GREAT CANADIAN GAMING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month Periods Ended
March 31, 2016 and 2015

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

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in millions of Canadian dollars)

			March 31, 2016		December 31, 2015
Assets					
Current					
Cash and cash equivalents	Note 3	**$**	**214.8**	$	207.5
Accounts receivable			**13.2**		7.3
Income taxes receivable			**3.3**		0.4
Prepaids, deposits and other assets			**9.0**		8.1
			240.3		223.3
Property, plant and equipment	Note 4		**660.6**		638.2
Intangible assets	Note 5		**87.9**		81.4
Goodwill	Note 6		**22.0**		22.6
Derivative assets	Note 9		**0.2**		-
Deferred tax assets			**10.1**		9.6
Cash on deposit with Canada Revenue Agency	Note 13		**20.2**		20.2
Other assets			**2.5**		2.8
		$	**1,043.8**	$	998.1
Liabilities					
Current					
Accounts payable and accrued liabilities	Note 3, 10, 17	**$**	**63.3**	$	66.6
Other liabilities			**3.2**		2.9
			66.5		69.5
Long-term debt	Note 7		**477.3**		443.0
Deferred credits, provisions and other liabilities	Note 10, 17		**27.1**		25.9
Deferred tax liabilities			**80.6**		80.1
			651.5		618.5
Equity					
Share capital and reserves	Note 10		**312.5**		310.2
Accumulated other comprehensive income			**2.3**		3.3
Retained earnings			**74.6**		65.7
Equity attributable to shareholders of the company			**389.4**		379.2
Non-controlling interests			**2.9**		0.4
Total equity			**392.3**		379.6
		$	**1,043.8**	$	998.1

These financial statements were approved and authorized by the Company's Board of Directors for issue on May 9, 2016.

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Earnings
(Unaudited - Expressed in millions of Canadian dollars, except for per share information)

		Three months ended March 31, 2016	2015
Revenues	Note 11	**$ 130.9**	$ 109.0
Expenses			
Human resources	Note 17	**50.7**	41.5
Property, marketing and administration	Note 11	**36.7**	26.4
Amortization		**13.3**	9.4
Share-based compensation	Note 10, 17	**2.1**	2.2
Interest and financing costs, net		**8.7**	7.8
Restructuring and other	Note 12	**3.4**	1.6
Foreign exchange loss (gain) and other		**1.1**	(1.9)
		116.0	87.0
Earnings before income taxes		**14.9**	22.0
Income taxes	Note 13	**4.6**	5.9
Net earnings		**$ 10.3**	$ 16.1
Net earnings attributable to:			
Shareholders of the company		**$ 10.4**	$ 16.1
Non-controlling interests		**(0.1)**	-
		$ 10.3	$ 16.1
Net earnings per common share attributable to shareholders of the company	Note 14		
Basic		**$ 0.16**	$ 0.23
Diluted		**$ 0.16**	$ 0.23
Weighted average number of common shares			
Basic		**64,401,905**	69,009,852
Diluted		**65,400,785**	70,902,409

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Comprehensive Income
(Unaudited - Expressed in millions of Canadian dollars)

	Three months ended March 31, 2016	2015
Net earnings	**$ 10.3**	$ 16.1
Other comprehensive (loss) income		
Items that may be reclassified subsequently to net earnings		
Current period change in fair value of derivative designated as cash flow hedge, net of taxes (Note 19)	**0.1**	-
Unrealized effect of foreign currency translation of foreign operations	**(1.1)**	0.9
Other comprehensive (loss) income	**(1.0)**	0.9
Total comprehensive income	**$ 9.3**	$ 17.0
Total comprehensive income attributable to:		
Shareholders of the company	**$ 9.4**	$ 17.0
Non-controlling interests	**(0.1)**	-
	$ 9.3	$ 17.0

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in millions of Canadian dollars)

