GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended
December 31, 2011

As at March 7, 2012

(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, business description, major developments, market update, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other financial information of Great Canadian Gaming Corporation (the "Company", "we", "our") is dated as of March 7, 2012.

This MD&A should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2011 and 2010 ("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, stock-based compensation, restructuring and other costs, impairment of long-lived assets, impairment of goodwill, foreign exchange loss and other, and non-controlling interests. 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 both management and investors with respect to the operating and financial performance of the Company. A reconciliation of EBITDA to shareholders' net earnings (loss) under IFRS is shown in the "Consolidated Results of Operations" section in this MD&A.

The following non-IFRS measures have common definitions in the gaming industry. Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games, and is commonly computed as the aggregate amount of money counted in the table games' drop boxes. Generally, the table drop is an indicator of our gaming business, however over the short-term, the table drop is subject to shifts in customer behaviour around buying, retaining and cashing-in of casino chips. Table hold is calculated as the table drop plus or minus the net change in casino chip inventory. Table hold percentage is the ratio of table hold divided by table drop. Table hold percentage fluctuates with the statistical variations or volatility inherent in casino games, as well as with changes in customer behaviour around buying, retaining and cashing-in of casino chips. Poker rake is the commission we earn from poker games at our casinos, and is calculated as a fixed percentage of the amount wagered by customers on every hand of poker played. Slot coin-in is the aggregate amount of money customers have wagered on slots and other electronic gaming machines. Slot win is the slot coin-in less amounts cashed out and prizes won by customers. Slot win per machine per day ("Slot Win/Slot/Day") is the average daily slot win earned per slot machine, and is calculated as the slot win divided by the number of days in the period, divided by the average number of slot machines that operated during the period. Slot win percentage is the ratio of slot win divided by slot coin-in.

Forward-Looking Information

This MD&A contains certain "forward-looking information" or statements within the meaning of applicable securities legislation. Forward-looking information is based on the Company's current expectations, estimates, projections and assumptions that were made by the Company in light of its historical trends and other factors. All information or statements, other than statements of historical fact, are forward-looking information including statements that address expectations, estimates or projections about the future, the Company's strategy for growth, expected future expenditures, costs, operating and financial results and expected impact of future commitments. Such forward-looking information is not a guarantee of future performance and may involve a number of risks and uncertainties. Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information.

Such factors may include, but are not limited to: terms of operational services agreements with lottery corporations; changes to gaming laws that may impact our operational services agreements; pending, proposed or unanticipated regulatory or policy changes; 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 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 claims with respect to some Crown land on which we conduct our operations; future or current legal proceedings; construction disruptions; financial covenants associated with credit facilities and long-term debt; credit, liquidity and market risks associated with our financial instruments; interest and exchange rate fluctuations; non-realization of cost reductions and synergies; demand for new products and services; fluctuations in operating results; and economic uncertainty and financial market volatility.

These factors and other risks and uncertainties are discussed in the Company's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the "Risk Factors" section of the Company's Annual Information Form for fiscal 2011 (dated March 7, 2012), and as identified in the Company's disclosure record on SEDAR at www.sedar.com.

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

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

FINANCIAL HIGHLIGHTS

	Fourth Quarter			Twelve Months of				
	2011	2010	% Chg	**2011**	2010	% Chg	2009 [(1)]	% Chg
Revenues	**$ 95.7**	$ 97.2	(2%)	**$ 388.2**	$ 383.5	1%	$ 382.2	0%
EBITDA [(2)]	**$ 30.9**	$ 35.0	(12%)	**$ 137.8**	$ 136.4	1%	$ 126.6	8%
EBITDA as a % of Revenues	**32.3%**	36.0%		**35.5%**	35.6%		33.1%	
Shareholders' net earnings (loss)	**$ 2.3**	$ (29.5)		**$ 26.2**	$ (8.1)		$ 23.5	
Shareholders' net earnings (loss) per common share:								
Basic	**$ 0.03**	$ (0.36)		**$ 0.32**	$ (0.10)		$ 0.29	
Diluted	**$ 0.03**	$ (0.36)		**$ 0.31**	$ (0.10)		$ 0.28	
Total assets				**$ 976.1**	$ 946.2	3%	$ 969.4	(2%)
Long-term debt & Derivative liabilities, excluding current portion				**$ 398.9**	$ 393.4	1%	$ 407.7	(4%)

(1) Results from operations presented under Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The transition from Canadian GAAP to IFRS is described in further detail in the "Other Financial Information" section of this MD&A.

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

For the three-month period ended December 31, 2011 ("fourth quarter of 2011"), the Company recorded revenues of $95.7, a $1.5 decrease from the fourth quarter of 2010. This revenue decrease was primarily due to the flat gaming revenues at River Rock Casino Resort ("River Rock") compared to the prior year period along with the decreased revenues at both the Boulevard Casino ("Boulevard") and the Company's BC Racinos. The decline at Boulevard was primarily due to a challenging local economy, continued disruption caused by the construction on provincial highway enhancements adjacent to that facility, as well as local competition, which included the Company's Maple Ridge Community Gaming Centre. Revenues at the Company's BC Racinos continue to be negatively impacted by an industry-wide decline in horse racing revenues. These revenue decreases were partially offset by the addition of lower margin hospitality revenues associated with River Rock's new hotel tower, which opened in October 2011, as well as increased revenues at the Other BC Casinos that were attributable to the May 2011 acquisition of Chilliwack Bingo.

Also contributing towards the revenue decrease was a $0.9 non-recurring reduction to other revenues associated with an accrual for sales taxes due on fees previously earned for providing automated banking machines services to our guests. This decrease was offset by $1.0 in non-recurring Facility Development Commission ("FDC") revenues earned by the Company's Vancouver Island Casinos in the fourth quarter of 2011 that were related to gaming revenues earned and accelerated FDC eligible expenditures incurred in prior quarters, but approved by British Columbia Lottery Corporation ("BCLC") during the fourth quarter of 2011.

EBITDA for the fourth quarter of 2011 was $30.9, a $4.1 decrease from the fourth quarter of 2010. This decrease was primarily due to the decrease in revenues, increased human resources expense associated with staffing related adjustments to accommodate the increased visitation and gaming volumes at River Rock, general inflationary increases and adjustments to human resources costs to ensure competitive compensation, $0.8 pre-opening costs associated with River Rock's new hotel tower, $0.2 increased business development costs, and non-recurring adjustments to staff benefit accruals.

For the twelve-month period ended December 31, 2011 ("twelve months of 2011"), the Company recorded revenues of $388.2, a $4.7 increase from the twelve months of 2010. This revenue increase was attributable to the performance of both River Rock and the Company's Other BC Casinos. The increase in River Rock's revenues was primarily due to overall improvements in table drop, table hold percentage, and slot coin-in, as well as the opening of that facility's new hotel tower in October 2011. The increase in the Other BC Casinos' revenues was primarily due to the October 2010 installation of 100 slot machines at the Maple Ridge Community Gaming Centre, as well as the addition of new revenues from the Company's May 2011 acquisition of Chilliwack Bingo. These revenue increases were partially offset by decreased revenues at both Boulevard and the Company's BC Racinos.

EBITDA for the twelve months of 2011 was relatively consistent with the twelve months of 2010. The improvements at River Rock and Other BC Casinos were largely offset by the performance of Boulevard and the BC Racinos. EBITDA for the twelve months of 2011 was also affected by the aforementioned non-recurring items in the fourth quarter of 2011. In addition, during the twelve months of 2011, the Company incurred $1.1 of increased business development costs that were recorded as property, marketing and administration expenses. EBITDA as a percentage of revenues for the twelve months of 2011 was consistent with the twelve months of 2010.

Shareholders' net earnings (loss) increased by $31.8 in the fourth quarter and by $34.3 in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These increases were primarily due to decreases in the impairment of long-lived assets and goodwill, and lower restructuring and other expenses. These decreases were partially offset by increases in amortization and interest and financing costs (net of interest income).

Revenues for the twelve months of 2010 were $383.5, a $1.3 increase from the twelve months of 2009. This revenue increase was primarily due to River Rock, and can be attributed to both the opening of the Canada Line transit system during the third quarter of 2009 and the completion of redevelopments and enhancements at River Rock during the fourth quarter of 2009 and the first quarter of 2010. River Rock's improvement was offset by decreased revenues at Boulevard, Great American Casinos, and the BC Racinos, the latter of which related primarily to the deconsolidation of TBC as described in the "Other Financial Information" section of this MD&A.

EBITDA for the twelve months of 2010 was $136.4, a $9.8 increase from the twelve months of 2009. These improvements were primarily due to River Rock's and Other BC Casinos' performance, and were primarily offset by the performance of Boulevard and Vancouver Island Casinos.

For the twelve months of 2010, shareholders' net earnings (loss) decreased by $31.6, when compared to the twelve months of 2009. This decrease was primarily due to non-cash impairment charges associated with Hastings Racecourse, Flamboro Downs, and other business development projects that would not be reinitiated in the foreseeable future, as well as the effects of the transition to International Financial Reporting Standards ("IFRS") as described in the "Other Financial Information" section of this MD&A.

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

BUSINESS DESCRIPTION

General

Great Canadian Gaming Corporation is a multi-jurisdictional gaming and entertainment operator with operations in British Columbia ("BC"), Ontario and Nova Scotia, Canada, and Washington State, United States of America ("Washington"). The Company operates ten casinos, a thoroughbred racetrack that offers slot machines, three standardbred racetracks (two offer slot machines and one offers both slot machines and table games), two community gaming centres, a bingo hall, a resort with two hotels, a conference centre and a marina, two show theatres, and various associated food and beverage and entertainment facilities. 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. Under its operating agreements in BC and Nova Scotia, the Company is reimbursed for the majority of its capital projects. As at December 31, 2011, 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, 2011 and December 31, 2010 were:

Entity	**December 31, 2011**	December 31, 2010
Chilliwack Gaming Ltd. [1]	**100%**	-
Flamboro Downs Limited	**100%**	100%
Georgian Downs Limited	**100%**	100%
Great American Gaming Corporation	**100%**	100%
Great Canadian Casinos Inc.	**100%**	100%
Great Canadian Entertainment Centres Ltd.	**100%**	100%
Hastings Entertainment Inc.	**100%**	100%
Metropolitan Entertainment Group	**100%**	100%
Orangeville Raceway Limited	**100%**	100%
TBC Teletheatre B.C. ("TBC") [2]	**50%**	50%

[1] The Company purchased the assets and undertaking of the Chilliwack Bingo Association as described in the "Major Developments" section of this MD&A.

[2] On March 18, 2005, the Company increased its ownership interest in TBC to 50% and effectively controlled and consolidated its operating results from that date. On April 1, 2010, the Company's control over this entity was reduced to significant influence so it ceased consolidating TBC from that date as described in the "Other Financial Information" section of this MD&A.

Business Strategy

The Company's vision is to be the leading gaming and entertainment company in its chosen markets by providing superior destinations, experiences, products and services. To meet this objective, the Company has adopted the strategies set out below. As a gaming service supplier, the Company works closely with its Crown corporation partners to develop its business strategy. The agreement of the Company's Crown corporation partners may be necessary to implement certain strategies, and would be required with respect to those strategies that require the deployment of new or expanded gaming assets.

Evaluate potential opportunities. Although the Company's primary focus is the optimization of our existing assets, the Company may consider further development, acquisition, or divestment opportunities within its chosen markets, should it believe these opportunities offer the potential for creating or maintaining shareholder value.

Drive incremental growth at the Company's existing assets. The provincial Crown corporations responsible for gaming have taken steps to limit the number of gaming facilities in the Company's markets, providing incumbent operators with opportunities to improve their facilities' market penetration. As a result of either capital investment or ongoing maintenance since 2003, the majority of the Company's properties are relatively new or newly renovated and are well positioned to capture benefits in the form of both increased revenues and improved profitability. Subject to Crown corporation approval, the Company may also seek opportunities to enhance the gaming products or services offered at its facilities.

Continuously improve the Company's operating efficiency. The Company continuously seeks to identify and implement initiatives intended to improve its profitability of its business and business processes. These initiatives may be implemented at both corporate head office and site levels, and form the foundation of the Company's efforts to establish a performance-based culture that recognizes outstanding service delivery, teamwork, and individual achievement. Examples of these initiatives have included the adoption of new products and technologies, the development of more focused marketing strategies, and adjustments to staffing and operating levels.

