.9%	6.9%	6.6%	6.7%	7.0%

(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, Boulevard completed the refresh and repositioning of the property with the relaunch of Boulevard as Hard Rock Casino Vancouver on December 20, 2013. Since the grand opening, the property has seen improvements in its gaming volumes and food and beverage revenues.

Revenues
Revenues at Boulevard decreased by 10% in the fourth quarter and 14% in the twelve months of 2013, when compared to the same periods in 2012. These decreases were attributed to declines in table drop, slot coin-in and food and beverage revenues, which we believe was a result of decreased visitation due to a weakened local economy and guest disruption primarily associated with a heightened level of proximate highway construction that has been ongoing since 2010. During the twelve months of 2013, this construction included intermittent weekday and multiple weekend evening road closures affecting access to the property. Guests were also affected by the property repositioning and refresh that commenced on the gaming floor in January 2013 and had the most impact on visitation in the fourth quarter of 2013. The completion of the first phase of the property redevelopment coincided with the substantial completion of the highway construction, although some minor roadwork is expected during the first quarter of 2014, which may continue to hinder our guests' access to the property. These decreases were partially offset by a 0.6 percentage point improvement in the slot win percentage during the fourth quarter of 2013 when compared to the fourth quarter of 2012. Boulevard has also been impacted by nearby competition, including the Company's properties in Chilliwack, Maple Ridge and Surrey.

Expenses
Included in human resources and property, marketing and administration expenses were rebranding and

pre-opening costs of $1.0 and $1.5 for the fourth quarter and twelve months of 2013, respectively. Human resources expenses increased by 6% in the fourth quarter of 2013, when compared to the fourth quarter of 2012, primarily due to an increase in pre-opening training costs. Human resources expenses for the twelve months of 2013 were relatively consistent with the twelve months of 2012. Property, marketing and administration expenses increased by 23% in the fourth quarter and 3% in the twelve months of 2013, when compared to the same periods in 2012, primarily due to increased marketing costs related to the rebranding.

EBITDA

EBITDA decreased by 49% and 37% in the fourth quarter and twelve months of 2013, respectively, when compared to the same periods in 2012. These decreases were primarily due to the decline in revenues, as well as the increase in property, marketing and administration expenses that was primarily associated with the Hard Rock Casino Vancouver rebranding and pre-opening expenses.

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

Vancouver Island Casinos (View Royal Casino and Casino Nanaimo)

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 7.3**	$ 7.6	(4%)	**$ 30.3**	$ 31.0	(2%)
Facility Development Commission	**1.2**	1.9	(37%)	**5.2**	5.9	(12%)
Hospitality and other revenues	**1.1**	1.0	10%	**4.4**	4.1	7%
Revenues before Promotional allowances	**9.6**	10.5	(9%)	**39.9**	41.0	(3%)
Less: Promotional allowances	**(0.5)**	(0.4)	25%	**(1.7)**	(1.8)	(6%)
Revenues	**9.1**	10.1	(10%)	**38.2**	39.2	(3%)
Human resources	**3.0**	3.0	0%	**11.9**	12.2	(2%)
Property, marketing and administration	**1.3**	1.4	(7%)	**5.4**	5.4	0%
EBITDA	**$ 4.8**	$ 5.7	(16%)	**$ 20.9**	$ 21.6	(3%)
Human resources as a % of Revenues before Promotional allowances	**31.3%**	28.6%		**29.8%**	29.8%	
EBITDA as a % of Revenues	**52.7%**	56.4%		**54.7%**	55.1%	

	Q4 2013	**Q3 2013**	**Q2 2013**	**Q1 2013**	**Q4 2012**	**Q3 2012**	**Q2 2012**	**Q1 2012**	**Q4 2011**	**Average**
Table Drop	$ 10.8	$ 12.2	$ 12.6	$ 12.4	$ 12.5	$ 13.0	$ 12.4	$ 13.0	$ 11.6	
Table Hold	$ 2.7	$ 2.6	$ 2.8	$ 2.9	$ 2.9	$ 2.8	$ 2.9	$ 2.7	$ 2.5	
Table Hold %	25.0%	21.1%	22.0%	23.4%	23.2%	21.5%	23.4%	20.8%	21.6%	22.4%
Slot Coin-In	$ 359.8	$ 382.0	$ 392.0	$ 372.6	$ 379.8	$ 390.0	$ 397.2	$ 378.1	$ 381.4	
Slot Win	$ 25.9	$ 27.6	$ 28.0	$ 26.7	$ 26.9	$ 28.3	$ 27.8	$ 27.1	$ 27.5	
Slot Win/Slot/Day(1)	$ 287	$ 305	$ 314	$ 294	$ 289	$ 305	$ 303	$ 295	$ 296	
Slot Win %	7.2%	7.2%	7.2%	7.2%	7.1%	7.3%	7.0%	7.2%	7.2%	7.2%

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

Revenues

Revenues at the Vancouver Island Casinos decreased by 10% in the fourth quarter and 3% in the twelve months of 2013, when compared to the fourth quarter and twelve months of 2012. These decreases were primarily due to decreases in table drop and slot coin-in, attributable to lower visitation caused by inclement winter weather conditions, and lower accelerated FDC revenues. As at December 31, 2012, the majority of the eligible expenditures approved by BCLC for the accelerated FDC project at Casino Nanaimo were reimbursed.

Expenses

Both human resources and property, marketing and administration expenses in the fourth quarter and twelve months of 2013 were relatively consistent with the same periods in 2012.