		Share Capital Number [1]	Share Capital Amount	Reserves	Share Capital and Reserves	Accumulated Other Comprehensive Income	Retained Earnings	Equity Attributable To Shareholders	Non-Controlling Interests	Total Equity
At January 1, 2015		68,814	$ 277.4	$ 41.4	$ 318.8	$ 1.1	$ 80.4	$ 400.3	$ -	$ 400.3
Share-based compensation	Note 10	-	-	1.4	1.4	-	-	1.4	-	1.4
Exercise of incentive stock options		900	9.2	(1.9)	7.3	-	-	7.3	-	7.3
Net earnings		-	-	-	-	-	16.1	16.1	-	16.1
Other comprehensive income		-	-	-	-	0.9	-	0.9	-	0.9
At March 31, 2015		69,714	$ 286.6	$ 40.9	$ 327.5	$ 2.0	$ 96.5	$ 426.0	$ -	$ 426.0
At January 1, 2016		64,413	$ 266.3	$ 43.9	$ 310.2	$ 3.3	$ 65.7	$ 379.2	$ 0.4	$ 379.6
Share-based compensation	Note 10	-	-	1.3	1.3	-	-	1.3	-	1.3
Exercise of incentive stock options	Note 10	169	1.9	(0.3)	1.6	-	-	1.6	-	1.6
Common shares purchased	Note 10	(138)	(0.6)	-	(0.6)	-	(1.5)	(2.1)	-	(2.1)
Net earnings		-	-	-	-	-	10.4	10.4	(0.1)	10.3
Other comprehensive loss		-	-	-	-	(1.0)	-	(1.0)	-	(1.0)
Non-controlling interests		-	-	-	-	-	-	-	2.6	2.6
At March 31, 2016		**64,444**	**$ 267.6**	**$ 44.9**	**$ 312.5**	**$ 2.3**	**$ 74.6**	**$ 389.4**	**$ 2.9**	**$ 392.3**

[1] Share information is presented in thousands.

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in millions of Canadian dollars)

		Three months ended March 31, 2016	2015
Cash Flows from Operating Activities			
Earnings before income taxes		**$ 14.9**	$ 22.0
Adjustments to reconcile earnings before income taxes to cash generated by operating activities:			
Amortization		**13.3**	9.4
Share-based compensation	Note 10, 17	**2.1**	2.2
Interest and financing cost, net		**8.7**	7.8
Foreign exchange loss (gain) and other		**1.1**	(1.9)
Other		**1.1**	(0.2)
Changes in non-cash operating working capital	Note 15	**5.2**	0.7
Income taxes paid		**(7.3)**	(14.0)
Cash generated by operating activities		**39.1**	26.0
Cash Flows from Investing Activities			
Purchase of property, plant and equipment, net of related accounts payable of $2.4 (2015 - $0.3)		**(8.2)**	(4.0)
Acquisition of Ontario Gaming East Bundle, net of cash acquired	Note 21	**(37.8)**	-
Receivable from OLG related to acquisition of Ontario East Gaming Bundle		**(2.7)**	-
HST receivable related to acquisition of Ontario East Gaming Bundle		**(1.3)**	-
Interest income received		**0.3**	0.8
Other		**(1.0)**	(0.3)
Cash used in investing activities		**(50.7)**	(3.5)
Cash Flows from Financing Activities			
Increase in borrowings under credit facilities	Note 8	**35.0**	-
Debt financing transaction costs	Note 8	**(1.0)**	-
Proceeds from exercise of incentive share options, net of issuance costs		**1.6**	7.3
Repurchase of common shares	Note 10	**(2.1)**	-
Contributions from non-controlling interests		**2.6**	-
Interest paid		**(16.1)**	(15.7)
Cash generating by (used in) financing activities		**20.0**	(8.4)
Effect of foreign exchange on cash and cash equivalents		**(1.1)**	1.4
Cash inflow		**7.3**	15.5
Cash and cash equivalents, beginning of period		**207.5**	330.6
Cash and cash equivalents, end of period	Note 3	**$ 214.8**	$ 346.1

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

1. BASIS OF PRESENTATION

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. As a result, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015 ("Annual Financial Statements").

These condensed interim consolidated financial statements were prepared using the same accounting policies as set out in the Company's Annual Financial Statements, except as described below. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 3 of the Company's Annual Financial Statements.