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

Operations

The following table summarizes our Canadian casino operations as at December 31, 2011:

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	2011	3 hotel towers with 395 rooms, approx 1,000 seat show theatre, 7 dining options, conference facilities, pool/spa, Racebook[2], marina, 28 touch bet terminals	1,006	112	June 23, 2014/ June 23, 2024
Boulevard Casino, Coquitlam, BC	2005	Approx 1,100 seat show theatre, 4 dining options, Racebook[2], 30 touch bet terminals	1,000	64	November 16, 2015/ November 16, 2025
View Royal Casino, Victoria, BC	2009	2 dining options	602	14	February 28, 2021
Casino Nanaimo, Nanaimo, BC	2011	1 dining option, Racebook[2]	406	6	February 28, 2021
Chances Gaming Entertainment, Dawson Creek, BC	2006	Bingo, 1 dining option, 3 electronic gaming devices	147	-	June 30, 2016/ June 30, 2026
Maple Ridge Community Gaming Centre (formerly "Haney Bingo Plex"), Maple Ridge, BC	2010	Bingo, concession, Racebook[2]	100	-	October 31, 2013/ October 31, 2033
Chilliwack Bingo, Chilliwack, BC	1996 [3]	Bingo, concession	-	-	May 31, 2016
Hastings Racecourse (Thoroughbred Racing), Vancouver, BC	2008	3 dining options, concession, Racebook[2]	596	-	October 28, 2012/ October 28, 2027
Fraser Downs Racetrack and Casino (Standardbred Racing), Surrey, BC	2005	4 dining options, 6 touch bet terminals, Racebook[2]	469	10	March 31, 2014/ March 31, 2024
TBC Teletheatre BC[2]	various	20 Racebooks[2]	-	-	-
Ontario					
Georgian Downs (Standardbred Racing), Innisfil, Ontario	2009	4 dining options, concession, meeting facilities, Racebook	1,000[4]	-	November 30, 2021/ November 30, 2026
Flamboro Downs (Standardbred Racing), Flamborough, Ontario	2001	4 dining options, meeting facility, Racebook	800[4]	-	April 9, 2016
Nova Scotia					
Casino Nova Scotia Halifax[5], Halifax, Nova Scotia	2006	2 dining options, entertainment show room, meeting facilities	575	32	July 1, 2015/ July 1, 2025
Casino Nova Scotia Sydney[5], Sydney, Nova Scotia	2006	1 dining option, lounge	299	11	July 1, 2015/ July 1, 2025
			7,000	249	

(1) Renewal terms, at the option of the Company in BC and Nova Scotia. Renewal terms, at the option of OLG in Ontario.

(2) We own or hold an interest in 22 Racebooks in BC. We own and operate two Racebooks; one at each of Hastings Racecourse and Fraser Downs Racetrack and Casino. The remaining 20 Racebooks, including those at River Rock Casino Resort, Boulevard Casino, Casino Nanaimo and Maple Ridge Community Gaming Centre are operated by TBC. TBC also offers internet and phone racetrack wagering. We own 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.

(3) The Company acquired the assets and undertaking of the Chilliwack Bingo Association in May 2011 as described in the "Major Developments" section of this MD&A.

(4) Slot machines at Georgian Downs and Flamboro Downs are owned and operated by OLG.

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

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

The following table summarizes our racetrack operations and the number of actual live race days in 2011 and 2010:

		Live Race Days	
Property	**Location**	**2011**	2010
Hastings Racecourse	Vancouver, BC	**69**	71
Fraser Downs Racetrack and Casino	Surrey, BC	**74**	87
Georgian Downs	Innisfil, ON	**103**	106
Flamboro Downs	Flamborough, ON	**195**	225

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 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 revenue 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, 2011, the Company's facilities contained 38% of the province's slot machines, which produced 38% of the province's win from slot machines, and 46% of the province's table games, which produced 52% of the province's win from table games.

In April 2010, the Company entered into a Memorandum of Agreement and related Addendum (the "Agreement") among the B.C. Horse Racing Industry, including the Company's wholly owned racetrack operators, Orangeville Raceway Ltd. and Hastings Entertainment Inc. That agreement established the authority of a B.C. Horse Racing Industry Management Committee (the "Committee") whose mandate is to provide strategic direction and business leadership to the local horse racing industry and provide a forum for industry participants to cooperate collectively in the development of the industry. The current Committee members include representatives from both the thoroughbred and standardbred horse associations, the President and Chief Executive Officer of the BCLC, representatives from the

Government of British Columbia, including the Gaming Policy and Enforcement Branch, 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 Committee, as described in the "Business of the Company" section of the Company's 2011 Annual Information Form, the Company's BC horse racing operations shared approximately 50% of a consolidated horse racing industry revenue fund in 2011 and 2010. 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 Committee, TBC Teletheatre B.C., in which the Company owns a 50% shareholding, is currently operated 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 Committee. Under current financial allocations, the Company's B.C. horse racing operations are estimated to share approximately 42% of the net revenue generated from horse racing and wagering on horse racing in B.C. through the above-mentioned consolidated horse racing industry revenue fund.

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 October to April 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 the Ontario Lottery and Gaming Corporation ("OLG"). The OLG operates three different gaming models: resort casinos (four sites), casinos and slots at racetracks (17 slots at racetrack operations, five OLG casinos, and one slots facility at a charity casino), and lotteries and bingo. In Ontario, the Company operates two racetracks, with slot operations owned and operated by OLG pursuant to siteholder agreements. The Company earns a siteholder payment based upon the win generated from the OLG slot machines, but a substantial portion of that win is retained by OLG. According to OLG's website, it directs gaming proceeds to Ontario's health care, education, infrastructure, amateur sports, problem gambling prevention, treatment and research, and to charitable organizations and non-profit corporations through the Ontario Trillium Foundation.

Seasonality

The gaming facilities at the Company's Ontario racetracks operate year-round, and are typically subject to seasonal variations associated with extreme weather conditions. Live racing generally operates from March to December at Georgian Downs, and during all months except October at Flamboro Downs.

Nova Scotia

Regulatory

In Nova Scotia, gaming activities are managed and conducted by the Nova Scotia Gaming Corporation ("NSGC"). The NSGC 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 NSGC and earns a commission based upon its casinos' revenues, a portion of which are retained by the NSGC. According to NSGC'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.

Seasonality

Sydney and Halifax, where the Nova Scotia casinos are located, do not generally experience harsh weather during the summer or winter months. However, occasional extreme weather conditions 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, 2011:

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

Changes to Board of Directors and Executive Management

On September 5, 2011, Mr. Ross J. McLeod, the Company's Founder, Chairman and Chief Executive Officer, suddenly passed away. On September 6, 2011, the Board of Directors appointed Mr. Rod N. Baker, the Company's President, as Interim Chief Executive Officer. Subsequently, on October 11, 2011, the Board of Directors appointed Mr. Rod N. Baker as the Company's President and Chief Executive Officer.

On September 29, 2011, Mr. Brian Egli resigned from the Board of Directors due to personal and family reasons. On November 10, 2011, Mr. Adrian Thomas retired from the Board of Directors due to health considerations.

Appointment of New Directors

On November 10, 2011, three new Directors were appointed to the Board of Directors.

The first new Director is Mr. Patrick Keenan, a Chartered Accountant and the Chairman and Chief Executive Officer of Keewhit Investments Limited. The second new Director is Mr. Neil Baker, a former member of the New York Stock Exchange and the owner of Ridgeline Corporation. Mr. Neil Baker both owns and possesses voting control over approximately 12% of the Company's outstanding shares. The third new Director is Mr. William Andrew Dimma, a professional engineer, who has served on nearly 100 different charitable and corporate Boards over the past 40 years.

British Columbia

Chilliwack Bingo

On May 31, 2011, the Company, through its wholly owned subsidiary Chilliwack Gaming Ltd., purchased the assets and undertaking of the Chilliwack Bingo Association ("CBA") for upfront cash consideration of $10.2. The CBA operated Chilliwack Bingo, a bingo hall located in Chilliwack, British Columbia, whose Bingo Operational Services Agreement ("BOSA") is scheduled for renewal in May 2016. The CBA also owned an approximately five-acre site in Chilliwack, which the Company purchased and intends to utilize for the development of a community gaming centre. The acquisition agreement includes contingent trailing payments, to be paid to the CBA over 20 years, which are dependent on the level of future slot win generated by a future community gaming centre. While there is no maximum contingent future trailing payment, the Company estimates that the undiscounted contingent trailing payments will likely range from $2.4 to $4.0. As at December 31, 2011, the Company recognized a discounted contingent trailing payment liability of $1.0 in the "deferred credits, provision and other liabilities" line of the consolidated statement of financial position. As at December 31, 2011, the Company has spent approximately $3.4 of an estimated $15.0 to develop the community gaming centre and acquire adjacent land. The Company anticipates that it will reach completion by the first quarter of 2013.

River Rock Casino Resort

On October 17, 2011, the Company opened "The Hotel at River Rock", its third hotel tower. This tower, which added 193 rooms to the facility's existing capacity of 202 rooms, both improves River Rock's appeal for future visitors and enhances its ability to serve as a conference centre. As at December 31, 2011, the Company incurred $21.6 of an estimated $24.0 in construction and equipment costs for this project. The remaining costs for this project relate to furnishings and aesthetic enhancements.

During the second quarter of 2011, the Company commenced upgrades to River Rock's first two hotel towers. The "River Rock Casino Resort Suites", which first opened in 2005, will be refreshing all of its 202 guest rooms to maintain its current AAA Four Diamond Rating. As at December 31, 2011, the Company has spent approximately $0.9 of an estimated $3.2 on this project, which will reach completion during the first quarter of 2012.

During the first quarter of 2010, the Company completed several enhancements at River Rock. These enhancements, which had a total cost of $2.8, optimized the property's ability to accommodate the increased traffic generated by the Canada Line mass transit system that was completed in August 2009.

Boulevard Casino

The Company is redeveloping Boulevard. This redevelopment will feature a hotel with approximately 181 rooms, conference facilities, additional dining options, and will better integrate the facility's existing entertainment and dining amenities. The Company estimates that the construction of the hotel will commence in the second quarter of 2012, and is targeting completion during the fourth quarter of 2013, after the provincial highway construction concludes. In addition, the Company is considering both concurrent casino floor renovations and a property rebranding to revitalize Boulevard's gaming offerings. These property redevelopments and modifications remain subject to approvals from BCLC and the local municipality. The estimated total cost of both the redevelopment and the gaming offering enhancements is $60.0.

Casino Nanaimo

During the third quarter of 2011, the Company commenced facility upgrades at Casino Nanaimo. The upgrades include improvements to the exterior of the property, which are intended to increase the facility's overall appeal and visibility. As at December 31, 2011, the Company has spent approximately $0.8 of an estimated $1.3 on this project, which it anticipates will reach completion during the first quarter of 2012.

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

On October 15, 2010, 100 slot machines commenced operation at the Company's Maple Ridge Community Gaming Centre. In order to facilitate the operation of slots at this temporary facility and the construction of the permanent facility, the Company committed $4.2 for both property enhancements and servicing commitments to the district of Maple Ridge. As at December 31, 2011, the Company has spent $1.7 of costs on the temporary facility and incurred $1.4 of costs towards fulfilling servicing commitments related to the construction of the permanent facility. The Company also incurred $0.9 of costs related to site preparation of the permanent facility.

In addition to the $1.0 already paid to the Ridge Meadows Bingo Association in connection with the original purchase of this facility, the operation of slots has initiated a total of $1.3 in trailing purchase payments, to be paid in annual instalments starting in 2010 until 2019. The Company has also invested $4.7 towards the purchase of land required for a permanent facility in Maple Ridge. The Company anticipates that this permanent facility will reach completion prior to October 2013.

Ontario

During 2009 and 2010, the Company expanded Georgian Downs in order to accommodate an increase in that property's gaming capacity to 1,000 slot machines, which are owned and operated by OLG. To date, the Company has spent approximately $33.1 of an estimated $33.6 on this expansion. The remaining costs for the project are associated with service agreements with the municipality that include onsite parking and traffic lights.

As described in the following "Market Update" section of this MD&A, in February 2012, the Commission on the Reform of Ontario's Public Services released a report that recommended a reduction to the Government of Ontario's practice of providing subsidies to horse racetracks in Ontario, and an expansion of the availability of competing slot machines in the Province. If these recommendations are implemented by the Government of Ontario, they would have a negative impact on revenues generated by Georgian Downs and Flamboro Downs. For 2011, Georgian Downs generated EBITDA of $9.3 (2010 - $8.4) and Flamboro Downs generated EBITDA of $8.1 (2010 - $7.9).

Amendment and Extension of Revolving Credit Facility

On July 21, 2011, the Company completed an amendment of its February 14, 2007 Credit and Guarantee Agreement ("Credit Agreement") which covers the terms of its Revolving Credit Facility and Senior Secured Term Loan B. Consequently, the Company's previous undrawn $200.0 Revolving Credit Facility that was to expire on February 14, 2012 has been increased to a maximum limit of $350.0 and extended to July 21, 2016. Transaction costs associated with refinancing the Revolving Credit Facility of $2.8 are included in the "other assets" line of the consolidated statements of financial position and amortized through the "interest and financing costs, net" line of the consolidated statements of earnings (loss) over the five-year term.

On August 4, 2011, as a result of this refinancing, the Company entered into novation agreements that transferred the responsibilities for forty percent of the cash flows associated with cross-currency interest rate and principal swaps of our Term Loan B and Senior Subordinated Notes from a former Revolving Credit Facility lender to a continuing Revolving Credit Facility lender. At the time of these transfers, the swaps were in liability positions. Consequently, as described in the "Capital Resources" section of the MD&A, the Company will pay the new swap-counterparty slightly higher Canadian Dollar interest rates in exchange for the U.S. Dollar cash flows required by the swaps. There have been no other changes in the remaining components of the Company's long-term debt and associated cross-currency interest rate and principal swaps.