EBITDA

EBITDA decreased by 16% in the fourth quarter and 3% in the twelve months of 2013, when compared to the fourth quarter and twelve months of 2012. These decreases were primarily due to the decrease in 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)

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 3.5**	$ 3.0	17%	**$ 14.1**	$ 10.3	37%
Facility Development Commission	**0.7**	2.6	(73%)	**2.7**	3.5	(23%)
Hospitality and other revenues	**1.0**	0.7	43%	**3.0**	2.0	50%
Revenues before Promotional allowances	**5.2**	6.3	(17%)	**19.8**	15.8	25%
Less: Promotional allowances	**(0.2)**	(0.2)	0%	**(0.7)**	(0.5)	40%
Revenues	**5.0**	6.1	(18%)	**19.1**	15.3	25%
Human resources	**1.6**	1.6	0%	**6.0**	5.0	20%
Property, marketing and administration	**1.4**	1.1	27%	**4.2**	3.2	31%
EBITDA	**$ 2.0**	$ 3.4	(41%)	**$ 8.9**	$ 7.1	25%
Human resources as a % of Revenues before Promotional allowances	**30.8%**	25.4%		**30.3%**	31.6%	
EBITDA as a % of Revenues	**40.0%**	55.7%		**46.6%**	46.4%	

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Average
Slot Coin-In	$ 196.5	$ 180.6	$ 189.6	$ 191.2	$ 165.3	$ 107.3	$ 107.9	$ 114.1	$ 118.7	
Slot Win	$ 13.2	$ 12.4	$ 13.2	$ 12.6	$ 10.6	$ 7.0	$ 7.1	$ 7.6	$ 7.4	
Slot Win/Slot/Day(1)	$ 286	$ 308	$ 331	$ 321	$ 315	$ 296	$ 305	$ 327	$ 316	
Slot Win %	6.7%	6.9%	7.0%	6.6%	6.4%	6.5%	6.6%	6.7%	6.2%	6.6%

(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 the Company's Other BC Casinos increased by 17% in the fourth quarter and 37% in the twelve months of 2013, when compared to the same periods in 2012. These increases were primarily due to incremental revenues associated with the increase in slot coin-in arising from the opening of the permanent facility for Chances Maple Ridge in October 2013, which features an additional 73 slot machines over the now closed temporary facility, and the commencement of slot operations at Chances Chilliwack on November 1, 2012. The decline in FDC revenues for the fourth quarter and twelve months of 2013 compared to the same periods in 2012 was due to the non-recurring accelerated FDC revenues of $1.7 related to the previous bingo operations at Chilliwack Bingo recorded in the fourth quarter of 2012.

Expenses

Human resources expenses remained relatively consistent in the fourth quarter of 2013, when compared to the fourth quarter of 2012. Human resources expenses increased 20% in the twelve months of 2013, when compared to the same period in 2012. Property, marketing and administration expenses increased by 27% in the fourth quarter and 31% in the twelve months of 2013 when compared to the fourth quarter and twelve months of 2012. These increases were primarily due to the incremental costs associated with Chances Chilliwack, which commenced slot operations on November 1, 2012, as well as the opening of the permanent facility for Chances Maple Ridge in October 2013.

EBITDA

EBITDA decreased by 41% in the fourth quarter of 2013 compared with the fourth quarter of 2012. This was attributable to the decrease in accelerated FDC revenue, which was partially offset by the increases in gaming and hospitality and other revenues. EBITDA increased by 25% in the twelve months of 2013, when compared to the same period in 2012. This increase was primarily due to the growth in gaming revenues, which was partially offset by the decrease in accelerated FDC revenues and increase in 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)

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 8.4**	$ 9.0	(7%)	**$ 36.1**	$ 39.2	(8%)
Hospitality and other revenues	**1.8**	2.0	(10%)	**6.6**	5.7	16%
Revenues before Promotional allowances	**10.2**	11.0	(7%)	**42.7**	44.9	(5%)
Less: Promotional allowances	**(0.4)**	(0.6)	(33%)	**(1.7)**	(3.1)	(45%)
Revenues	**9.8**	10.4	(6%)	**41.0**	41.8	(2%)
Human resources	**4.0**	4.2	(5%)	**16.1**	17.1	(6%)
Property, marketing and administration	**3.5**	3.1	13%	**13.8**	13.3	4%
EBITDA	**$ 2.3**	$ 3.1	(26%)	**$ 11.1**	$ 11.4	(3%)
Human resources as a % of Revenues before Promotional allowances	**39.2%**	38.2%		**37.7%**	38.1%	
EBITDA as a % of Revenues	**23.5%**	29.8%		**27.1%**	27.3%	

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Average
Table Drop	$ 10.0	$ 11.9	$ 11.3	$ 9.6	$ 10.9	$ 10.4	$ 9.8	$ 10.5	$ 11.0	
Table Hold	$ 2.4	$ 2.2	$ 2.0	$ 2.4	$ 2.5	$ 1.9	$ 1.9	$ 2.3	$ 2.2	
Table Hold %	24.0%	18.8%	17.7%	25.0%	22.9%	18.3%	19.4%	21.9%	20.0%	20.8%
Poker Rake	$ 0.4	$ 0.5	$ 0.5	$ 0.6	$ 0.5	$ 0.5	$ 0.4	$ 0.4	$ 0.5	
Slot Coin-In	$ 182.0	$ 222.5	$ 202.6	$ 174.4	$ 193.7	$ 228.3	$ 206.2	$ 192.6	$ 193.5	
Slot Win	$ 14.0	$ 17.6	$ 15.8	$ 13.6	$ 14.8	$ 18.3	$ 16.1	$ 15.2	$ 15.0	
Slot Win/Slot/Day(1)	$ 186	$ 228	$ 208	$ 184	$ 185	$ 227	$ 205	$ 191	$ 185	
Slot Win %	7.7%	7.9%	7.8%	7.8%	7.6%	8.0%	7.8%	7.9%	7.8%	7.8%

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

Revenues

Gaming revenues at the Nova Scotia Casinos decreased by 7% in the fourth quarter of 2013, when compared with the fourth quarter of 2012. This decrease is primarily due to declines in table drop and slot coin-in. Inclement weather conditions resulting in two days of closure during the fourth quarter of 2013 and the weakened local economy had an adverse impact on visitation. Gaming revenues decreased by 8% in the twelve months of 2013, when compared to the same period in 2012. This decline was primarily due to a decrease in the Company's percentage of gaming revenues earned from NSPLCC as a result of the AROC amendment on October 1, 2012, as described in the "Major Developments" section of this MD&A. The decrease in the Company's share of gaming revenues was offset by an increase in the operator's fee associated with leased slots of $1.0 prior to the AROC amendment that was recorded as a contribution towards slot lease operating expenses under property, marketing and administration expenses.

Hospitality and other revenues in the fourth quarter of 2013 decreased by 10%, when compared with the fourth quarter of 2012, which is primarily attributable to decreased food and beverage revenues. Hospitality and other revenues increased by 16% in the twelve months of 2013, when compared to the same period in 2012. This increase was primarily due to the increase in the Company's operator's fee related to non-gaming revenues as a result of the AROC amendment in the fourth quarter of 2012.

Promotional allowances decreased by 33% in the fourth quarter and 45% in the twelve months of 2013, when compared to the same periods in 2012. These decreases were primarily attributable to a change in direct marketing efforts and strategies.