2. CHANGES IN ACCOUNTING POLICIES

Standards, amendments and interpretations effective and applied

Effective January 1, 2016, the Company adopted the following revised IASs and IFRSs issued by the IASB. These revised standards and interpretation did not have a material impact on the Company's condensed interim consolidated financial statements.

- *IFRS 10, Consolidated Financial Statements ("IFRS 10"), IFRS 12, Disclosure of Interests in Other Entities, and IAS 28, Investment in Associates and Joint Ventures ("IAS 28")* – amended to address issues that have arisen in the context of applying the consolidation exception for investment entities. It is effective for annual periods beginning on or after January 1, 2016.

- *IAS 1, Presentation of Financial Statements ("IAS 1")* – amended to clarify IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. It is effective for annual periods beginning on or after January 1, 2016.

- *IFRS 5, Non-current Assets Held for Sale and Discontinued Operations* – amended to add specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution to its owners, or vice versa, and cases in which held-for-distribution accounting is discontinued. It is effective for annual periods beginning on or after January 1, 2016.

- *IFRS 7, Financial Instruments - Disclosure* – amended to clarify whether a servicing contract is continuing involvement in a transferred asset and to clarify offsetting disclosure requirements in financial statements. It is effective for annual periods beginning on or after January 1, 2016.

- *IAS 19, Employee Benefits* – amended to clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. It is effective for annual periods beginning on or after January 1, 2016.

- *IAS 34, Interim Financial Reporting* – amended to clarify the meaning of "elsewhere in the interim report" and require a cross-reference. It is effective for annual periods beginning on or after January 1, 2016.

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

2. CHANGES IN ACCOUNTING POLICIES (Continued)

Standards, amendments and interpretations not yet effective and not applied

The IASB issued the following new and revised accounting pronouncements which the Company does not plan to early adopt. With the exception of the ones regarding IFRS 15, IFRS 9 and IFRS 16 for which the Company is still assessing the impact, the remaining pronouncements are not expected to have a material effect on the Company's condensed interim consolidated financial statements.

- *IFRS 10 and IAS 28* – amended to require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business and to require partial recognition of gains and losses where the assets do not constitute a business. The effective date has been deferred indefinitely.

- *IAS 12, Income Taxes* – amended to clarify the recognition of deferred tax assets for unrealized losses on debt instruments. It is effective for annual periods beginning on or after January 1, 2017.

- IAS 7, *Statement of Cash Flows* – amended to clarify that an entity should provide disclosures that enable the users of financial statements to evaluate changes in liabilities arising from financing activities. It is effective for annual periods beginning on or after January 1, 2017.

- *IFRS 15, Revenue from Contracts with Customers* – provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various other matters. New disclosures about revenue are also introduced. It is effective for annual periods beginning on or after January 1, 2018.

- *IFRS 9, Financial Instruments ("IFRS 9")* – replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. It is effective for annual periods beginning on or after January 1, 2018.

- *IFRS 16, Leases* – specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with lessor accounting substantially unchanged from its predecessor, *IAS 17, Leases*. It is effective for annual periods beginning on or after January 1, 2019.

3. CASH AND CASH EQUIVALENTS

	March 31, 2016	December 31, 2015
Cash in banks	**$ 194.4**	$ 188.6
Cash floats	**20.4**	18.9
	$ 214.8	$ 207.5

As at March 31, 2016, cash and cash equivalents included $0.3 related to future payments for construction projects (December 31, 2015 - $0.5), $3.4 for settling jackpot liabilities (December 31, 2015 - $3.2) and $nil of restricted cash used to secure an outstanding letter of credit (December 31, 2015 - $5.0).

Chip liability of $6.6 previously presented as "cash and cash equivalents" on the consolidated statements of financial position for the three months ended March 31, 2015 has been retrospectively reclassified to "accounts payable and accrued liabilities". This revised presentation provides more useful comparative information regarding the Company's cash position and operating financial performance.