Normal Course Issuer Bid

On September 8, 2011, the Company received approval from the Toronto Stock Exchange ("TSX") to purchase up to an additional 3,844,359 of its common shares. The amended TSX notice authorizes the Company to purchase up to 5,844,359 common shares of the Company from January 27, 2011 to January 26, 2012, or earlier if the number of shares approved for purchase in the issuer bid have been obtained.

During the three months ended December 31, 2011, the Company did not purchase any shares. For the twelve months ended December 31, 2011, the Company purchased 1,479,600 common shares under the current normal course issuer bid at a volume weighted average price of $7.16. During 2010, no common shares were purchased under the normal course issuer bid.

Subsequent to December 31, 2011, the Company received approval from the TSX to commence another normal course issuer bid for up to 5,811,197 of its common shares, representing approximately 10% of the Company's common shares in the public float. This bid commenced on January 27, 2012 and will end on January 26, 2013, or earlier if the number of shares approved for purchase in the issuer bid have been obtained. Pursuant to TSX policies, daily purchases made by the Company will not exceed 37,069 common shares or 25% of the average daily trading volume of 148,277 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.

MARKET UPDATE

British Columbia

Renewal of Operating Lease Agreement for Hastings Racecourse

The first five-year term of the Operating Lease Agreement for Hastings Racecourse will expire in November 2012. The Company had an option to renew this operating agreement with the City of Vancouver for an additional 15-year term, which was dependent upon the Company committing to perform several upgrades related to the property's parking and backstretch areas. The Company has decided not to renew on these existing terms and is in discussions with the City of Vancouver around the renewal of this agreement. During this period, Hastings Racecourse continues to operate as usual.

Mandatory Temporary Closure of Hastings Racecourse

As required under the terms of its Operating Agreement, Hastings Racecourse closed for the Olympic Games between February 1, 2010 and March 3, 2010. The Company suspended all gaming, racing, and hospitality operations at the property during this period. This closure both reduced all revenues at Hastings Racecourse during the first quarter of 2010 and diminished awareness of the property among patrons for the balance of the year, resulting in subsequent decreases in both visitation and gaming volumes.

Online Gaming

In July 2010, BCLC expanded its existing gaming website to provide British Columbia residents with the ability to wager on casino-style games online. Although this form of gaming does represent a competitive entertainment option within the provincial market, BCLC has stated that its online offerings will seek to encourage patrons to visit the province's physical gaming properties. To date, online gaming has created no discernible impact upon the Company's business.

Competition

One of the Company's direct competitors in the Metro Vancouver area is currently seeking the necessary approvals to commence redevelopment. This redevelopment would relocate the facility to a new location within the same area by 2014. The redevelopment plan previously included increased gaming capacity from 500 slot machines and 55 table games to a maximum of 1,500 slot machines and 150 table games; however, the expanded gaming capacity was not approved by the City of Vancouver. As of the date of this MD&A, no application for development of the new location has been submitted.

Ontario

During the fourth quarter of 2010, OLG commenced a Request for Proposal process to evaluate a potential change in operator for its Casino Rama in Ramara, Ontario. The operator that OLG selects will receive maximum annual compensation of $5.0. The Company has decided to withdraw its application from this process.

During the first quarter of 2011, OLG announced that it had initiated a strategic business review of its two core offerings, land-based gaming and its lottery business. This review will examine all of OLG's business lines in order to determine a strategic direction for the future of gaming in the province. The goals of this process are to survey stakeholder perceptions regarding the future of lottery and gaming in Ontario, examine best practices within domestic and international markets, and identify opportunities to work in new ways with the private sector or other stakeholders. It is expected that OLG and the Government of Ontario will conclude this process during 2012.

In late 2011, the Government of Ontario commissioned an independent financial review. In February 2012, the Commission on the Reform of Ontario's Public Services, chaired by Mr. Don Drummond, released a report (the "Drummond Report") with recommendations aimed at improving the Government of Ontario's economic and fiscal challenges. The recommendations in the Drummond Report are directed across a wide-range of government activities and include some recommendations that may affect horse racing and gaming in Ontario. The Drummond Report recommends re-evaluating, on a value-for-money basis, the government's practice of providing a portion of net slot revenues to the horse racing and breeding industry and municipalities in order to substantially reduce and better target that support. Any material changes to this program could have significant impact on both the operations and financial performance of the Company's two racetracks in Ontario. The Drummond Report also recommends that the government allow slot machines at sites that are not co-located with horse racing venues, as well as consider directing OLG to expand its existing business lines, develop new gaming opportunities and make effective use of private-sector involvement. Changes in locations of slot machines and expansion of business lines could increase the competition faced by the Company's two racetracks in Ontario. It is not certain at this time which, if any, of the recommendations will be implemented and the impact they may have on the Company. These changes to the structuring of gaming activity in Ontario may have a negative impact on the Company. Also the pace of such changes, if implemented, may be affected by the willingness and ability of OLG to make changes to the existing agreements it has with the Company before the current expiry dates of the agreements. Therefore, while the Company's Georgian Downs and Flamboro Downs Site Holder Agreements with OLG are scheduled to expire in November 2026 and April 2016, respectively, there is a risk that the OLG may terminate these Site Holder Agreements early by providing the Company with 270 days advance written notice in order to effect these recommendations. If these recommendations are implemented, they would have a negative impact on revenues generated by Georgian Downs and Flamboro Downs, and may result in the need for goodwill and long-lived asset impairments at these properties.

Nova Scotia

In May 2010, a new gaming facility opened in Moncton, New Brunswick. Although the Company does not own or operate any facilities within that province, Moncton is approximately 260km north of Halifax, Nova Scotia. The Company believes that a portion of the patrons at its Nova Scotia casinos reside in New Brunswick, and that the new facility has increased competition for these patrons. However, to date the new facility has not created a material impact upon the Nova Scotia casinos' business.

Washington State

In February 2011, a city council vote in Tukwila, Washington resulted in a prohibition of the operation of card rooms in that city effective January 1, 2016. In December 2011, the city repealed this prohibition.

CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes the consolidated operating results for the three-month and twelve-month periods ended December 31, 2011 with comparatives for the prior period.

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Gaming revenues	**$ 68.4**	$ 69.1	(1%)	**$ 281.9**	$ 274.9	3%
Facility Development Commission	**8.5**	8.1	5%	**32.1**	30.2	6%
Hospitality and other revenues	**18.9**	18.0	5%	**70.4**	67.5	4%
Racetrack revenues	**4.5**	5.4	(17%)	**19.5**	23.3	(16%)
	100.3	100.6	0%	**403.9**	395.9	2%
Less: Promotional allowances	**(4.6)**	(3.4)	35%	**(15.7)**	(12.4)	27%
Revenues	**95.7**	97.2	(2%)	**388.2**	383.5	1%
Human resources	**39.1**	37.7	4%	**154.9**	153.2	1%
Property, marketing and administration	**25.7**	24.5	5%	**95.5**	93.9	2%
	64.8	62.2	4%	**250.4**	247.1	1%
EBITDA	**30.9**	35.0	(12%)	**137.8**	136.4	1%
Human resources as a % of Revenues before Promotional allowances	**39.0%**	37.5%		**38.4%**	38.7%	
EBITDA as a % of Revenues	**32.3%**	36.0%		**35.5%**	35.6%	
Amortization	**14.8**	13.5		**58.5**	53.7	
Stock-based compensation	**0.6**	0.8		**4.9**	4.8	
Restructuring and other	**0.8**	2.1		**0.5**	3.4	
Interest and financing costs, net	**7.7**	6.1		**29.5**	28.0	
Impairment of long-lived assets	**4.4**	31.9		**4.4**	35.1	
Impairment of goodwill	**-**	14.2		**-**	14.2	
Other expenses	**(0.9)**	(0.1)		**3.2**	0.3	
Income taxes	**1.2**	(4.0)		**10.6**	5.0	
Shareholders' net earnings (loss)	**$ 2.3**	$ (29.5)		**$ 26.2**	$ (8.1)	
Shareholders' net earnings (loss) per common share:						
Basic	**$ 0.03**	$ (0.36)		**$ 0.32**	$ (0.10)	
Diluted	**$ 0.03**	$ (0.36)		**$ 0.31**	$ (0.10)	
Weighted average number of common shares (in thousands):						
Basic	**82,161**	82,801		**82,670**	82,641	
Diluted	**83,651**	82,801		**84,210**	82,641	

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

Discussion of Results

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

REVENUES and EBITDA

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
REVENUES						
Casinos						
River Rock Casino Resort	**$ 34.1**	$ 33.5	2%	**$ 138.3**	$ 127.3	9%
Boulevard Casino	**14.3**	15.3	(7%)	**57.9**	63.6	(9%)
Vancouver Island Casinos	**10.4**	10.0	4%	**39.5**	40.0	(1%)
Other BC Casinos	**3.3**	2.8	18%	**11.5**	7.5	53%
Nova Scotia Casinos	**9.7**	10.4	(7%)	**41.9**	42.4	(1%)
Great American Casinos	**5.8**	5.6	4%	**22.7**	22.1	3%
	77.6	77.6	0%	**311.8**	302.9	3%
Racinos						
BC Racinos	**9.6**	11.0	(13%)	**42.0**	45.7	(8%)
Georgian Downs	**4.0**	4.1	(2%)	**16.1**	15.9	1%
Flamboro Downs	**4.5**	4.5	0%	**18.3**	18.5	(1%)
	18.1	19.6	(8%)	**76.4**	80.1	(5%)
Corporate & Other	**-**	-		**-**	0.5	(100%)
Total Revenues	**$ 95.7**	$ 97.2	(2%)	**$ 388.2**	$ 383.5	1%
EBITDA						
Casinos						
River Rock Casino Resort	**$ 13.5**	$ 15.3	(12%)	**$ 64.8**	$ 58.6	11%
Boulevard Casino	**5.3**	6.1	(13%)	**23.0**	28.2	(18%)
Vancouver Island Casinos	**6.1**	5.6	9%	**22.5**	23.3	(3%)
Other BC Casinos	**1.5**	1.5	0%	**4.9**	3.1	58%
Nova Scotia Casinos	**2.1**	2.6	(19%)	**11.2**	11.1	1%
Great American Casinos	**1.0**	1.4	(29%)	**4.5**	3.6	25%
	29.5	32.5	(9%)	**130.9**	127.9	2%
Racinos						
BC Racinos	**2.6**	4.0	(35%)	**10.9**	13.1	(17%)
Georgian Downs	**2.1**	2.1	0%	**9.3**	8.4	11%
Flamboro Downs	**2.1**	1.8	17%	**8.1**	7.9	3%
	6.8	7.9	(14%)	**28.3**	29.4	(4%)
Corporate & Other	**(5.4)**	(5.4)	0%	**(21.4)**	(20.9)	(2%)
Total EBITDA	**$ 30.9**	$ 35.0	(12%)	**$ 137.8**	$ 136.4	1%

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

Casinos

River Rock Casino Resort [1]

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Gaming revenues	**$ 22.5**	$ 22.7	(1%)	**$ 94.4**	$ 86.2	10%
Facility Development Commission	**3.3**	3.3	0%	**14.0**	12.6	11%
Hospitality and other revenues	**10.1**	8.8	15%	**35.6**	33.0	8%
Revenues before Promotional allowances	**35.9**	34.8	3%	**144.0**	131.8	9%
Less: Promotional allowances	**(1.8)**	(1.3)	38%	**(5.7)**	(4.5)	27%
Revenues	**34.1**	33.5	2%	**138.3**	127.3	9%
Human resources	**12.7**	11.4	11%	**47.3**	44.6	6%
Property, marketing and administration	**7.9**	6.8	16%	**26.2**	24.1	9%
EBITDA	**$ 13.5**	$ 15.3	(12%)	**$ 64.8**	$ 58.6	11%
Human resources as a % of Revenues before Promotional allowances	**35.4%**	32.8%		**32.8%**	33.8%	
EBITDA as a % of Revenues	**39.6%**	45.7%		**46.9%**	46.0%	

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

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Average
Table Drop	$ 169.4	$ 175.9	$ 178.4	$ 181.3	$ 176.7	$ 151.2	$ 149.4	$ 160.3	$ 151.7	
Table Hold	$ 32.5	$ 39.2	$ 39.1	$ 34.5	$ 34.4	$ 29.5	$ 32.5	$ 29.8	$ 30.8	
Table Hold %	19.2%	22.3%	21.9%	19.0%	19.5%	19.6%	21.7%	18.6%	20.3%	20.2%
Poker Rake	$ 1.2	$ 1.1	$ 1.1	$ 1.2	$ 1.5	$ 1.4	$ 1.3	$ 1.6	$ 1.4	
Slot Coin-In	$ 522.8	$ 490.9	$ 477.3	$ 448.2	$ 448.5	$ 451.8	$ 447.9	$ 434.5	$ 420.6	
Slot Win	$ 34.5	$ 34.1	$ 34.3	$ 30.3	$ 31.6	$ 32.8	$ 31.4	$ 30.7	$ 28.8	
Slot Win/Slot/Day[2]	$ 375	$ 376	$ 384	$ 339	$ 348	$ 361	$ 346	$ 348	$ 362	
Slot Win %	6.6%	6.9%	7.2%	6.8%	7.0%	7.3%	7.0%	7.1%	6.8%	7.0%

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

Revenues

Gaming revenues at River Rock in the fourth quarter of 2011 were relatively consistent with the same period in 2010. The decline in River Rock's table hold in the fourth quarter of 2011 was largely offset by improvements in slot win.