Expenses

Human resources expenses decreased by 5% in the fourth quarter and 6% in the twelve months of 2013, when compared to the same periods in 2012, primarily due to staffing adjustments to address decreased business volume.

Prior to October 1, 2012, when the AROC was amended, the Company received $1.0 per year related to the operation of leased slot machines that was recorded as a reduction to the related leased slot operating expenses that were part of property, marketing and administration expenses. Since October 1, 2012, the Company has been receiving an additional operator's fee, recorded as gaming revenues, equal to the lesser of $1.3 per year or 10% of leased slot machine revenues. As a result, property, marketing and administration expenses increased by 13% in the fourth quarter and by 4% in the twelve months of 2013, when compared with the same periods in 2012.

EBITDA

EBITDA decreased by 26% and 3% in the fourth quarter and twelve months of 2013 respectively, when compared to the same periods in 2012. These declines were primarily due to the decreases in revenues and human resources expenses, which were partially offset by the increase in property, marketing and administration expenses.

Great American Casinos

Results in U.S. Dollars (in millions)

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 5.0**	$ 4.4	14%	**$ 20.0**	$ 18.1	10%
Hospitality and other revenues	**1.9**	1.6	19%	**6.7**	5.8	16%
Revenues before Promotional allowances	**6.9**	6.0	15%	**26.7**	23.9	12%
Less: Promotional allowances	**(0.6)**	(0.7)	(14%)	**(2.6)**	(2.3)	13%
Revenues	**6.3**	5.3	19%	**24.1**	21.6	12%
Human resources	**3.4**	3.1	10%	**13.3**	12.8	4%
Property, marketing and administration	**2.0**	1.6	25%	**6.9**	6.2	11%
EBITDA	**$ 0.9**	$ 0.6	50%	**$ 3.9**	$ 2.6	50%
Human resources as a % of Revenues before Promotional allowances	**49.3%**	51.7%		**49.8%**	53.6%	
EBITDA as a % of Revenues	**14.3%**	11.3%		**16.2%**	12.0%	

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Average
Table Drop	$ 35.4	$ 34.7	$ 34.1	$ 33.9	$ 34.5	$ 31.6	$ 33.2	$ 35.5	$ 35.5	
Table Hold	$ 5.7	$ 5.6	$ 5.9	$ 5.5	$ 5.1	$ 4.7	$ 5.1	$ 5.4	$ 5.4	
Table Hold %	16.0%	16.1%	17.3%	16.2%	14.7%	14.9%	15.4%	15.2%	15.2%	15.6%

Results in Canadian Dollars

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
Revenues	**$ 6.6**	$ 5.3	25%	**$ 24.8**	$ 21.6	15%
EBITDA	**$ 0.9**	$ 0.6	50%	**$ 3.9**	$ 2.6	50%

Discussion in U.S. Dollars

Revenues
Revenues at Great American Casinos increased by 19% in the fourth quarter and 12% in the twelve months of 2013 when compared to the same periods in 2012. These increases were mainly due to the improvements in table drop and hold percentage and increased food and beverage revenues.

Expenses
Human resources expenses increased by 10% in the fourth quarter and by 4% in the twelve months of 2013, when compared to the same periods in 2012. Property, marketing and administration expenses increased by 25% in the fourth quarter and 11% in the twelve months of 2013 when compared to the same periods in 2012. These increases were primarily due to increased staffing cost, marketing expenses and food and beverage costs associated with the growth in gaming and hospitality revenues.

EBITDA
Great American Casinos' EBITDA increased by 50% both in the fourth quarter and twelve months of 2013 when compared to the same periods in 2012. These increases were mainly due to the increase 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 6% in the fourth quarter and increased by 3% in the twelve months of 2013, when compared to the same periods in 2012.

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

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

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 4.5**	$ 4.8	(6%)	**$ 19.0**	$ 20.1	(5%)
Facility Development Commission	**0.6**	0.6	0%	**3.2**	2.9	10%
Racetrack revenues	**2.2**	2.4	(8%)	**10.1**	11.3	(11%)
Hospitality and other revenues	**1.5**	1.5	0%	**7.3**	7.6	(4%)
Revenues before Promotional allowances	**8.8**	9.3	(5%)	**39.6**	41.9	(5%)
Less: Promotional allowances	**(0.4)**	(0.4)	0%	**(1.7)**	(1.8)	(6%)
Revenues	**8.4**	8.9	(6%)	**37.9**	40.1	(5%)
Human resources	**4.1**	4.3	(5%)	**17.9**	19.5	(8%)
Property, marketing and administration	**3.0**	3.0	0%	**12.8**	13.3	(4%)
EBITDA	**$ 1.3**	$ 1.6	(19%)	**$ 7.2**	$ 7.3	(1%)
Human resources as a % of Revenues before Promotional allowances	**46.6%**	46.2%		**45.2%**	46.5%	
EBITDA as a % of Revenues	**15.5%**	18.0%		**19.0%**	18.2%	

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Average
Table Drop	$ 5.5	$ 5.6	$ 6.0	$ 7.0	$ 7.1	$ 7.0	$ 7.2	$ 6.4	$ 6.0	
Table Hold	$ 1.5	$ 1.4	$ 1.4	$ 1.7	$ 1.7	$ 1.4	$ 1.4	$ 1.4	$ 1.3	
Table Hold %	26.8%	24.6%	23.3%	24.3%	24.2%	20.0%	19.4%	21.9%	21.7%	22.8%
Poker Rake	$ 0.2	$ 0.1	$ 0.2	$ 0.3	$ 0.1	$ 0.5	$ 0.3	$ 0.2	$ -	
Slot Coin-In	$ 196.9	$ 207.3	$ 225.8	$ 218.5	$ 227.3	$ 239.4	$ 246.3	$ 234.7	$ 240.4	
Slot Win	$ 15.4	$ 16.1	$ 17.7	$ 16.1	$ 16.5	$ 17.9	$ 18.4	$ 17.6	$ 17.3	
Slot Win/Slot/Day(1)	$ 161	$ 167	$ 184	$ 170	$ 169	$ 184	$ 191	$ 183	$ 179	
Slot Win %	7.8%	7.8%	7.8%	7.4%	7.3%	7.5%	7.5%	7.5%	7.2%	7.5%

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

Revenues

Revenues at the BC Racinos decreased by 6% in the fourth quarter and 5% in the twelve months of 2013, when compared to the same periods in 2012. These decreases were primarily due to decreases in gaming and racetrack revenues, which are attributable to 2 and 6 fewer live races in the fourth quarter and twelve months of 2013, respectively, when compared to the same periods in 2012 and the ongoing industry-wide decline in horse race wagering.