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

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings, Building Improvements and Leasehold Improvements	Equipment	Properties Under Development	Total
Cost					
Balance at January 1, 2015	$ 82.6	$ 759.4	$ 122.2	$ 8.4	$ 972.6
Additions	0.1	0.3	3.9	13.4	17.7
Acquired through business combination	5.4	60.7	8.9	-	75.0
Disposals	-	(3.4)	(3.5)	-	(6.9)
Reclassifications	-	11.8	4.6	(16.4)	-
Translation and other	0.6	3.1	1.1	-	4.8
Balance at December 31, 2015	$ 88.7	$ 831.9	$ 137.2	$ 5.4	$ 1,063.2
Additions	**2.9**	**0.1**	**1.2**	**1.6**	**5.8**
Acquired through business combination [1]	**0.5**	**22.1**	**5.6**	**-**	**28.2**
Reclassifications	**-**	**0.5**	**0.7**	**(1.2)**	**-**
Translation and other	**(0.2)**	**(1.1)**	**(0.4)**	**-**	**(1.7)**
Balance at March 31, 2016	**$ 91.9**	**$ 853.5**	**$ 144.3**	**$ 5.8**	**$ 1,095.5**
Accumulated amortization					
Balance at January 1, 2015	$ (11.2)	$ (279.3)	$ (108.1)	$ -	$ (398.6)
Amortization	-	(23.8)	(7.2)	-	(31.0)
Disposals	-	3.4	3.4	-	6.8
Translation and other	-	(1.3)	(0.9)	-	(2.2)
Balance at December 31, 2015	$ (11.2)	$ (301.0)	$ (112.8)	$ -	$ (425.0)
Amortization	**-**	**(7.6)**	**(3.0)**	**-**	**(10.6)**
Translation and other	**-**	**0.4**	**0.3**	**-**	**0.7**
Balance at March 31, 2016	**$ (11.2)**	**$ (308.2)**	**$ (115.5)**	**$ -**	**$ (434.9)**
Carrying amount					
At December 31, 2015	$ 77.5	$ 530.9	$ 24.4	$ 5.4	$ 638.2
At March 31, 2016	**$ 80.7**	**$ 545.3**	**$ 28.8**	**$ 5.8**	**$ 660.6**

[1] The assets acquired through business combination relates to the acquisition of OLG's Gaming Bundle 2 (East) (see Note 21).

The Company has committed to make capital investments totalling $10.0 in the Nova Scotia casino business, subject to a revitalization plan and schedule approved by the Nova Scotia Provincial Lotteries & Casinos Corporation. This capital commitment is not eligible for reimbursement from the Capital Reserve Account.

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

5. INTANGIBLE ASSETS

	BC Gaming Operating Agreements	Nova Scotia Gaming Operating Agreement	Ontario Siteholder/ Lease Agreements	Ontario Gaming Operating Agreement	New Brunswick Gaming Operating Agreement	Other	Total
Cost							
Balance at January 1, 2015	$ 81.4	$ 34.6	$ 106.0	$ -	$ -	$ 2.5	$ 224.5
Acquired through business combination	-	-	-	-	20.7	-	20.7
Balance at December 31, 2015	$ 81.4	$ 34.6	$ 106.0	$ -	$ 20.7	$ 2.5	$ 245.2
Acquired through business combination [2]	**-**	**-**	**-**	**9.2**	**-**	**-**	**9.2**
Balance at March 31, 2016	**$ 81.4**	**$ 34.6**	**$ 106.0**	**$ 9.2**	**$ 20.7**	**$ 2.5**	**$ 254.4**
Accumulated amortization							
Balance at January 1, 2015	$ (53.1)	$ (30.2)	$ (69.6)	$ -	$ -	$ (1.8)	$ (154.7)
Amortization	(2.6)	(0.4)	(5.7)	-	(0.3)	(0.1)	(9.1)
Balance at December 31, 2015	$ (55.7)	$ (30.6)	$ (75.3)	$ -	$ (0.3)	$ (1.9)	$ (163.8)
Amortization	**(0.6)**	**(0.1)**	**(1.5)**	**(0.1)**	**(0.4)**	**-**	**(2.7)**
Balance at March 31, 2016	**$ (56.3)**	**$ (30.7)**	**$ (76.8)**	**$ (0.1)**	**$ (0.7)**	**$ (1.9)**	**$ (166.5)**
Carrying amount							
At December 31, 2015	**$ 25.7**	**$ 4.0**	**$ 30.7**	**$ -**	**$ 20.4**	**$ 0.6**	**$ 81.4**
At March 31, 2016	**$ 25.1**	**$ 3.9**	**$ 29.2**	**$ 9.1**	**$ 20.0**	**$ 0.6**	**$ 87.9**

[1] The addition relates to the acquisition of OLG's Gaming Bundle 2 (East) (see Note 21).