River Rock's table hold percentage during the fourth quarter of 2011 was 19.2%. This percentage was 0.3 percentage points below the property's table hold percentage during the fourth quarter of 2010, which in combination with the decrease in table drop, resulted in a 5.5% decline in River Rock's table hold in the fourth quarter of 2011.

Gaming revenues at River Rock increased by 10% in the twelve months of 2011, when compared to the twelve months of 2010. This increase was primarily due to improvements in table drop, table hold percentage, and slot coin-in. This growth in gaming revenues can be primarily attributed to the continued benefit of the redevelopments, enhancements, and associated increase in player demand at River Rock.

Hospitality and other revenues increased by 15% in the fourth quarter and 8% in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These increases were primarily due to the third hotel tower, which opened on October 17, 2011, and were partially offset by a non-recurring reduction to other revenues associated with sales taxes due on fees previously earned for providing automated banking machine services to our guests of $0.2.

River Rock's average daily hotel revenue per available room ("REVPAR") was $91 dollars in the fourth quarter of 2011, compared to $126 dollars in the fourth quarter of 2010. This decrease was due to a 19.1 percentage point decrease in the average hotel occupancy rate to 60% and an 8% decrease in the average daily room rate ("ADR") to $151 dollars. The decreases in occupancy rate and ADR were as a result of the new hotel tower at River Rock, which introduced additional capacity at a lower price compared to River Rock's first two hotel towers. The new hotel tower is operating as expected during its start-up period. The Company expects "The Hotel at River Rock" to complete its brand establishment and start-up phases by the end of 2012.

Promotional allowance increased by $0.5 in the fourth quarter and $1.2 in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These increases were primarily due to the increased incentives associated with direct marketing efforts.

Expenses

Human resources expenses increased by 11% in the fourth quarter and 6% in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These increases were primarily due to incremental staffing costs associated with the new hotel tower, overall increases in customer visitation, inflationary increases and adjustments to ensure competitive compensation, and non-recurring adjustments to staff benefit cost accruals of $0.1.

Property, marketing and administration expenses increased by 16% in the fourth quarter and 9% in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These increases were primarily due to non-recurring pre-opening expenses of $0.8 associated with the third hotel tower.

EBITDA

EBITDA decreased by 12% in the fourth quarter of 2011, when compared to the fourth quarter of 2010. This decrease was primarily due to the increased operating expenses that were only partially offset by increased revenues.

EBITDA increased by 11% in the twelve months of 2011, when compared to the twelve months of 2010. These improvements were primarily due to River Rock's revenue increases, and were partially offset by the increased expenses, primarily related to the new hotel tower.

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

Boulevard Casino [1]

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Gaming revenues	**$ 10.8**	$ 11.3	(4%)	**$ 44.1**	$ 47.9	(8%)
Facility Development Commission	**1.8**	1.9	(5%)	**7.2**	7.8	(8%)
Hospitality and other revenues	**2.3**	2.6	(12%)	**8.7**	9.4	(7%)
Revenues before Promotional allowances	**14.9**	15.8	(6%)	**60.0**	65.1	(8%)
Less: Promotional allowances	**(0.6)**	(0.5)	20%	**(2.1)**	(1.5)	40%
Revenues	**14.3**	15.3	(7%)	**57.9**	63.6	(9%)
Human resources	**5.9**	6.0	(2%)	**23.5**	23.8	(1%)
Property, marketing and administration	**3.2**	3.2	0%	**11.5**	11.6	(1%)
EBITDA	**$ 5.2**	$ 6.1	(15%)	**$ 22.9**	$ 28.2	(19%)
Human resources as a % of Revenues before Promotional allowances	**39.6%**	38.0%		**39.2%**	36.6%	
EBITDA as a % of Revenues	**36.4%**	39.9%		**39.6%**	44.3%	

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

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Average
Table Drop	$ 41.6	$ 39.7	$ 40.3	$ 39.3	$ 45.8	$ 44.8	$ 47.2	$ 48.4	$ 48.5	
Table Hold	$ 8.4	$ 8.6	$ 8.5	$ 8.7	$ 8.9	$ 9.0	$ 9.7	$ 9.8	$ 9.7	
Table Hold %	20.2%	21.7%	21.1%	22.1%	19.4%	20.1%	20.6%	20.2%	20.0%	20.6%
Poker Rake	$ 1.1	$ 1.4	$ 1.0	$ 1.1	$ 1.3	$ 1.3	$ 1.3	$ 1.2	$ 1.3	
Slot Coin-In	$ 400.6	$ 392.1	$ 394.4	$ 372.8	$ 380.8	$ 406.8	$ 424.6	$ 422.6	$ 427.2	
Slot Win	$ 26.7	$ 27.2	$ 28.0	$ 26.5	$ 27.8	$ 28.9	$ 30.8	$ 29.8	$ 30.1	
Slot Win/Slot/Day[2]	$ 289	$ 294	$ 305	$ 289	$ 292	$ 314	$ 325	$ 314	$ 343	
Slot Win %	6.7%	6.9%	7.1%	7.1%	7.3%	7.1%	7.3%	7.1%	7.0%	7.1%

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

Revenues

Revenues at Boulevard decreased by 7% in the fourth quarter and 9% in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These decreases can be attributed to declines in visitation. These declines were primarily due to a challenging local economy, continued disruption caused by the construction on provincial highway enhancements adjacent to the facility, as well as local competition. This construction is expected to continue through 2013, Boulevard's local competition includes the Company's Maple Ridge Community Gaming Centre. The Community Gaming Centre, which introduced slot machines in October 2010, has accommodated some of those patrons displaced by the disruption surrounding Boulevard.

Promotional allowances increased by $0.1 in the fourth quarter and $0.6 in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These increases relate to the increased incentives associated with direct marketing intended to improve visitation and gaming volumes.

Expenses
Human resources expenses decreased by 2% in the fourth quarter and 1% in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These decreases were primarily due to staffing level adjustments implemented in response to the reduced gaming volumes, as well as a non-recurring reduction to staff benefit accruals of $0.2 during the fourth quarter of 2011, the impact of which was partially offset by both inflationary increases and adjustments to ensure competitive compensation.

EBITDA
EBITDA decreased by 15% in the fourth quarter and 19% in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These decreases were primarily due to the declines in Boulevard's revenues.

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

Vancouver Island Casinos (View Royal Casino and Casino Nanaimo)

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Gaming revenues	**$ 7.7**	$ 8.1	(5%)	**$ 31.3**	$ 32.5	(4%)
Facility Development Commission	**2.4**	1.3	85%	**6.3**	5.3	19%
Hospitality and other revenues	**0.8**	0.9	(11%)	**3.6**	3.4	6%
Revenues before Promotional allowances	**10.9**	10.3	6%	**41.2**	41.2	0%
Less: Promotional allowances	**(0.5)**	(0.3)	67%	**(1.7)**	(1.2)	42%
Revenues	**10.4**	10.0	4%	**39.5**	40.0	(1%)
Human resources	**2.9**	2.9	0%	**11.8**	11.5	3%
Property, marketing and administration	**1.4**	1.5	(7%)	**5.2**	5.2	0%
EBITDA	**$ 6.1**	$ 5.6	9%	**$ 22.5**	$ 23.3	(3%)
Human resources as a % of Revenues before Promotional allowances	**26.6%**	28.2%		**28.6%**	27.9%	
EBITDA as a % of Revenues	**58.7%**	56.0%		**57.0%**	58.3%	

(1) The results of the Racebook at Casino Nanaimo are included in the results of TBC Teletheatre B.C.

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Average
Table Drop	$ 11.6	$ 11.7	$ 11.7	$ 12.9	$ 12.8	$ 13.7	$ 13.7	$ 13.1	$ 12.6	
Table Hold	$ 2.5	$ 2.6	$ 2.6	$ 2.8	$ 2.9	$ 2.8	$ 3.1	$ 2.8	$ 3.0	
Table Hold %	21.6%	22.2%	22.2%	21.7%	22.7%	20.4%	22.6%	21.4%	23.8%	22.1%
Slot Coin-In	$ 381.4	$ 386.6	$ 394.1	$ 365.4	$ 375.3	$ 379.8	$ 394.4	$ 376.8	$ 384.3	
Slot Win	$ 27.5	$ 28.9	$ 28.8	$ 27.0	$ 28.5	$ 29.1	$ 29.5	$ 28.0	$ 28.5	
Slot Win/Slot/Day[1]	$ 296	$ 311	$ 318	$ 293	$ 309	$ 324	$ 321	$ 326	$ 322	
Slot Win %	7.2%	7.5%	7.3%	7.4%	7.6%	7.7%	7.5%	7.4%	7.4%	7.4%

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

Revenues

Revenues at the Vancouver Island Casinos increased by 4% in the fourth quarter of 2011, when compared to the fourth quarter of 2010. This increase was primarily due to the additional accelerated FDC eligible expenditures at Casino Nanaimo. During the fourth quarter of 2011, approximately $1.0 of the FDC revenues were related to gaming revenues earned and accelerated FDC eligible expenditures incurred in prior quarters, but approved by BCLC during the fourth quarter of 2011. Revenues decreased by 1% in the twelve months of 2011, when compared to the twelve months of 2010. During the twelve months of 2011, the Vancouver Island Casinos experienced a decline in gaming volumes, which decreased gaming revenues. This decrease was largely offset by the incremental FDC revenues in the fourth quarter of 2011.

Expenses

Human resources expenses in the fourth quarter of 2011 were relatively consistent with the fourth quarter of 2010. Human resources increased by 3% in the twelve months of 2011, when compared to the twelve months of 2010. This increase was primarily due to increased staffing levels and training intended to improve customer service at the facilities, as well as both inflationary increases and adjustments to ensure competitive compensation.

EBITDA

EBITDA increased by 9% in the fourth quarter of 2011, when compared to the fourth quarter 2010. This increase was primarily due to incremental FDC revenues. EBITDA decreased by 3% in the twelve months of 2011, when compared to the twelve months of 2010. This decrease was primarily due to the decline in revenues and the increase in human resources expenses.

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

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

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Gaming revenues	**$ 2.5**	$ 1.8	39%	**$ 8.7**	$ 5.3	64%
Facility Development Commission	**0.4**	0.7	(43%)	**1.6**	1.0	60%
Hospitality and other revenues	**0.5**	0.4	25%	**1.6**	1.3	23%
Revenues before Promotional allowances	**3.4**	2.9	17%	**11.9**	7.6	57%
Less: Promotional allowances	**(0.1)**	(0.1)	0%	**(0.4)**	(0.1)	300%
Revenues	**3.3**	2.8	18%	**11.5**	7.5	53%
Human resources	**1.1**	0.8	38%	**4.1**	2.8	46%
Property, marketing and administration	**0.7**	0.5	40%	**2.5**	1.6	56%
EBITDA	**$ 1.5**	$ 1.5	0%	**$ 4.9**	$ 3.1	58%
Human resources as a % of Revenues before Promotional allowances	**32.4%**	27.6%		**34.5%**	36.8%	
EBITDA as a % of Revenues	**45.5%**	53.6%		**42.6%**	41.3%	

(1) The results of the Racebook at Maple Ridge Community Gaming Centre are included in the results of TBC Teletheatre B.C.

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Average
Slot Coin-In	$ 118.7	$ 102.4	$ 104.5	$ 98.4	$ 95.3	$ 56.8	$ 54.9	$ 51.7	$ 54.9	
Slot Win	$ 7.4	$ 6.9	$ 7.0	$ 6.6	$ 6.1	$ 3.4	$ 3.2	$ 3.0	$ 3.0	
Slot Win/Slot/Day(2)	$ 316	$ 294	$ 300	$ 283	$ 260	$ 249	$ 234	$ 227	$ 217	
Slot Win %	6.2%	6.7%	6.7%	6.7%	6.4%	6.0%	5.8%	5.8%	5.5%	6.2%

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

Revenues

Revenues at the Company's Other BC Casinos increased by 18% in the fourth quarter, when compared to the fourth quarter of 2010. This increase was primarily due to the acquisition of Chilliwack Bingo on May 31, 2011, which generated new revenues of $0.5 in the fourth quarter of 2011.