FDC revenues increased in the twelve months of 2013, when compared to the twelve months of 2012, due to the recognition of $0.7 previously deferred FDC revenues that were realized in the second quarter of 2013 when BCLC approved the related eligible expenditures for reimbursement.

Expenses

Human resources and property, marketing and administration expenses were both relatively consistent in the fourth quarter of 2013, when compared with the fourth quarter of 2012. Human resources and property, marketing and administration expenses decreased by 8% and 4%, respectively, in the twelve months of 2013, when compared to the same period in 2012. These decreases were primarily due to operational efficiencies implemented as a result of reduced revenues.

EBITDA

EBITDA at the BC Racinos decreased by 19% in the fourth quarter and by 1% in the twelve months of 2013, when compared with the same periods in 2012. These decreases are a result of declines in revenues, which were partially offset by the decrease in expenses.

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 in abeyance.

A collective agreement with Canadian Office and Professional Employees Union (COPE), Local 378, is applicable to specified racing, general and casino workers at the property. 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

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ -**	$ 5.8	(100%)	**$ 6.4**	$ 24.6	(74%)
Racetrack revenues	**1.2**	1.1	9%	**4.2**	4.5	(7%)
Hospitality, lease and other revenues (1)	**5.3**	1.1	382%	**15.6**	4.2	271%
Revenues	**6.5**	8.0	(19%)	**26.2**	33.3	(21%)
Human resources	**1.3**	1.9	(32%)	**5.5**	7.6	(28%)
Property, marketing and administration	**1.6**	1.8	(11%)	**6.7**	8.4	(20%)
EBITDA	**$ 3.6**	$ 4.3	(16%)	**$ 14.0**	$ 17.3	(19%)
Human resources as a % of Revenues before Promotional allowances	**20.0%**	23.8%		**21.0%**	22.8%	
EBITDA as a % of Revenues	**55.4%**	53.8%		**53.4%**	52.0%	

(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 received notice from OLG regarding the early termination of Georgian Downs' and Flamboro Downs' site holder agreements 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 will operate a reduced level of horse racing at the properties until March 31, 2015 on a transitional basis and will receive transition funding from the Government of Ontario.

<u>*Revenues*</u>
Revenues decreased by 19% in the fourth quarter and 21% in the twelve months of 2013, when compared to the same periods in 2012. 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 currently receive slot facility lease revenues from the OLG and fixed horse racing transition funds from the Government of Ontario. Consequently, there has been a decline in revenues at the Ontario Racetracks in the fourth quarter and twelve months of 2013 when compared to the fourth quarter and twelve months of 2012.

Included in gaming revenues in the second quarter of 2013 was a total of $0.7 without prejudice payments received to resolve disputes with OLG regarding the calculation of compensation due under the Flamboro Downs and Georgian Downs site holder agreements that ended on March 31, 2013.

<u>*Expenses*</u>
Human resources and property, marketing and administration expenses decreased by 22% in the fourth quarter and 24% in the twelve months of 2013, when compared to the same periods in 2012. These decreases were primarily due to operational adjustments implemented as a result of operating cost reductions required under the Ontario Racing Agreements.

<u>*EBITDA*</u>
EBITDA declined by 16% in the fourth quarter and 19% in the twelve months of 2013, when compared to

the same periods in 2012 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, 2010 to September 17, 2013, covers workers at Georgian Downs. Notice to commence collective bargaining was served on September 5, 2013, and collective bargaining concluded on October 24, 2013, resulting in a renewal collective agreement effective September 18, 2013 through September 17, 2015.

A collective agreement with Service Employees International Union, Local 2 (SEIU), with a term covering January 1, 2011 through December 31, 2013 and 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

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
Human resources	**$ 3.3**	$ 3.5	(6%)	**$ 13.5**	$ 13.5	0%
Property, marketing and administration	**1.3**	1.6	(19%)	**5.0**	6.7	(25%)
EBITDA	**$ (4.6)**	$ (5.1)	10%	**$ (18.5)**	$ (20.2)	8%

EBITDA

Corporate & Other EBITDA improved by 10% in the fourth quarter and 8% in the twelve months of 2013, when compared to the same periods in 2012. EBITDA was lower in 2012 primarily due to legal costs associated with a litigation that was settled during the year.

Discussion of Items Excluded from EBITDA

Amortization
Amortization decreased by $1.3 in the fourth quarter and $3.1 in the twelve months of 2013, when compared to the fourth quarter and twelve months of 2012. These decreases were primarily due to the settlement payment received from OLG in 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 $6.1 (2012 - $0.2) in the fourth quarter of 2013 comprises equity-settled share-based compensation of $0.3 (2012 - $0.4) and cash-settled share-based compensation of $5.8 (2012 - $0.2). The increase in share-based compensation was primarily due to the special share-based award of $4.8 as described in the "Major Developments" section of this MD&A. Also contributing to this increase was the higher cost of the Company's outstanding Deferred Share Units as a result of an increase in the Company's common share price.

Share-based compensation of $9.7 (2012 - $3.6) in the twelve months of 2013 comprises equity-settled share-based compensation of $2.3 (2012 - $2.2) and cash-settled share-based compensation of $7.4 (2012 - $1.4). The increase in share-based compensation was primarily due to both an increase in the cost of the Company's outstanding Deferred Share Units as a result of an increase in the Company's common share price and the special share-based award of $4.8.

(Reversal of) Impairment of Long-Lived Assets and Impairment of Goodwill
In the twelve months 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.

In the twelve months of 2012, the Company recorded non-cash impairments of long-lived assets of $50.8 and a non-cash impairment of goodwill of $3.2 associated with the early termination notice of the site holder agreements for Georgian Downs and Flamboro Downs, as described in the "Major Developments" section of this MD&A, as well as a non-cash impairment charge of $10.3 related to land in Ontario that was written down to its estimated recoverable amount.