6. GOODWILL

	Total
Cost	
Balance at January 1, 2015	$ 48.5
Foreign exchange movements	1.5
Balance at December 31, 2015	$ 50.0
Foreign exchange movements	**(0.6)**
Balance at March 31, 2016	**$ 49.4**
Impairments	
Balance at January 1, 2015, December 31, 2015 and March 31, 2016	**$ (27.4)**

Carrying amount	**GCCI[1]**	**GCEC[2]**	**ORL[3]**	**GAGC[4]**	**Total**
At December 31, 2015	$ 1.6	$ 3.8	$ 8.1	$ 9.1	$ 22.6
At March 31, 2016	**$ 1.6**	**$ 3.8**	**$ 8.1**	**$ 8.5**	**$ 22.0**

[1] "GCCI" means Great Canadian Casinos Inc., a wholly-owned subsidiary of the Company and its goodwill primarily relates to the acquistion of the food and beverage operations in View Royal and Coquitlam.

[2] "GCEC" means Great Canadian Entertainment Centres Ltd., a wholly-owned subsidiary of the Company and its goodwill relates to the acquisition of the operations in Dawson Creek and Maple Ridge.

[3] "ORL" means Orangeville Raceway Limited, a wholly-owned subsidiary of the Company and its goodwill relates to the acquisition of the operations in Surrey.

[4] "GAGC" means Great American Gaming Corporation, a wholly-owned subsidiary of the Company and its goodwill relates to the acquisition of the operations in Washington.

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

7. LONG-TERM DEBT

	March 31, 2016	December 31, 2015
Senior Unsecured Notes, net of unamortized transaction costs of $6.7 (2015 - $7.0)	**$ 443.3**	$ 443.0
Non-recourse Revolving Credit Facility, net of unamortized transaction costs of $1.0 (2015 - $nil)	**34.0**	-
	$ 477.3	$ 443.0

As at March 31, 2016 and December 31, 2015, the Company's long-term debt facilities consisted of $450.0 Senior Unsecured Notes ("Senior Unsecured Notes") and a $350.0 Senior Secured Revolving Credit Facility (the "Senior Secured Revolving Credit Facility"). As at March 31, 2016, the Company's long-term debt facilities also included a $60.0 Non-recourse Revolving Credit Facility (the "Non-recourse Revolving Credit Facility") arranged on January 11, 2016 by the Company's OGELP subsidiary.

a) *Senior Unsecured Notes*

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

The Senior Unsecured Notes are guaranteed by the Company's material restricted subsidiaries as defined in the long-term debt agreement covering the Trust Indenture. Interest on the Senior Unsecured Notes is payable semi-annually in arrears on January 25 and July 25 of each year. There are customary provisions for early redemptions of the Senior Unsecured Notes during defined periods prior to maturity with payment of defined premiums.

Transaction costs of approximately $10.5 associated with the issuance of the Senior Unsecured Notes were primarily related to underwriting fees, legal fees, and other expenses, and are amortized through the "interest and financing costs, net" line of the condensed interim consolidated statements of earnings over the term of the Senior Unsecured Notes using the effective interest method.

b) *Senior Secured Revolving Credit Facility*

As at March 31, 2016, subject to compliance with the related financial covenants, the Company has $322.9 (December 31, 2015 - $322.6) of available undrawn credit on its Senior Secured Revolving Credit Facility after deducting outstanding letters of credit of $27.1 (December 31, 2015 - $27.4). The counterparties to this credit facility are major financial institutions with minimum "A" credit ratings.