Revenues increased by 53% in the twelve months of 2011, when compared to the twelve months of 2010. This increase was primarily due to both the introduction of 100 slot machines at the Maple Ridge Community Gaming Centre on October 15, 2010 and the acquisition of Chilliwack Bingo on May 31, 2011. The slot machines at Maple Ridge generated new visitation and accommodated some of those patrons displaced by highway construction adjacent to Boulevard, resulting in an increase in revenues at Maple Ridge of $2.7 in the twelve months of 2011, when compared to the twelve months of 2010. The acquisition of Chilliwack Bingo generated new revenues of $1.3 in the twelve months of 2011.

Expenses

Human resources expenses increased by 38% in the fourth quarter and 46% in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. Property, marketing and administration expenses increased by 40% in the fourth quarter and 56% in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These increases were primarily due to both increased staffing levels and increased marketing and hospitality costs related to the introduction of slot machines at the Maple Ridge Community Gaming Centre, as well as the incremental costs associated with the operation of Chilliwack Bingo.

EBITDA
EBITDA in the fourth quarter of 2011 was consistent with the fourth quarter of 2010. EBITDA in the twelve months of 2011 increased by 58%, when compared to the twelve months of 2010. This increase was primarily due to the introduction of slot machines at the Maple Ridge Community Gaming Centre.

Labour Relations
A collective agreement between Chilliwack Gaming Ltd. and National Automobile, Aerospace, Transportation and General Workers Union of Canada, (CAW-Canada), Local 3000, with a term covering January 1, 2010 through December 31, 2011, governs wages and working conditions of employees, except management and those excluded by the Labour Relations Code of BC (the "Code"). Collective bargaining commenced on December 14, 2011 and is ongoing.

(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		
	2011	2010	% Chg	**2011**	2010	% Chg
Gaming revenues	**$ 9.2**	$ 9.5	(3%)	**$ 39.6**	$ 40.2	(1%)
Hospitality and other revenues	**1.1**	1.5	(27%)	**4.6**	4.6	0%
Revenues before Promotional allowances	**10.3**	11.0	(6%)	**44.2**	44.8	(1%)
Less: Promotional allowances	**(0.6)**	(0.6)	0%	**(2.3)**	(2.4)	(4%)
Revenues	**9.7**	10.4	(7%)	**41.9**	42.4	(1%)
Human resources	**4.2**	4.1	2%	**16.9**	17.0	(1%)
Property, marketing and administration	**3.4**	3.7	(8%)	**13.8**	14.3	(3%)
EBITDA	**$ 2.1**	$ 2.6	(19%)	**$ 11.2**	$ 11.1	1%
Human resources as a % of Revenues before Promotional allowances	**40.8%**	37.3%		**38.2%**	37.9%	
EBITDA as a % of Revenues	**21.6%**	25.0%		**26.7%**	26.2%	

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Average
Table Drop	$ 11.0	$ 11.4	$ 11.8	$ 10.0	$ 11.5	$ 12.1	$ 12.0	$ 11.4	$ 11.9	
Table Hold	$ 2.2	$ 2.4	$ 2.3	$ 2.1	$ 2.2	$ 2.5	$ 1.9	$ 2.2	$ 2.4	
Table Hold %	20.0%	21.1%	19.5%	21.0%	19.1%	20.7%	15.8%	19.3%	20.2%	19.6%
Poker Rake	$ 0.5	$ 0.6	$ 0.5	$ 0.5	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4	
Slot Coin-In	$ 193.5	$ 231.2	$ 205.2	$ 181.6	$ 200.2	$ 240.5	$ 214.6	$ 209.6	$ 209.6	
Slot Win	$ 15.0	$ 18.5	$ 16.2	$ 14.4	$ 15.6	$ 18.6	$ 16.8	$ 15.6	$ 15.8	
Slot Win/Slot/Day(1)	$ 185	$ 225	$ 198	$ 176	$ 190	$ 226	$ 204	$ 188	$ 202	
Slot Win %	7.8%	8.0%	7.9%	7.9%	7.8%	7.7%	7.8%	7.4%	7.5%	7.8%

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

Revenues

Revenues at the Nova Scotia Casinos decreased by 7% in the fourth quarter of 2011, when compared to the fourth quarter of 2010. This decrease was primarily due to a decrease in slot coin-in, and a $0.2 non-recurring reduction to other revenues associated with sales taxes due on fees previously earned for providing automated banking machine services to our guests. Revenues in the twelve months of 2011 were relatively consistent with the twelve months of 2010.

Expenses

Human resources expenses in both the fourth quarter and twelve months of 2011 were relatively consistent with the same periods in 2010.

EBITDA

EBITDA decreased by 19% in the fourth quarter of 2011, when compared to the fourth quarter of 2010. This decrease was primarily due to lower revenues and non-recurring expenses. EBITDA increased by 1% in the twelve months of 2011, when compared to the twelve months of 2010. This increase was primarily due to the continued benefit of expense reduction initiatives.

Labour Relations

A collective agreement between Casino Nova Scotia Halifax and Service Employees International Union ("SEIU"), Local 902, with a term covering February 1, 2008 through January 31, 2012, governs wages and working conditions of the "Main Unit" including all full-time and regular part-time employees of Casino Nova Scotia Halifax excluding office and clerical workers, human resource employees, surveillance employees, security employees, supervisors and those above the rank of supervisor. Collective bargaining commenced on January 30, 2012, and is ongoing.

A collective agreement between Casino Nova Scotia Halifax and SEIU, Local 902, with a term covering January 9, 2009 through January 31, 2012, governs wages and working conditions of the "Security Unit" including all full-time and regular part-time employees in the security department of Casino Nova Scotia Halifax, excluding supervisors and those above the rank of supervisor. Notice to commence collective bargaining was served on November 30, 2011, and collective bargaining is expected to commence in March 2012.

Great American Casinos

Results in U.S. Dollars (in millions)

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Gaming revenues	**$ 4.8**	$ 4.7	2%	**$ 19.7**	$ 18.7	5%
Hospitality and other revenues	**1.4**	1.1	27%	**4.9**	4.2	17%
Revenues before Promotional allowances	**6.2**	5.8	7%	**24.6**	22.9	7%
Less: Promotional allowances	**(0.5)**	(0.3)	67%	**(1.8)**	(1.4)	29%
Revenues	**5.7**	5.5	4%	**22.8**	21.5	6%
Human resources	**3.2**	2.9	10%	**12.5**	12.4	1%
Property, marketing and administration	**1.6**	1.3	23%	**6.0**	5.6	7%
EBITDA	**$ 0.9**	$ 1.3	(31%)	**$ 4.3**	$ 3.5	23%
Human resources as a % of Revenues before Promotional allowances	**51.6%**	50.0%		**50.8%**	54.1%	
EBITDA as a % of Revenues	**15.8%**	23.6%		**18.9%**	16.3%	

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Average
Table Drop	$ 35.5	$ 31.7	$ 31.6	$ 31.2	$ 31.1	$ 33.7	$ 28.0	$ 25.6	$ 27.2	
Table Hold	$ 5.4	$ 5.2	$ 5.8	$ 5.9	$ 5.4	$ 5.3	$ 4.6	$ 5.8	$ 5.5	
Table Hold %	15.2%	16.4%	18.4%	18.9%	17.4%	15.7%	16.4%	22.7%	20.2%	17.7%
Poker Rake	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.1	$ -	$ -	

Results in Canadian Dollars

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Revenues	**$ 5.8**	$ 5.6	4%	**$ 22.6**	$ 22.1	2%
EBITDA	**$ 1.0**	$ 1.4	(29%)	**$ 4.3**	$ 3.6	19%

Discussion in U.S. Dollars

Revenues

Revenues at the Great American Casinos increased by 4% in the fourth quarter of 2011, when compared to the fourth quarter of 2010. This increase was primarily due to improvements in hospitality revenues, and was partially offset by an increase in promotional allowances. Revenues increased by 6% in the twelve months of 2011, when compared to the twelve months of 2010. This increase was primarily due to a 10% improvement in table drop and improvements in hospitality revenues, and was partially offset by an increase in promotional allowances.

Expenses

Human resources expenses in the fourth quarter of 2011 increased by 10%, when compared to the fourth quarter of 2010. This increase was primarily due to additional staffing to accommodate increased visitation and gaming volume at the property. Human resources expenses in the twelve months of 2011 were relatively consistent when compared to the twelve months of 2010.

Property, marketing and administration expenses increased by 23% in the fourth quarter and 7% in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These increases were primarily due to additional costs associated with the increase in hospitality revenues and inflationary increases in food and beverage costs.

EBITDA
Great American Casinos' EBITDA in the fourth quarter of 2011 decreased by 31%, when compared to the fourth quarter of 2010. This decrease was primarily due to higher expenses, and was partially offset by an increase in hospitality revenues. EBITDA increased by 23% in the twelve months of 2011, when compared to the twelve months of 2010. This increase was primarily due to revenue increases.

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 was consistent during the fourth quarter of 2011 and decreased 5% in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010.

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

Racinos

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

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Gaming revenues	**$ 4.7**	$ 4.8	(2%)	**$ 19.2**	$ 18.7	3%
Facility Development Commission	**0.6**	0.9	(33%)	**3.0**	3.5	(14%)
Racetrack revenues	**3.3**	4.2	(21%)	**14.6**	18.1	(19%)
Hospitality and other revenues	**1.5**	1.4	7%	**6.9**	6.7	3%
Revenues before Promotional allowances	**10.1**	11.3	(11%)	**43.7**	47.0	(7%)
Less: Promotional allowances	**(0.5)**	(0.3)	67%	**(1.7)**	(1.3)	31%
Revenues	**9.6**	11.0	(13%)	**42.0**	45.7	(8%)
Human resources	**3.9**	4.0	(3%)	**17.5**	17.9	(2%)
Property, marketing and administration	**3.1**	3.0	3%	**13.6**	14.7	(7%)
EBITDA	**$ 2.6**	$ 4.0	(35%)	**$ 10.9**	$ 13.1	(17%)
Human resources as a % of Revenues before Promotional allowances	**38.6%**	35.4%		**40.0%**	38.1%	
EBITDA as a % of Revenues	**27.1%**	36.4%		**26.0%**	28.7%	

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

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Average
Table Drop	$ 6.0	$ 6.5	$ 6.1	$ 7.0	$ 7.3	$ 6.4	$ 7.0	$ 6.8	$ 7.4	
Table Hold	$ 1.3	$ 1.5	$ 1.3	$ 1.3	$ 1.5	$ 1.4	$ 1.3	$ 1.4	$ 1.5	
Table Hold %	21.7%	23.1%	21.3%	18.6%	20.5%	21.9%	18.6%	20.6%	20.3%	20.7%
Slot Coin-In	$ 240.4	$ 241.8	$ 228.4	$ 219.0	$ 218.7	$ 222.2	$ 225.4	$ 196.3	$ 217.4	
Slot Win	$ 17.3	$ 18.4	$ 17.8	$ 17.2	$ 17.2	$ 17.8	$ 17.4	$ 15.4	$ 17.6	
Slot Win/Slot/Day[2]	$ 179	$ 189	$ 185	$ 179	$ 176	$ 184	$ 180	$ 164	$ 184	
Slot Win %	7.2%	7.6%	7.8%	7.9%	7.9%	8.0%	7.7%	7.8%	8.1%	7.8%

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

Revenues

Gaming revenues at the BC Racinos in the fourth quarter of 2011 were relatively consistent with the same period in 2010. Gaming revenues increased by 3% in the twelve months of 2011, when compared to the twelve months of 2010. This increase was primarily due to a full three months of operation at Hastings Racecourse during the first quarter of 2011. This facility was negatively impacted by a mandatory one-month closure in February 2010 due to the Winter Olympics. This closure reduced all revenues at Hastings Racecourse during the first quarter of 2010 and diminished awareness of the property among patrons for the balance of the year, which resulted in decreases in both visitation and gaming volumes.

Facility Development Commission revenues decreased by $0.3 in the fourth quarter and $0.5 in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These decreases were primarily due to the reduced remaining approved accelerated FDC eligible expenditures at Fraser Downs Racetrack and Casino.

Racetrack revenues decreased by 21% in the fourth quarter and 19% in the twelve months of 2011, when compared to the same prior periods in 2010. This decline was primarily due to an ongoing, industry-wide decline in horse race revenues and the deconsolidation of TBC in April of 2010, as described in the 'Other Financial Information' section of this MD&A.

Expenses
Human resources expenses and property, marketing and administration expenses in the fourth quarter of 2011 were relatively consistent with the fourth quarter of 2010. Human resources expenses and property, marketing and administration expenses decreased by 2% and 7%, respectively, in the twelve months of 2011, when compared to the twelve months of 2010. These decreases were primarily due to the deconsolidation of TBC.

EBITDA
EBITDA decreased by 35% in the fourth quarter and 17% in the twelve months of 2011, when compared to the same prior periods in 2010. This decline was due to the industry-wide decline in horse race wagering, the deconsolidation of TBC, and decreases in FDC revenues.