Interest and Financing Costs, net
Interest and financing costs, net of interest income remained relatively consistent in the fourth quarter of 2013, when compared to the fourth quarter of 2012. Interest and financing costs, net of interest income decreased by $4.2 in the twelve months of 2013, when compared to the twelve months of 2012. This decrease was primarily due to the non-recurring expenses of $3.9 associated with the Subordinated Notes redemption and $2.4 in previously deferred financing transaction costs related to the Subordinated Notes and Term Loan B that were expensed during the twelve months of 2012 as part of the debt refinancing as described in the "Major Developments" section of this MD&A. These decreases were partially offset by higher net interest and financing costs primarily due to a higher amount of outstanding long-term debt.

Litigation Settlement
Litigation settlement of $11.0 in the twelve months of 2012 relates to the settlement of a legal dispute.

Restructuring and other
Restructuring and other expenses incurred in the fourth quarter of 2012 included the equity investment loss of $0.9 attributable to the acquisition of PDX Entertainment Company recognized in the fourth quarter

of 2012.

Restructuring and other expenses decreased by $3.1 in the twelve months of 2013, when compared to the twelve months of 2012, which was primarily attributable to the equity investment loss of $3.5 recognized in the twelve months of 2012. Restructuring expenses included $1.3 related to non-recurring staff severance costs incurred during the twelve months of 2013 primarily as a result of an expected reduction in the number of live horse racing days to be held at Georgian Downs and Flamboro Downs, as described in the "Major Developments" section of this MD&A.

Foreign exchange (gain) loss and other

Foreign exchange gain and other income in the fourth quarter of 2013 was relatively consistent with the fourth quarter of 2012. Foreign exchange gain and other income decreased by $7.7 in the twelve months of 2013, when compared to the same periods in 2012. Foreign exchange loss and other expenses in the fourth quarter of 2012 included $8.1 of accumulated losses on derivatives designated as cash flow hedges that were reclassified from "accumulated other comprehensive loss" on the final settlement of the Company's cross-currency interest rate and principal swaps in July 2012 as part of a debt refinancing.

Income Taxes

Income tax expense was higher in the fourth quarter of 2012, when compared to the fourth quarter of 2013. The higher tax expense was due to the non-recognition of a deferred tax asset, which was partially offset by a corporate income tax rate that was 0.75 percentage point lower when compared to 2013.

Income taxes increased by $28.1 in the twelve months of 2013, when compared to the twelve months of 2012. This increase was primarily due to higher earnings before income taxes and a corporate income tax rate that was 25.75% in 2013 compared to 25.0% in 2012.

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

CONSOLIDATED QUARTERLY RESULTS TREND

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Revenues	$ 101.6	$ 103.1	$ 102.1	$ 100.5	$ 102.8	$ 101.8	$ 101.3	$ 102.8	$ 95.7
EBITDA	$ 35.2	$ 39.1	$ 38.0	$ 38.3	$ 37.5	$ 35.8	$ 35.3	$ 39.0	$ 31.0
EBITDA as a % of Revenues	34.6%	37.9%	37.2%	38.1%	36.5%	35.2%	34.8%	37.9%	32.4%
Net earnings (loss)	$ 7.2	$ 13.3	$ 11.3	$ 31.3	$ 2.5	$ (0.9)	$ 2.7	$ (31.9)	$ 2.3
Net earnings (loss) per common share									
Basic	$ 0.11	$ 0.20	$ 0.17	$ 0.44	$ 0.04	$ (0.01)	$ 0.03	$ (0.39)	$ 0.03
Diluted	$ 0.10	$ 0.19	$ 0.16	$ 0.44	$ 0.03	$ (0.01)	$ 0.03	$ (0.39)	$ 0.03

In the fourth quarter of 2013, the Company's consolidated revenues decreased by 1% from those in the prior year comparable period. As described earlier in this MD&A, this decrease was primarily due to declines in revenues at the Ontario Racetracks, Boulevard and the Other BC Casinos and was partially offset by growth in revenues at River Rock and Great American Casinos. Gaming revenues have declined compared to the prior year primarily due to OLG's termination of the site holder agreement at Flamboro Downs and Georgian Downs as well as continued revenue decreases at Boulevard arising from a weakened local economy and guest disruption from the rebranding renovations and proximate highway construction that has been ongoing since 2010. During the twelve months of 2013, this construction included intermittent weekday and multiple weekend evening road closures affecting access to the property. Despite the receipt of lease revenues from OLG and horse racing transition funding from the Government of Ontario, there was an overall decline in revenues at the Ontario Racetracks since the second quarter of 2013.

Although the Company continues to focus on operating efficiencies, EBITDA has been affected by the one-time rebranding and pre-opening costs of $1.0 in the fourth quarter of 2013 for the relaunch of Boulevard as Hard Rock Casino Vancouver, which was completed in December 2013.

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.

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 December 31, 2013, 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

		December 31, 2013		December 31, 2012	% Chg		December 31, 2011	% Chg
Cash and cash equivalents	**$**	**192.6**	$	121.1	59%	$	141.8	(15%)
Other current assets		**18.9**		13.8	37%		15.5	(11%)
Property, plant and equipment		**596.3**		621.3	(4%)		663.6	(6%)
Other long-term assets		**107.9**		106.5	1%		155.2	(31%)
Total Assets	**$**	**915.7**	$	862.7	6%	$	976.1	(12%)
Current liabilities	**$**	**70.5**	$	63.8	11%	$	64.9	(2%)
Long-term debt & Derivative liabilities (excluding current portion)		**441.0**		439.9	0%		398.9	10%
Other long-term liabilities		**96.7**		78.7	23%		89.9	(12%)
Total Liabilities		**608.2**		582.4	4%		553.7	5%
Shareholders' equity		**307.5**		280.3	10%		422.4	(34%)
Total Liabilities and Shareholders' equity	**$**	**915.7**	$	862.7	6%	$	976.1	(12%)

Total Assets

Total assets increased by $53.0 in the twelve months of 2013, when compared to the total assets as at December 31, 2012. This increase was primarily due to cash generated by operating activities and reversal of impairment charges on long-lived assets associated with Georgian Downs and Flamboro Downs, as described in the “Major Developments” section of this MD&A, which was partially offset by the $31.5 settlement payment from OLG, common shares repurchased of $46.6 and the amortization of property, plant and equipment.

Total assets decreased by $113.4 as at December 31, 2012, when compared to the total assets as at December 31, 2011. This decrease was primarily due to the cash outflow of $130.1 to repurchase common shares, non-cash impairment charges, and the amortization of property, plant and equipment and intangible assets. These decreases were partially offset by cash generated by operating activities, additions to property, plant and equipment, and net proceeds of $31.7 associated with the debt refinancing.