The Senior Secured Revolving Credit Facility is guaranteed and secured by substantially all of the assets of the Company and its subsidiaries. The Senior Secured Revolving Credit Facility requires the Company to comply with certain operational and financial covenants (which are defined in the underlying agreement). The financial covenants which are calculated quarterly on a trailing twelve month basis are: Total Debt to Adjusted EBITDA ratio of 5.00 or less, Senior Secured Debt to Adjusted EBITDA ratio of 3.50 or less, and Interest Coverage ratio of 2.25 or more (see Note 8).

7. LONG-TERM DEBT (Continued)

c) Non-recourse Revolving Credit Facility of OGELP subsidiary

On January 11, 2016, the Company's OGELP subsidiary arranged a $60.0 revolving credit facility for the acquisition of the assets and operations of certain casinos in Ontario from the OLG as described in Note 21. The Non-recourse Revolving Credit Facility Credit Agreement ("Non-recourse Credit Agreement"), which expires on January 11, 2020, is non-recourse to Great Canadian Gaming Corporation and its other subsidiaries, other than the Company's historic investment in the OGELP subsidiary, which may not be recovered in the event of default of OGELP. OGELP's assets are pledged as collateral on the facility. The counterparties to this credit facility are major financial institutions with minimum "A" credit ratings.

As at March 31, 2016, subject to compliance with the related financial covenants, OGELP has $10.0 of available undrawn credit on its Non-recourse Revolving Credit Facility after deducting $35.0 of debt borrowed and outstanding letters of credit of $15.0.

Transaction costs associated with the issuance of the Non-recourse Revolving Credit Facility totalling $1.0 are amortized through the "interest and financing costs, net" line of the condensed interim consolidated statements of earnings over the term of the Non-recourse Revolving Credit Facility using the straight-line method.

The Non-recourse Revolving Credit Facility requires OGELP to comply with certain operational and financial covenants (which are defined in the underlying agreement). As at March 31, 2016, OGELP was in compliance with all debt covenants.

Refer to Note 9 for the interest rate swap associated with this credit facility.

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8. CAPITAL DISCLOSURES

The Company's capital structure comprises:

- Equity;
- Long-term debt;
- Cash and cash equivalents; and
- Outstanding letters of credit.

The Company's objectives are to maintain a flexible capital structure that optimizes the cost of capital at acceptable risk levels and to manage capital in a manner that balances the interests of equity and debt holders. The Company manages its capital structure in light of changes in economic conditions and the risk characteristics of the Company's operations. The Company's major capital allocation decisions include a comparison of the expected financial returns from those investments to its estimated weighted-average cost of capital. The Company currently plans to use its cash and cash equivalents, cash flows from operations, and established debt facilities to finance its business development plans.

In January 2016, the Company's OGELP subsidiary obtained a $60.0 revolving credit facility on a non-recourse basis to the Company and its other subsidiaries. Subsequent to the acquisition of the assets and operations of certain casinos in Ontario, the remaining capacity on this credit facility, as well as cash generated by the acquired operations and increased capital contributions from its partners, will be used by OGELP to finance the planned property developments of the Ontario East Gaming Bundle. As at March 31, 2016, OGELP was in compliance with all debt covenants.

The Company monitors its capital structure and must comply with certain financial covenants related to its long-term debt. The Company intends to manage its capital by operating at a level that provides a conservative margin compared to the limits of its covenants.

As at March 31, 2016, the Company was in compliance with its financial covenants under the terms of its Senior Secured Revolving Credit Facility and Senior Unsecured Notes as shown below:

Covenant test	Required ratio	Actual ratio
Total Debt to Adjusted EBITDA ratio [(1)]	≤ 5.00	2.08
Senior Secured Debt to Adjusted EBITDA ratio [(1), (2)]	≤ 3.50	0.00
Interest Coverage ratio [(1)]	≥ 2.25	6.10
Fixed Charge Coverage ratio [(3)]	≥ 2.00	6.11

(1) Calculated on a trailing twelve month basis and defined in the Credit Agreement, as amended on May 25, 2015.
(2) This ratio does not include the Non-recourse Revolving Credit Facility of OGELP.
(3) Calculated on a trailing twelve month basis and tested on specified events as defined in the long-term debt agreement covering the Trust Indenture dated July 24, 2012.