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

A collective agreement between Hastings Entertainment Inc. and Canadian Office and Professional Employees Union ("COPE"), Local 378, with a term covering August 1, 2008 through July 31, 2011, and subsequently extended by mutual agreement to July 31, 2012, governs wages and working conditions of "Employees of Hastings Entertainment Inc., Hastings Park Racecourse employed at Exhibition Park, except those excluded by the Code employed by Hastings Entertainment Inc."

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

Georgian Downs

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Gaming revenues	**$ 3.1**	$ 3.1	0%	**$ 12.7**	$ 12.5	2%
Racetrack revenues	**0.4**	0.4	0%	**1.7**	1.7	0%
Hospitality and other revenues	**0.5**	0.6	(17%)	**1.7**	1.7	0%
Revenues before Promotional allowances	**4.0**	4.1	(2%)	**16.1**	15.9	1%
Less: Promotional allowances	**-**	-		**-**	-	
Revenues	**4.0**	4.1	(2%)	**16.1**	15.9	1%
Human resources	**0.7**	0.7	0%	**2.6**	2.7	(4%)
Property, marketing and administration	**1.2**	1.3	(8%)	**4.2**	4.8	(13%)
EBITDA	**$ 2.1**	$ 2.1	0%	**$ 9.3**	$ 8.4	11%
Human resources as a % of Revenues before Promotional allowances	**17.5%**	17.1%		**16.1%**	17.0%	
EBITDA as a % of Revenues	**52.5%**	51.2%		**57.8%**	52.8%	

Revenues
Revenues at Georgian Downs in the fourth quarter and twelve months of 2011 were relatively consistent with the same periods of 2010.

Expenses
Human resources expenses in the fourth quarter and twelve months of 2011 were relatively consistent with the same periods of 2010. Property, marketing and administration expenses decreased by 8% and 13% in the fourth quarter and twelve months of 2011, respectively, when compared to the fourth quarter and twelve months of 2010. These decreases were primarily due to reduced occupancy costs.

EBITDA
EBITDA in the fourth quarter of 2011 was consistent with the fourth quarter of 2010. EBITDA in the twelve months of 2011 increased by 11% when compared to the twelve months of 2010. This improvement was primarily due to the decrease in Georgian Downs' occupancy costs.

Recent Development
In February 2012, the Commission on the Reform of Ontario's Public services released a report with recommendations aimed at improving the Government of Ontario's economic challenges. This report included recommendations, as described in the "Market Update" section of this MD&A, which may negatively affect the future profitability of this property.

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

Flamboro Downs

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Gaming revenues	**$ 3.0**	$ 3.0	0%	**$ 12.4**	$ 12.1	2%
Racetrack revenues	**0.8**	0.8	0%	**3.2**	3.5	(9%)
Hospitality and other revenues	**0.7**	0.7	0%	**2.7**	2.9	(7%)
Revenues before Promotional allowances	**4.5**	4.5	0%	**18.3**	18.5	(1%)
Less: Promotional allowances	**-**	-		**-**	-	
Revenues	**4.5**	4.5	0%	**18.3**	18.5	(1%)
Human resources	**1.2**	1.3	(8%)	**5.1**	5.1	0%
Property, marketing and administration	**1.2**	1.4	(14%)	**5.1**	5.5	(7%)
EBITDA	**$ 2.1**	$ 1.8	17%	**$ 8.1**	$ 7.9	3%
Human resources as a % of Revenues before Promotional allowances	**26.7%**	28.9%		**27.9%**	27.6%	
EBITDA as a % of Revenues	**46.7%**	40.0%		**44.3%**	42.7%	

Revenues
Revenues at Flamboro Downs in the fourth quarter and twelve months of 2011 were relatively consistent with the same periods of 2010.

Expenses
Human resources expenses in the fourth quarter and twelve months of 2011 were relatively consistent with the same periods of 2010. Property, marketing and administration expenses decreased by 14% and 7% in the fourth quarter and twelve months of 2011, respectively, when compared to the fourth quarter and twelve months of 2010. These decreases were primarily due to reduced occupancy costs.

EBITDA
EBITDA increased by 17% in the fourth quarter and 3% in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These increases were primarily due to the decreases in Flamboro Downs' occupancy costs.

Labour Relations
A collective agreement between Flamboro Downs Limited and Service Employees International Union ("SEIU"), Local 2, governs wages and working conditions of employees in the Mutuels, Maintenance & Janitorial, Security, Food & Beverage departments. A new collective agreement with a three-year term covering January 1, 2011 through December 31, 2013 was ratified by both parties on November 3, 2011.

Recent Development
In February 2012, the Commission on the Reform of Ontario's Public services released a report with recommendations aimed at improving the Government of Ontario's economic challenges. This report included recommendations, as described in the "Market Update" section of this MD&A, which may negatively affect the future profitability of this property.

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

Corporate & Other

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Revenues	**-**	-		**-**	0.5	(100%)
Human resources	**3.2**	3.6	(11%)	**13.7**	15.1	(9%)
Property, marketing and administration	**2.0**	1.8	11%	**7.5**	6.3	19%
EBITDA	**$ (5.2)**	$ (5.4)	4%	**$ (21.2)**	$ (20.9)	(1%)

EBITDA
EBITDA in the fourth quarter and twelve months of 2011 was relatively consistent with the same periods of 2010.

Discussion of Items Excluded from EBITDA

Amortization
Amortization increased by $1.3 in the fourth quarter and $4.8 in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These increases were primarily due to additional amortization associated with development projects completed in 2011 and 2010, as well as increased amortization associated with the long-lived assets at Hastings Racecourse.

Stock-Based Compensation
Stock-based compensation of $0.6 in the fourth quarter of 2011 is comprised of equity-settled stock-based compensation of $0.5, and cash-settled stock-based compensation of $0.1. Stock-based compensation decreased by $0.2 in the fourth quarter of 2011, when compared to the fourth quarter of 2010. This decrease was primarily due to a lower average number of unvested stock options outstanding during the fourth quarter of 2011, when compared to the fourth quarter of 2010.

Stock-based compensation of $4.9 in the twelve months of 2011 is comprised of equity-settled stock-based compensation of $3.9, and cash-settled stock-based compensation of $1.0. Stock-based compensation in the twelve months of 2011 was relatively consistent with the twelve months of 2010.

Stock-based compensation includes the impact of the deferred share units and restricted share units issued during 2011. Deferred share units and restricted share units are a form of cash-settled stock-based compensation to the Company's non-employee directors, as described in the 'Other Financial Information' section of this MD&A.

Restructuring and Other
Restructuring and other costs were $0.8 in the fourth quarter and $0.5 in the twelve months of 2011. These costs were primarily due to other expenses associated with the Company's BC horse racing operations. During the twelve months of 2011, the Company sublet some of the vacant head office space, which resulted in a reversal of $0.4 to the uneconomic lease provision previously recognized.

Restructuring and other costs were $2.1 in the fourth quarter and $3.4 in the twelve months of 2010 primarily related to other expenses associated with the Company's BC horse racing operations and the trailing payments associated with the 2008 acquisition of Maple Ridge Community Gaming Centre (formerly "Haney Bingo Plex") as described in the "Major Developments" section of this MD&A.

Interest and Financing Costs, net
Interest and financing costs, net of interest income, increased by $1.6 in the fourth quarter and $1.5 in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. These increases were primarily due to higher financing fees associated with the amended Credit Agreement, and were partially offset by additional interest income received from the Company's cash, cash equivalents, and short-term investments.

Impairment of Long-Lived Assets
Impairment of long-lived assets was $4.4 in the fourth quarter and twelve months of 2011. These non-cash impairment charges are associated with declines and uncertainty in the economic outlook of Hastings Racecourse.

Impairment of long-lived assets was $31.9 in the fourth quarter and $35.1 in the twelve months of 2010. These non-cash impairment charges were a result of revised capital investment expectations in connection with the future renewal of the operating lease agreement associated with Hastings Racecourse, changes in expected future cash flows associated with Flamboro Downs, and other business development projects that would not be reinitiated in the foreseeable future.

Impairment of Goodwill
A $14.2 goodwill impairment was recorded in the fourth quarter and twelve months of 2010. This non-cash impairment charge reflects the full write-off of goodwill associated with Flamboro Downs.

Other Expenses (includes "foreign exchange loss and other" and "non-controlling interests")
Other expenses decreased by $0.8 in the fourth quarter of 2011, when compared to the fourth quarter of 2010. Other expenses increased by $2.9 in the twelve months of 2011, when compared to the twelve months of 2010. These non-cash variances were primarily due to the discontinuation of hedge accounting for forty percent of the cash flows associated with the Term Loan B and Subordinated Notes cross-currency interest rate and principal swaps, as described in the "Capital Resources" section of this MD&A.

Income Taxes
Income taxes increased by $5.2 in the fourth quarter and $5.6 in the twelve months of 2011, when compared to the fourth quarter and twelve months of 2010,. These increases were primarily due to higher earnings before income taxes, and were partially offset by decreases in: non-deductible impairment of goodwill, non-deductible stock-based compensation, non-cash deferred tax impact of temporary differences reversing at lower tax rates and a corporate income tax rate that was 2.0 percentage points lower in 2011, when compared to 2010.

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

CONSOLIDATED QUARTERLY RESULTS TREND

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Revenues	$ 95.7	$ 101.0	$ 99.5	$ 92.0	$ 97.2	$ 96.3	$ 97.0	$ 93.0
EBITDA	$ 30.9	$ 38.2	$ 37.4	$ 31.3	$ 35.0	$ 35.0	$ 35.0	$ 31.4
EBITDA as a % of Revenues	32.3%	37.8%	37.6%	34.1%	36.0%	36.3%	36.1%	33.8%
Shareholders' net earnings (loss):	$ 2.3	$ 7.9	$ 10.3	$ 5.7	$ (29.5)	$ 6.2	$ 10.1	$ 5.1
Shareholders' net earnings (loss) per common share:								
Basic	$ 0.03	$ 0.10	$ 0.12	$ 0.07	$ (0.36)	$ 0.07	$ 0.12	$ 0.06
Diluted	$ 0.03	$ 0.09	$ 0.12	$ 0.07	$ (0.36)	$ 0.07	$ 0.12	$ 0.06

For the fourth quarter of 2011, the Company recorded revenues of $95.7, a $1.5 decrease from the fourth quarter of 2010. This revenue decrease was primarily due to the flat gaming revenues at River Rock Casino Resort ("River Rock") compared to the prior year period along with the decreased revenues at both Boulevard and the Company's BC Racinos. The decline at Boulevard was primarily due to a challenging local economy, continued disruption caused by the construction on provincial highway enhancements adjacent to that facility, as well as local competition, which included the Company's Maple Ridge Community Gaming Centre. Revenues at the Company's BC Racinos continue to be negatively impacted by an industry-wide decline in horse racing revenues. These revenue decreases were partially offset by the addition of lower margin hospitality revenues associated with River Rock's new hotel tower, which opened in October 2011, as well as increased revenues at the Other BC Casinos that were attributable to the May 2011 acquisition of Chilliwack Bingo.

Also contributing towards the revenue decrease was a $0.9 non-recurring reduction to other revenues associated with an accrual for sales taxes due on fees previously earned for providing automated banking machines services to our guests. This decrease was offset by $1.0 in non-recurring FDC revenues earned by the Company's Vancouver Island Casinos in the fourth quarter of 2011 that related to gaming revenues earned and accelerated FDC eligible expenditures incurred in prior quarters.

EBITDA for the fourth quarter of 2011 was $30.9, a $4.1 decrease from the fourth quarter of 2010. This decrease was primarily due to the decrease in revenues, increased human resources expense associated with staffing related adjustments to accommodate the increased visitation and gaming volumes at River Rock, general inflationary increases and adjustments to human resources costs to ensure competitive compensation, $0.8 pre-opening costs associated with River Rock's new hotel tower, $0.2 of increased business development costs, and non-recurring adjustments to staff benefit accruals.

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, 2011, the Company had:

- Relatively low levels of receivables of which the majority of these are due from: the Nova Scotia Gaming Corporation (a branch of that province's government) and other provincial gaming corporations, sales tax rebates from the federal government, racetrack operators, and financial institutions;
- Low exposure to foreign currency exchange rate movements and low exposure to floating interest rate changes since it has cross-currency interest rate and principal swaps that hedge the cash flows associated with its U.S. dollar denominated Term Loan B and Senior Subordinated Notes ("Subordinated Notes") and has relatively low levels of foreign denominated assets and liabilities;
- $317.7 of available credit on its Revolving Credit Facility;
- Additional debt capacity within the limitations established by the covenants on its existing credit and debt facilities; and
- Counterparties to its existing debt and credit facilities and cross-currency interest rate and principal swaps 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, 2011		December 31, 2010	% Chg		January 1, 2010	% Chg
Cash and cash equivalents	**$**	**134.7**	$	50.9	165%	$	34.6	47%
Short-term investments		**-**		53.0	(100%)		-	
Other current assets		**22.6**		16.8	35%		21.8	(23%)
Property, plant and equipment		**663.6**		663.0	0%		708.2	(6%)
Other long-term assets		**155.2**		162.5	(4%)		204.8	(21%)
Total Assets	**$**	**976.1**	$	946.2	3%	$	969.4	(2%)
Current liabilities		**64.9**		60.8	7%		66.4	(8%)
Long-term debt & Derivative liabilities (excluding current portion)		**398.9**		393.4	1%		407.7	(4%)
Other long-term liabilities		**89.9**		90.9	(1%)		91.9	(1%)
Total Liabilities		**553.7**		545.1	2%		566.0	(4%)
Shareholders' equity		**422.4**		401.1	5%		403.4	(1%)
Total Liabilities and Shareholders' equity	**$**	**976.1**	$	946.2	3%	$	969.4	(2%)

Total Assets
Total assets increased by $29.9 in the twelve months of 2011, when compared to the prior year. This increase was primarily due to cash generated by operating activities, additions to property, plant and equipment on the Company's major development projects, and the acquisition of Chilliwack Bingo. These increases were partially offset by cash outflows to service financial obligations and amortization of property, plant and equipment and intangible assets.