Total Liabilities

Total liabilities increased by $25.8 in the twelve months of 2013, when compared to the total liabilities as at December 31, 2012. This increase was primarily due to increases in accounts payable and deferred tax liabilities associated with the reversals of impairments of Georgian Downs' and Flamboro Downs' long-lived assets.

Total liabilities increased by $28.7 as at December 31, 2012, when compared to the total liabilities as at December 31, 2011. This increase was primarily due to the increase in long-term debt related to the debt refinancing. This increase was partially offset by the decrease in deferred tax liabilities associated with the impairments of Georgian Downs' and Flamboro Downs' long-lived assets.

Shareholders' equity

Shareholders' equity increased by $27.2 in the twelve months of 2013, when compared to shareholders' equity as at December 31, 2012. This increase was primarily due to the net earnings of $63.1, comprehensive income of $1.4 and equity-settled share-based compensation of $2.3, and share options exercised of $7.0. The increase was partially offset by common shares repurchased of $46.6.

Shareholders' equity decreased by $142.1 as at December 31, 2012, when compared to shareholders' equity as at December 31, 2011. This decrease was primarily due to the common shares repurchased under the substantial issuer bid and normal course issuer bid totalling $130.1, and a net loss of $27.6. This decrease was partially offset by share options exercised of $7.9, other comprehensive income of $5.5, and equity-settled share-based compensation of $2.2.

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

Cash Flows

	Fourth Quarter			Twelve Months of		
	2013	2012	% Chg	**2013**	2012	% Chg
Cash generated by operating activities	**$ 34.2**	$ 36.5	(6%)	**$ 135.4**	$ 121.4	12%
Cash (used in) generated by investing activities	**(7.8)**	(5.9)	(32%)	**7.1**	(27.6)	
Cash used in financing activities	**(10.0)**	-		**(72.2)**	(114.9)	37%
Effect of foreign exchange on cash and cash equivalents	**0.5**	0.3	67%	**1.2**	0.4	200%
Cash inflow (outflow)	**$ 16.9**	$ 30.9	(45%)	**$ 71.5**	$ (20.7)	

Cash generated by operating activities was lower in the fourth quarter of 2013, when compared to the same period in 2012. This decrease was primarily due to lower EBITDA as discussed in the "Financial Highlights" section of this MD&A.

Cash generated by operating activities was higher in the twelve months of 2013, when compared to the same period in 2012. This increase was primarily due to higher EBITDA as discussed in the "Financial Highlights" section of this MD&A.

Cash used in investing activities in the fourth quarter of 2013 was primarily for the development of Chances Maple Ridge and the rebranding and redevelopment of Boulevard.

Cash generated by investing activities in the twelve months of 2013 was mainly attributable to the settlement payment related to the Georgian Downs facility that was received from OLG in April 2013 as described in the "Major Developments" section of this MD&A. This was partially offset by the capital investment for the development of Chances Maple Ridge and the redevelopment of Boulevard.

Cash used in financing activities was higher in the fourth quarter of 2013, when compared to the fourth quarter of 2012. A higher amount of cash was used to repurchase and cancel the Company's common shares in the fourth quarter of 2013, when compared to the same period in 2012.

Cash used in financing activities was lower in the twelve months of 2013, when compared to the twelve months of 2012. A lower amount of cash was used to repurchase and cancel the Company's common shares in the twelve months of 2013, when compared to the twelve months of 2012, which included a $100.0 substantial issuer bid. The Company also paid transaction costs of $6.3 associated with a debt refinancing in the twelve months of 2012. This decrease was partially offset by an $8.2 increase in interest paid during the twelve months of 2013, when compared to the twelve months of 2012.

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

Capital Resources

Long-Term Debt and Equity

	December 31, 2013	December 31, 2012
Senior Unsecured Notes, net of unamortized transaction costs of $9.0 (2012 - $10.1)	**$ 441.0**	$ 439.9

As at December 31, 2013, 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	2.51
Senior Secured Debt to Adjusted EBITDA ratio (1)	< 3.50	0.00
Interest Coverage ratio (1)	> 2.25	5.61
Fixed Charge Coverage ratio (2)	> 2.00	5.65

(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

The Company and its debt facilities had independent credit ratings as at December 31, 2013 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 December 31, 2013 there were 67,333,249 common shares issued and outstanding compared to 70,436,319 as at December 31, 2012. This decrease was primarily due to the purchase and cancellation of common shares under the Company's normal course issuer bid during the year ended December 31, 2013 which was partially offset by stock option exercises.

As at December 31, 2013, there were 4,155,107 share options outstanding at a weighted-average exercise price of $8.02.

As at March 4, 2014, there were 67,527,482 common shares outstanding and 3,959,874 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 earns a commission on 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 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 until the approved eligible costs of the project are recovered**.**

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:

	Year ended December 31, 2013	2012
Opening Approved Amounts	**$ 412.0**	$ 424.4
Additional Approved Amounts	**3.0**	22.8
FDC receipts	**(34.1)**	(35.2)
Closing Approved Amounts	**$ 380.9**	$ 412.0

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 fourth quarter and twelve months of 2013:

	Fourth Quarter 2013	2012	**Twelve Months of 2013**	2012
Maintenance capital expenditures net of related accounts payable	**$ -**	$ 0.5	**$ 3.6**	$ 3.3
Development capital expenditures net of related accounts payable	**7.3**	5.3	**21.3**	16.2
Total capital expenditures net of related accounts payable	**$ 7.3**	$ 5.8	**$ 24.9**	$ 19.5

Maintenance capital expenditures were primarily related to various property upgrades and information technology. Development capital expenditures during the fourth quarter and twelve months of 2013 were primarily related to Chances Maple Ridge and the rebranding and redevelopment of Boulevard. For the upcoming twelve months of 2014, the Company estimates that development capital expenditures and maintenance capital expenditures net of related accounts payable will total approximately $5.0 and $5.0, 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 December 31, 2013 (December 31, 2012 - $29.9).

Litigation

On June 29, 2012, the Company settled a long-standing legal dispute with a former Ontario-based consultant for a total cash payment of $11.0.

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.