Total assets decreased by $23.2 in the twelve months of 2010, when compared to the prior year. This decrease was primarily due to the amortization of property, plant and equipment and intangible assets, and impairment charges associated with Hastings Racecourse, Flamboro Downs, and other properties under development. These decreases were partially offset by cash generated by operating activities, purchases of short-term investments, and additions to property, plant and equipment on the Company's major development projects.

Total Liabilities
Total liabilities increased by $8.6 in the twelve months of 2011, when compared to the prior year. This increase was primarily due to the increase in long-term debt associated with the weakening Canadian dollar's effect on the underlying U.S. dollar debt, and an increase in current liabilities associated with the construction related activities described in the "Major Developments" section of this MD&A. This increase was partially offset by a decrease in the fair value of the Company's cross-currency interest rate swaps relating to the Term Loan B and Subordinated Notes.

Total liabilities decreased by $20.9 in the twelve months of 2010, when compared to the prior year. This decrease was primarily due to the repayment of the remaining borrowings on the Revolving Credit Facility in the first quarter of 2010 and a reduction in current liabilities primarily due to a reduction in construction related activities, when compared to January 1, 2010.

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

Shareholders' equity
Shareholders' equity increased by $21.3 in the twelve months of 2011, when compared to the prior year. This increase was primarily due to shareholders' net earnings of $26.2, equity-settled stock-based compensation of $3.9, and stock options exercised of $3.4. These increases were partially offset by the repurchased common shares of $10.6 and the decrease in accumulated other comprehensive income of $1.6.

Shareholders' equity decreased by $2.3 in the twelve months of 2010, when compared to the prior year. This decrease was primarily due to shareholders' net loss of $8.1 and other comprehensive loss of $0.3. These decreases were partially offset by equity-settled stock-based compensation of $4.8 and stock options exercised of $1.3.

Cash Flows

	Fourth Quarter			Twelve Months of		
	2011	2010	% Chg	**2011**	2010	% Chg
Net cash generated by operating activities	**$ 31.1**	$ 39.4	(21%)	**$ 121.0**	$ 128.3	(6%)
Cash (used in) generated by investing activities	**(5.5)**	(54.9)	90%	**1.5**	(72.1)	
Cash used in financing activities	**(1.9)**	(3.7)	49%	**(39.5)**	(40.0)	1%
Effect of foreign exchange on cash and cash equivalents	**(0.1)**	(0.1)	0%	**0.8**	0.1	700%
Cash inflow (outflow)	**$ 23.6**	$ (19.3)		**$ 83.8**	$ 16.3	414%

Net cash generated by operating activities was lower in the fourth quarter of 2011, when compared to the fourth quarter of 2010. This decrease was primarily due to lower EBITDA in the fourth quarter of 2011 and higher income tax instalment payments. Net cash generated by operating activities was lower in the twelve months of 2011, when compared to the twelve months of 2010. This was primarily due to higher income tax instalment payments, and was partially offset by higher EBITDA in the twelve months of 2011. For the twelve months of 2011, the Company made $14.8 in income tax payments, an increase of $10.7 from the twelve months 2010.

Cash used in investing activities in the fourth quarter of 2011 was primarily due to the development of the third hotel tower at River Rock, the planned Maple Ridge permanent facility, and the planned Chilliwack Community Gaming Centre. Cash used in investing activities in the fourth quarter of 2010 was primarily due to the purchase of short-term investments, the expansion at Georgian Downs, and property enhancements at River Rock.

Cash generated by investing activities in the twelve months of 2011 was primarily due to the maturity of short-term investments, largely offset by cash used in capital expenditures as described in the "Major Developments" section of this MD&A. Cash used in investing activities in the twelve months of 2010 was primarily due to the purchase of short-term investments, the redevelopment at Georgian Downs, and property enhancements at River Rock.

Cash used in financing activities was lower in the fourth quarter and twelve months of 2011, when compared to the fourth quarter and twelve months of 2010. Cash used in financing activities in the fourth quarter of 2011 was primarily related to interest payments of $3.7 and the quarterly debt repayment on the Term Loan B, and was partially offset by common shares issued for cash of $2.4. Cash used in financing activities in the fourth quarter of 2010 was primarily related to interest payments on the Company's Long-term debt of $3.4 and the quarterly debt repayment on the Term Loan B.

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

Cash used in financing activities in the twelve months of 2011 was primarily related to the interest payments of $27.5, the repurchase of common shares of $10.6, and transaction costs of $2.8 associated with refinancing the Revolving Credit Facility, and was partially offset by cash received from the issuance of common shares of $3.4.

Cash used in financing activities in the twelve months of 2010 was primarily related to interest payments of $27.2 and the repayment of borrowings on the Company's Revolving Credit Facility of $14.1, and was partially offset by cash received from the issuance of common shares of $1.3.

Capital Resources

Long-Term Debt and Equity

	As at December 31, 2011	2010
Term Loan B, net of unamortized transaction costs of $1.1 (2010 - $1.5)	**$ 163.7**	$ 161.2
Senior Subordinated Notes and unamortized premium of $0.8 (2010 - $1.1), net of unamortized transaction costs of $2.7 (2010 - $3.6)	**170.9**	166.6
	334.6	327.8
Less: current portion	**2.0**	2.0
	$ 332.6	$ 325.8

As at December 31, 2011, 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	2.85
Senior Debt to Adjusted EBITDA ratio (1)	< 3.50	1.39
Interest Coverage ratio (1)	> 2.25	4.85
Fixed Charge Coverage ratio (2)	> 2.00	4.92

(1) Defined in the long-term debt agreement covering the Term Loan B and Revolving Credit Facility, as amended on July 21, 2011.

(2) Defined in the long-term debt agreement covering the Senior Subordinated Notes. Tested on specified events.

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

	Moody's (3)	Standard & Poor's (4)
Corporate	Ba3 Stable	BB+ Stable
Term Loan B and Revolving Credit Facility	Ba2	BBB
Senior Subordinated Notes	B2	BB-

(3) On July 22, 2011, Moody's assigned a Ba2 rating to the Company's amended Credit and Guarantee agreement covering its Term Loan B and Revolving Credit Facility, and reaffirmed its ratings on the Company's Corporate rating and Senior Subordinated Notes.

(4) On September 19, 2011, Standard & Poor's assigned a BBB rating to the Company's amended Credit and Guarantee agreement covering its Term Loan B and Revolving Credit Facility, and reaffirmed its rating on the Company's Corporate rating. Standard & Poor's downgraded their rating on the Company's Senior Subordinated Notes from BB to BB-.

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

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

The Company entered into cross-currency interest rate and principal swaps that effectively converted both the U.S. dollar floating interest rate Term Loan B and the U.S. dollar fixed interest rate Subordinated Notes into Canadian dollar fixed interest rate debt.

On July 21, 2011, in connection with the amendment of the Company's Credit Agreement, the Company discontinued hedge accounting for forty percent of the cash flows associated with the Term Loan B and Subordinated Notes cross-currency interest rate and principal swaps. On August 4, 2011, the Company entered into novation agreements that transferred the responsibilities for forty percent of the cash flows associated with the cross-currency interest rate and principal swaps from a former Revolving Credit Facility lender to a continuing Revolving Credit Facility lender.

During the period from July 21, 2011 to August 4, 2011, hedge accounting no longer applied for these cash flows, a $0.5 loss associated with changes in fair value was recorded in the "foreign exchange loss and other" line of the consolidated statements of earnings (loss) during the year ended December 31, 2011. In addition, foreign exchange losses of $4.5 associated with the translation of the Term Loan B and Subordinated Notes long-term debt were not offset by the gains on derivatives designated as cash flow hedges during this period.

Cumulative losses of $1.9 and the related deferred income tax recovery of $0.5 included in "accumulated other comprehensive income" associated with the portions of the cross-currency interest rate and principal swaps that were discontinued from hedge accounting will be amortized in the "foreign exchange loss and other" and "income taxes" lines of the consolidated statements of earnings (loss) on a straight-line basis over the remaining lives of the underlying Term Loan B and the Subordinated Notes, respectively.

As at December 31, 2011, the cross-currency interest rate and principal swap agreements were:

	Notional Principal		Interest Rate		
Debt	**Receive (USD)**	**Pay (CAD)**	**Receive (USD)**	**Pay (CAD)**	**Maturity Date**
Term Loan B	$ 97.1 (1)	$ 114.8 (1)	US LIBOR+1.50%	6.1%	February 13, 2014
Term Loan B	$ 64.8 (1)	$ 76.5 (1)	US LIBOR+1.50%	6.7%	February 13, 2014
Subordinated Notes	$ 102.0	$ 120.7	7.25%	6.6%	February 15, 2015
Subordinated Notes	$ 68.0	$ 80.4	7.25%	7.1%	February 15, 2015

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

As at December 31, 2011, the Company's swaps associated with the Term Loan B were in a $41.4 liability position (December 31, 2010 - $44.7 liability) and the swaps associated with the Subordinated Notes were in a $24.9 liability position (December 31, 2010 - $22.9 liability). The swaps are recorded in the "derivative liabilities" line of the consolidated statements of financial position.

The Company has evaluated these cross-currency interest rate and principal swaps and assessed them as effective hedges of the cash flows associated with the Term Loan B and the Subordinated Notes as at December 31, 2011. The Company has applied hedge accounting to these swaps as it believes hedge accounting best represents the economic substance of the underlying transactions. Accordingly, the effective portion of the change in fair values of the swaps, net of income taxes, has been recorded in Other Comprehensive Income ("OCI"), and the ineffective portion has been recorded in the "foreign exchange loss and other" expense in the consolidated statements of earnings (loss).

During the three months ended December 31, 2011, the Company transferred losses on derivatives designated as cash flow hedges from OCI to "foreign exchange loss and other" expense of $10.6, and related income taxes of $1.9. The Company also recognized a gain of $0.8 in the "foreign exchange loss and other" expense related to its cross-currency interest rate and principal swaps.

During the twelve months ended December 31, 2011, the Company transferred gains on derivatives designated as cash flow hedges from OCI to "foreign exchange loss and other" expenses of $2.8, and related income taxes of $1.6. The Company also recorded a gain of $1.7 in the "foreign exchange loss and other" expense related to its cross-currency interest rate and principal swaps.

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

Outstanding Share Data

As at December 31, 2011 there were 82,476,558 common shares issued and outstanding compared to 82,872,319 as at December 31, 2010. As at December 31, 2011, there were 5,894,889 stock options outstanding at a weighted average exercise price of $7.16.

As at March 7, 2012, there were 82,558,226 common shares outstanding and 5,807,220 stock options outstanding.

Capital Spending and Development

The majority of the Company's capital expenditures on gaming operations in British Columbia and Nova Scotia are eligible for reimbursement by the provincial gaming authorities. In British Columbia, through the FDC program, BCLC provides commissions for approved capital and operating expenditures related to the development or improvement of gaming properties as defined in the operating services agreements. Currently, the FDC percentage is 3% of gross gaming win from casinos, racetracks and community gaming centres. In addition, BCLC introduced an accelerated FDC program in 2006 that provides an additional 2% of gross gaming win towards site-specific reimbursements of new gaming redevelopments. BCLC currently permits only one accelerated FDC eligible project to be submitted per facility.

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

During the fourth quarter and twelve months of 2011, the Company's capital expenditures net of related accounts payable totalled $8.3 and $42.6. Maintenance capital expenditures were primarily related to various property upgrades and information technology. Development capital expenditures during the fourth quarter and twelve months of 2011 were primarily related to the third hotel tower at River Rock and the planned Chilliwack Community Gaming Centre. For the upcoming twelve months of 2012, the Company estimates that development capital expenditures and maintenance capital expenditures net of related accounts payable will total approximately $32 and $15, respectively.

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

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

	2011	2010
Opening Approved Amounts at January 1,	**$ 445.1**	$ 385.7
Additional Approved Amounts	**11.4**	89.6
FDC receipts	**(31.6)**	(30.2)
Closing Approved Amounts at December 31,	**$ 424.9**	$ 445.1

The differences between the FDC 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.

Contingencies

We have issued letters of credit to guarantee performance, primarily under construction contracts, gaming cash floats and service commitments in the aggregate amount of $32.3 at December 31, 2011 (December 31, 2010 - $37.3).

Litigation

In 2005, as part of the acquisition of Georgian Downs, the Company entered into an agreement that provided a consultant a deemed contribution for a notional equity interest in Georgian Downs as consideration for certain consulting services for its operations in the Province of Ontario. The notional equity interest entitled the consultant to future remuneration depending on the operating results of Georgian Downs provided that certain services were performed. The consultant had an option to sell his notional equity interest in Georgian Downs to the Company for consideration calculated using a predefined formula based on Georgian Downs' operating results for the twelve month period preceding the option's exercise. The Company had a call option to purchase the consultant's notional equity interest from June 2012 for consideration calculated using the same predefined formula. On July 30, 2007, the Company terminated the agreement and tendered the sum of $1.6 being the full amount that the Company determined to be validly due and payable to the consultant. The consultant and the Company have significantly different views as to the consultant's monetary entitlement under the agreement. The consultant filed an application in the Ontario Superior Court of Justice that disputes the validity of the termination of the agreement. The Company also filed a suit in the Ontario Superior Court of Justice seeking a declaration that the agreement has been properly terminated by the Company. Management believes that the Company has acted appropriately with respect to both the termination and the tendering of payment to the consultant and intends to vigorously defend its position. On January 9, 2009, the Ontario Superior Court of Justice (Commercial List) granted an Endorsement which ordered that the consultant's application be converted into an action and be consolidated with the Company's action. At this stage, liability or quantum with respect to this litigation cannot be reasonably determined.

The Company is involved in various other disputes, claims and litigation. Management believes the amount of the ultimate liability for these will not materially affect the financial position of the Company.

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

Guarantees and Indemnifications

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

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

Commitments

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, 2011				
	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	$ 59.0	$ -	$ -	$ -	$ 59.0
Payments related to cross-currency interest rate and principal swaps	27.8	231.6	208.0	-	467.4
Receipts related to cross-currency interest rate and principal swaps	(17.5)	(192.1)	(179.2)	-	(388.8)
Term Loan B and Subordinated Notes	17.5	192.1	179.2	-	388.8
Operating leases	5.0	5.1	2.8	8.2	21.1
Provisions	2.1	0.5	1.3	3.4	7.3
Income taxes payable	0.8	-	-	-	0.8
Other contractual commitments	10.0	3.5	0.7	0.4	14.6
Total	$ 104.7	$ 240.7	$ 212.8	$ 12.0	$ 570.2

The expected payments related to the cross-currency interest rate and principal swaps represent the Canadian dollar fixed interest and principal payments the Company is required to make under these contracts.

The expected receipts related to the cross-currency interest rate and principal swaps represent the U.S. dollar interest and principal payments due on the Term Loan B and Subordinated Notes, converted to Canadian dollars at the December 31, 2011 foreign currency exchange rate.

The Term Loan B and the Subordinated Notes amounts represent interest and principal payments, converted to Canadian dollars at the December 31, 2011 foreign currency exchange rate. Similarly, as the Term Loan B bears interest at a floating rate (U.S. LIBOR plus 1.50%), the interest rate applicable at December 31, 2011 of 1.95% has been applied to all future periods in the above table. The Subordinated Notes bear interest at a fixed rate of 7.25%.

Operating leases include the property leases for the Company's head office, a ground lease with the City of Surrey, BC for Fraser Downs, a ground lease with the City of Sydney, NS for our Casino Nova Scotia Sydney, and an operating agreement with the City of Vancouver, BC for Hastings Racecourse.

Other contractual commitments include amounts committed to the NSGC to fund responsible gaming programs of $3.9 (2010 – $5.1), the acquisition of property, plant and equipment of $3.3 (2010 – $14.2), and various servicing contracts of $7.4 (2010 – $6.3).

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

In July 2010, the Company agreed to $2.4 in service commitments to the District of Maple Ridge over the next five years that are associated with the Maple Ridge Community Gaming Centre permanent facility.

Future Cash Requirements

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

OTHER FINANCIAL INFORMATION

Deconsolidation of TBC Teletheatre B.C.

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

Deferred Share Unit ("DSU") and Restricted Share Unit ("RSU") Plan

On June 16, 2011, the Board of Directors approved the Non-Employee Directors' Cash-Settled Deferred Share Unit and Restricted Share Unit Plan ("the Share Unit Plan"). Non-employee directors who are eligible to receive DSUs under the Share Unit Plan are no longer eligible to receive stock options under the Company's Stock Option Plan. In addition, non-employee directors have the option to transfer some or all of their annual retainers and attendance fees into RSUs.

Cash-settled stock-based compensation such as DSUs and RSUs, which vest immediately, are recognized as a liability at the grant date based on the market value of the Company's common shares. This liability is initially recognized in the "deferred credits, provisions and other liabilities" line of the consolidated statements of financial position, and is re-measured at each reporting period and at the redemption date, or the date when the unit holder ceases to be a director. Cash-settled stock-based compensation is recognized in the "stock-based compensation" line of the consolidated statements of earnings (loss). The DSUs are settled within the calendar year following the year that the unit holder ceases to be a director. The RSUs are settled three years after the grant date.

Reclassification of Business Development Costs

Business development costs previously presented on the "restructuring and other" line of the consolidated statements of earnings of \$0.1 for the three months ended March 31, 2011 and \$0.4 for the three months ended June 30, 2011, have been retrospectively reclassified to "property, marketing and administration". This reclassification resulted in a corresponding decrease in EBITDA, and had no impact on net earnings or shareholders' equity for the three months ended March 31, 2011 and June 30, 2011.

In light of the Company's expectations to continue its business development activities, this revised presentation will provide more meaningful information on the operating and financial performance of the Company.

Transition to International Financial Reporting Standards

The Company adopted IFRS effective January 1, 2011 and has prepared consolidated financial statements for the year ended December 31, 2011. The Company's new IFRS policies are disclosed in Note 2 of the Company's Audited Financial Statements for the year ended December 31, 2011. Prior to the adoption of IFRS, the Company's consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

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

In order to allow the users of the financial statements to better understand these changes, the Company has prepared reconciliations between Canadian GAAP and IFRS in Note 31 to the Audited Financial Statements. In preparing the reconciliations, the Company applied the principles, elections, and exemption of IFRS 1, *First Time Adoption of International Accounting Standards*, ("IFRS 1") with a transition date of January 1, 2010.

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

Recent Accounting Pronouncements

In June 2011, the IASB issued IAS 1, Presentation of Financial Statements ("IAS 1"), which required the grouping of other comprehensive income ("OCI") into two components: items that may be reclassified to net earnings in subsequent periods, and items that will not be reclassified into net earnings in subsequent periods. This revised accounting pronouncement is effective for annual periods beginning on or after July 1, 2012. The effect of this change is included in the consolidated financial statements.

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

- *IFRS 7, Financial Instruments: Disclosures* – amended to increase the disclosure requirements in connection with the transfer of financial assets to a third party that are not derecognised from the Company's consolidated financial statements. Effective for annual periods beginning on or after July 1, 2011.

- *IAS 12, Income Taxes* – amended to provide a practical solution to determining the recovery of investment properties as it relates to accounting for deferred taxes. Effective for annual periods beginning on or after January 1, 2012.

- *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. Effective for annual periods beginning on or after January 1, 2013.

- *IFRS 13, Fair Value Measurement* – provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Effective for annual periods beginning on or after January 1, 2013.

- *IFRS 9, Financial Instruments* ("IFRS 9") – replaces IAS 39, *Financial Instruments: Recognition and measurement* ("IAS 39"). IFRS 9 simplifies the classification and measurement requirements for financial instruments, which replaces the multiple classification and measurement models in IAS 39. Effective for annual periods beginning on or after January 1, 2015.

The IASB also issued the following new and revised standards addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements with other entities:

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

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

These five standards must be adopted concurrently and are effective for annual periods beginning on or after January 1, 2013.

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

Financial Instruments and Other Instruments

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

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

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, 2011.

As well, as of the end of the fiscal year ended December 31, 2011, the Chief Executive Officer and Chief Financial Officer have evaluated and concluded that the Company's internal controls over financial reporting, designed under the 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 2011, there was neither a material weakness nor a change in the Company's disclosure controls and procedures or its internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, these controls.

Definitions of Other Terms Used in the MD&A

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

Racebook – an off-racetrack 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 commissions paid to BCLC (commissions are 60% of the win on most table games and 75% of the slot machine win) and are net of accruals for anticipated payouts of progressive slot machine jackpots and progressive table game payouts.

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

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

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

- Casino gaming in Nova Scotia – gaming revenues are approximately equal to 52.725% of the gross gaming win.

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

- Facility Development Commission ("FDC") – revenues earned from BCLC as a fixed percentage of gross gaming win, subject to the Company incurring sufficient Approved Amounts (a defined term in the casino operating service agreements and generally consists of approved capital and operating expenditures related to the development or improvement of gaming properties). Specifically, BCLC's program permits a 3% FDC commission on gross gaming win from casinos, racetracks and community gaming centres and provides an additional, accelerated 2% of gross gaming win towards site-specific reimbursements of new gaming redevelopments.

- Hospitality and other revenues:

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

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

    - Other revenues – ATM commissions, theatre revenues, advertising revenues, and other income from ancillary services.

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

Additional Information

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

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

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

SUPPLEMENTAL FINANCIAL INFORMATION

Consolidated Quarterly Results Trend (1)

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Gaming Revenues					
River Rock Casino Resort	$ 22.5	$ 24.6	$ 24.9	$ 22.3	$ 22.7
Boulevard Casino	10.8	11.3	11.2	10.9	11.3
Vancouver Island Casinos	7.7	8.0	8.0	7.7	8.1
Other BC Casinos	2.5	2.4	2.0	1.8	1.8
Nova Scotia Casinos	9.2	11.3	10.0	9.1	9.5
Great American Casinos	4.9	4.5	5.0	5.1	4.8
BC Racinos	4.7	5.0	4.8	4.8	4.8
Georgian Downs	3.1	3.4	3.2	2.9	3.1
Flamboro Downs	3.0	3.2	3.2	2.9	3.0
	68.4	**73.7**	**72.3**	**67.5**	**69.1**
Facility Development Commission					
River Rock Casino Resort	3.3	3.7	3.7	3.2	3.3
Boulevard Casino	1.8	1.8	1.8	1.8	1.9
Vancouver Island Casinos	2.4	1.3	1.3	1.2	1.3
Other BC Casinos	0.4	0.4	0.4	0.5	0.7
BC Racinos	0.6	0.9	0.7	0.8	0.9
	8.5	**8.1**	**7.9**	**7.5**	**8.1**
Hospitality and Other Revenues					
River Rock Casino Resort	10.1	8.5	8.9	8.1	8.8
Boulevard Casino	2.3	2.1	2.2	2.1	2.6
Vancouver Island Casinos	0.8	1.0	1.0	0.9	0.9
Other BC Casinos	0.5	0.4	0.4	0.4	0.4
Nova Scotia Casinos	1.1	1.3	1.1	1.0	1.5
Great American Casinos	1.4	1.2	1.1	1.2	1.1
BC Racinos	1.5	2.2	1.9	1.2	1.4
Georgian Downs	0.5	0.5	0.5	0.2	0.6
Flamboro Downs	0.7	0.7	0.7	0.6	0.7
Corporate & Other	-	-	0.1	-	-
	18.9	**17.9**	**17.9**	**15.7**	**18.0**
Racetrack Revenues					
BC Racinos	3.3	3.9	4.0	3.4	4.2
Georgian Downs	0.4	0.5	0.5	0.4	0.4
Flamboro Downs	0.8	0.8	0.8	0.8	0.8
	4.5	**5.2**	**5.3**	**4.6**	**5.4**
Promotional Allowances	(4.6)	(3.9)	(3.9)	(3.3)	(3.4)
Revenues	**$ 95.7**	**$ 101.0**	**$ 99.5**	**$ 92.0**	**$ 97.2**
EBITDA					
River Rock Casino Resort	$ 13.5	$ 17.8	$ 18.3	$ 15.0	$ 15.3
Boulevard Casino	5.3	5.9	5.9	6.0	6.1
Vancouver Island Casinos	6.1	5.6	5.7	5.3	5.6
Other BC Casinos	1.5	1.2	1.3	1.1	1.5
Nova Scotia Casinos	2.1	4.3	2.8	1.9	2.6
Great American Casinos	1.0	0.8	1.2	1.5	1.4
BC Racinos	2.6	3.2	2.7	2.6	4.0
Georgian Downs	2.1	2.6	2.4	2.1	2.1
Flamboro Downs	2.1	2.2	2.1	1.6	1.8
Corporate & Other	(5.4)	(5.4)	(5.0)	(5.8)	(5.4)
	$ 30.9	**$ 38.2**	**$ 37.4**	**$ 31.3**	**$ 35.0**

(1) The three months ended March 31, 2011 and June 30, 2011 include a retrospective reclassification that affects EBITDA as described in the "Other Financial Information" section of this MD&A.