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

Commitments

The Company expects the following maturities of its financial liabilities (including interest), operating leases and other contractual commitments:

	Expected payments by period as at December 31, 2013				
	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	$ 67.9	$ -	$ -	$ -	$ 67.9
Income taxes payable	-	-	-	-	-
Senior Unsecured Notes	29.8	59.6	59.6	569.3	718.3
Provisions	1.3	2.0	1.0	6.9	11.2
Operating leases (1)	3.7	4.1	3.6	7.6	19.0
Other contractual commitments (2)	6.5	2.9	2.1	5.6	17.1
Total	$ 109.2	$ 68.6	$ 66.3	$ 589.4	$ 833.5

(1) Operating leases include a ground lease with the City of Surrey, BC for Fraser Downs Racetrack and Casino, an operating agreement with the City of Vancouver, BC for Hastings Racecourse and Slots Facility, property leases for the Company's head office and Great American Gaming Corporation, and a ground lease with the City of Sydney, NS for Casino Nova Scotia Sydney.

(2) Other contractual commitments include the acquisition of property, plant and equipment of $0.8 (2012 - $1.0), various service contracts of $14.6 (2012 - $4.6), and amounts committed to NSPLCC to fund responsible gaming programs of $1.5 (2012 - $2.7).

Expected payments related to facility development projects are not reflected in this table unless they are contractually committed.

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.

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

OTHER FINANCIAL INFORMATION

Related Party Transactions

As defined under International Accounting Standards ("IAS") 24, *Related Party Disclosures*, key management personnel comprise the Company's Board of Directors and executive officers. Key management compensation was as follows:

		Year ended December 31,		
		2013		2012
Human resources [1]	**$**	**2.4**	$	2.3
Share-based compensation [2]		**5.6**		2.3
Total	**$**	**8.0**	$	4.6

[1] Human resources includes salaries and other short-term employee benefits.

[2] Share-based compensation includes equity and cash settled share-based compensation.

As at December 31, 2013, the liabilities of the Company included amounts due to key management personnel of $1.5 (2012 - $0.9) in "accounts payable and accrued liabilities" and $3.3 (2012 - $2.2) in "deferred credits, provisions and other liabilities" in the consolidated statements of financial position.

Restricted Cash

Restricted cash balance of $4.9, previously presented as "restricted cash" on the consolidated statements of financial position at December 31, 2012, has been retrospectively reclassified to "cash and cash equivalents." This change is also reflected in the calculation of cash flows for the fourth quarter and twelve months of 2012. Management believes this presentation better demonstrates the Company's true cash and cash equivalent position on the consolidated statements of financial position and cash flows.

Changes in Accounting Policies

Effective January 1, 2013, the Company adopted the following revised IASs and IFRSs issued by the International Accounting Standards Board ("IASB"). These revised IFRSs did not have a material impact on the Company's consolidated financial statements.

- *IAS 1, Presentation of Financial Statements* – amended to clarify the requirements for comparative information in the financial statements.
- *IAS 16, Property, Plant and Equipment* – amended to clarify the classification of servicing equipment.
- *IAS 19, Employee Benefits (2011)* – amended to change the accounting for defined benefit plans and terminations benefits, and improve the understandability and usefulness of disclosures.
- *IAS 32, Financial Instruments: Presentation ("IAS 32")* – amended to clarify that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12, *Income Taxes*.

- *IAS 34, Interim Financial Reporting* – amended to clarify the requirements for segment information related to total assets and total liabilities.

- *IFRS 7*, *Financial Instruments: Disclosures ("IFRS 7")* – amended to require disclosure about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

- *IFRS 13, Fair Value Measurement ("IFRS 13")* – provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. IFRS 13 was subsequently amended to clarify the scope of the portfolio exception.

Effective January 1, 2013, the Company also concurrently adopted the following five new and revised standards addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements with other entities. These standards did not have a material impact on the Company's consolidated financial statements.

- *IFRS 10, Consolidated Financial Statements ("IFRS 10")* – replaces the consolidation guidance in IAS 27 (2008), *Consolidated and Separate Financial Statements* ("IAS 27 (2008)"), and SIC-12, *Consolidated Special Purpose Entities*, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee.

- *IFRS 11, Joint Arrangements ("IFRS 11")* – replaces IAS 31, *Interests in Joint Ventures*. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed.

- *IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")* – requires enhanced disclosures about the entity's interests in subsidiaries, joint arrangements and associates, and unconsolidated structured entities.

- *IAS 27 (2011), Separate Financial Statements* – the consolidation requirements previously forming part of IAS 27 (2008) have been revised and are now contained in IFRS 10.

- *IAS 28 (2011), Investments in Associates and Joint Ventures* – amended to conform to changes based on the issuance of IFRS 10, IFRS 11, and IFRS 12.

Recent Accounting Pronouncements

The Company is currently evaluating the effects of the following new and revised accounting pronouncements and their impact on the Company's consolidated financial statements:

- *IAS 32* – 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, 12 and 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 7 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.

- International Financial Reporting Standards Interpretations Committee's Interpretation 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.

- *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* – 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. It is effective for annual periods beginning on or after July 1, 2014.

- *IAS 16 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* – 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 no earlier than annual periods beginning on or after 1 January 2017.

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 Annual Financial Statements. The Company's Annual 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 Annual Financial Statements. Future changes in accounting estimates will be applied on a prospective basis.

The estimates used in determining the recorded amounts in the Company's Annual Financial Statements include the following:

- *Impairment of long-lived assets and goodwill*

  The determination of a long-lived asset or goodwill impairment requires significant estimates and assumptions to determine the recoverable amount of an asset and/or CGU, wherein the recoverable amount is the higher of fair value less costs to sell and value in use. The value in use method involves estimating the net present value of future cash flows derived from the use of the asset and/or CGU, discounted at an appropriate rate.

  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, economic trends, and consider past communications with relevant stakeholders of the Company. These key assumptions include the future revenue levels and human resources and property, marketing and administration expenses. The assumptions are subject to a number of factors and it is possible that actual results could vary materially from management's estimates. Significant changes in the key assumptions utilized in the estimate of future cash flows could result in an impairment loss or reversal of an impairment loss.

- *Estimated useful lives of long-lived assets*

  Judgment is used to estimate each component of an asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, this could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

- *Equity-settled share-based compensation*

  The Company estimates the cost of equity-settled share-based compensation using the Black-Scholes option pricing model. The model takes into account an estimate of the expected life of the option, the current price of the underlying common share, the expected volatility, an estimate of future dividends on the underlying common share, the risk-free rate of return expected for an instrument with a term equal to the expected life of the option, and the expected forfeiture rate.

- *Income taxes*

  Deferred tax assets and liabilities are due to temporary differences between the carrying amount for accounting purposes and the tax basis of certain assets and liabilities, as well as undeducted tax losses. Estimation is required for the timing of the reversal of these temporary differences and the tax rate applied. The carrying amounts of assets and liabilities are based on amounts recorded in the financial statements and are subject to the accounting estimates inherent in those balances. The tax basis of assets and liabilities and the amount of undeducted tax losses are based on the applicable income tax legislation, regulations and interpretations. The timing of the reversal of the temporary differences and the timing of deduction of tax losses are based on estimations of the Company's future financial results.

  Changes in the expected operating results, enacted tax rates, legislation or regulations, and the Company's interpretations of income tax legislation will result in adjustments to the expectations of future timing difference reversals and may require material deferred tax adjustments.

- *Contingencies*

  Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the financial statements and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company and its subsidiaries. The adequacy of provisions is regularly assessed as new information becomes available.

  The Company does not record contingent assets.

The judgments used in applying the Company's significant accounting policies include the following:

- *Hedge accounting*

  The Company designated its cross-currency interest rate and principal swaps as cash flow hedges, and assessed the effectiveness of its hedging instruments at each reporting period up to their settlement on July 24, 2012, as described in the "Capital Resources" section of this MD&A. The fair values of the Company's cross-currency interest rate and principal swaps were based on credit risk adjusted discounted cash flows that require assumptions regarding the U.S. dollar exchange rate and discount rates, which were based on the prevailing U.S. dollar exchange rates and prevailing interest rates in Canada and U.S.

  The Company applied hedge accounting as it believed this was more representative of the economic substance of the underlying transactions. If the Company chooses to revoke this designation at a future period, the changes in fair value of the cross-currency interest rate and principal swaps would have been recorded in the consolidated statements of earnings (loss).

- *Determination of CGUs*

  The Company's assets are grouped into CGUs based on their ability to generate separate identifiable cash flows. The determination of CGUs involves an assessment regarding the interdependency of cash inflows, and the Company's organizational structure.

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.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal controls over financial reporting to provide reasonable assurance a) that material information about the Company and its subsidiaries would have been made known to them and b) regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

The Chief Executive Officer and Chief Financial Officer have evaluated and conclude that the Company's disclosure controls and procedures are adequately designed and effective for providing reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would have been made known to them as of the end of the fiscal year ended December 31, 2013.

As well, as of the end of the fiscal year ended December 31, 2013, the Chief Executive Officer and Chief Financial Officer have evaluated and concluded that the Company's internal controls over financial reporting, designed under the 1992 Committee of Sponsoring Organizations of the Treadway Commission's internal control integrated framework, are adequately designed and effective for providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

During 2013 there was no change in the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

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. Prior to October 1, 2012, gaming revenues were approximately equal to 55.5%, after deduction of the CRC, as described in the "Business Description" section of this MD&A.

- Facility Development Commission ("FDC") – revenues earned from BCLC as a fixed percentage of gross gaming revenues, 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). 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 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

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Gaming Revenues					
River Rock Casino Resort	$ 29.0	$ 29.7	$ 27.4	$ 30.6	$ 26.2
Boulevard (now "Hard Rock Casino Vancouver")	9.7	8.8	9.3	9.7	10.6
Vancouver Island Casinos	7.3	7.7	7.8	7.5	7.6
Other BC Casinos	3.5	3.4	3.7	3.5	3.0
Nova Scotia Casinos	8.4	10.2	9.2	8.3	9.0
Great American Casinos	5.3	5.1	5.3	4.8	4.4
BC Racinos	4.5	4.6	5.0	4.9	4.8
Ontario Racetracks	-	-	0.7	5.6	5.8
	67.7	**69.5**	**68.4**	**74.9**	**71.4**
Facility Development Commission					
River Rock Casino Resort	4.2	4.3	3.9	4.4	3.9
Boulevard (now "Hard Rock Casino Vancouver")	1.5	1.5	1.6	1.6	1.7
Vancouver Island Casinos	1.2	1.2	1.3	1.5	1.9
Other BC Casinos	0.7	0.7	0.7	0.7	2.6
BC Racinos	0.6	0.6	1.4	0.6	0.6
	8.2	**8.3**	**8.9**	**8.8**	**10.7**
Hospitality, Lease and Other Revenues					
River Rock Casino Resort	11.9	11.7	11.1	9.6	11.4
Boulevard (now "Hard Rock Casino Vancouver")	2.5	1.9	2.2	2.1	2.6
Vancouver Island Casinos	1.1	1.1	1.1	1.0	1.0
Other BC Casinos	1.0	0.7	0.7	0.6	0.7
Nova Scotia Casinos	1.8	1.7	1.7	1.4	2.0
Great American Casinos	2.0	1.7	1.6	1.6	1.6
BC Racinos	1.5	2.5	2.0	1.2	1.5
Ontario Racetracks	5.3	5.0	4.8	0.7	1.1
	27.1	**26.3**	**25.2**	**18.2**	**21.9**
Racetrack Revenues					
BC Racinos	2.2	2.7	2.9	2.2	2.4
Ontario Racetracks	1.2	1.1	1.1	1.0	1.1
	3.4	**3.8**	**4.0**	**3.2**	**3.5**
Promotional Allowances	(4.8)	(4.8)	(4.4)	(4.6)	(4.7)
Revenues	**$ 101.6**	**$ 103.1**	**$ 102.1**	**$ 100.5**	**$ 102.8**
EBITDA					
River Rock Casino Resort	$ 22.3	$ 23.7	$ 21.2	$ 22.7	$ 18.8
Boulevard (now "Hard Rock Casino Vancouver")	2.6	3.0	3.5	4.1	5.1
Vancouver Island Casinos	4.8	5.3	5.5	5.3	5.7
Other BC Casinos	2.0	2.2	2.4	2.3	3.4
Nova Scotia Casinos	2.3	3.9	2.9	2.1	3.1
Great American Casinos	0.9	0.8	1.3	0.9	0.6
BC Racinos	1.3	1.6	2.8	1.4	1.6
Ontario Racetracks	3.6	3.2	3.3	4.0	4.3
Corporate & Other	(4.6)	(4.6)	(4.9)	(4.5)	(5.1)
	$ 35.2	**$ 39.1**	**$ 38.0**	**$ 38.3**	**$ 37.5**