As part of its capital structure monitoring process, the Company's independent credit ratings as at March 31, 2016 were as follows:

	Moody's	Standard & Poor's
Corporate	Ba3 Stable	BB+ Stable
Senior Secured Revolving Credit Facility	Baa3	BBB
Senior Unsecured Notes	B1	BB+

9. INTEREST RATE SWAP

On January 19, 2016, the Company's OGELP subsidiary entered into an interest rate swap that effectively converted the floating interest rate on the debt borrowed from its Non-recourse Revolving Credit Facility (described in Note 7) into fixed interest rate debt. As at March 31, 2016, the interest rate swap had a notional principal of $35.0 and matures on January 10, 2020. OGELP receives interest based on a 3-month Canadian Dealer Offered Rate and pays interest at 0.813% per annum.

OGELP designated the interest rate swap as an accounting cash flow hedge of the interest rate exposure on the debt. OGELP has evaluated the interest rate swap and assessed it as an effective hedge of the cash flows associated with the Non-recourse Revolving Credit Facility. Accordingly, the change in fair values of the swap, net of income taxes, has been recorded in other comprehensive income. The fair value of the interest rate swap is calculated by an independent, third party based on the market conditions at the time of reporting.

At March 31, 2016, the fair value of the interest rate swap was in a $0.2 asset position and the amount was recorded in "derivative asset" on the condensed interim consolidated statements of financial position.

10. SHARE CAPITAL AND RESERVES

The Company is authorized to issue an unlimited number of common shares with no par value.

a) *Share repurchases*

In March 2016, the Company received approval from the TSX to commence a normal course issuer bid for up to 5,312,609 of its common shares, representing approximately 10% of the Company's common shares in the public float. The bid commenced on March 14, 2016 and will end on March 13, 2017, or earlier if the number of shares sought in the issuer bid has been obtained. The Company will not purchase shares during its self-imposed blackout periods and reserves the right to terminate the bid earlier if it feels it is appropriate to do so. Pursuant to TSX policies, daily purchases made by the Company will not exceed 21,107 common shares or 25% of the prior six-month average trading volume of 84,426 common shares on the TSX, subject to certain prescribed exceptions. 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 rules. No purchases will be made other than by means of open market transactions during the term of the normal course issuer bid and conducted at the market price at the time of acquisition. All shares purchased by the Company will be subsequently cancelled.

During the three months ended March 31, 2016, the Company purchased for cancellation 138,240 common shares at a weighted-average price per share of $15.23 under the normal course issuer bid which expired on February 25, 2016. Subsequent to March 31, 2016, the Company purchased 1,000,000 common shares at a volume weighted-average price per share of $17.25. All shares purchased by the Company will subsequently be cancelled.

During the three months ended March 31, 2015, the Company did not purchase any common shares under the normal course issuer bid which expired on January 29, 2015 or under the normal course issuer bid which expired February 25, 2016.

On June 29, 2015, after receiving the required gaming regulatory approvals and an order from the Canadian securities regulators exempting the purchase from the issuer bid requirements of Multilateral Instrument 62-104 Take-Over Bids and Issuer Bids ("MI 62-104"), the Company purchased 3,400,000 common shares of the Company (the "Estate Shares") from a company controlled by the Estate of Ross J. McLeod, a former director and officer of the Company who passed away in 2011. MI 62-104 contains an exemption, section 4.7, from the issuer bid requirements to permit the purchase of shares from a former employee, executive officer or director of the issuer. The purchase price for the Estate Shares was at a discount to the market price of the shares calculated in compliance with the requirements of section 4.7 (a 20 day average) and the number of Estate Shares was below the maximum number of shares that may be purchased under that section. The purchase price was $77.7 or $22.8545 dollars per share. The purchased Estate Shares represented approximately 4.87% of the number of outstanding common shares at that date and were subsequently cancelled.

10. SHARE CAPITAL AND RESERVES (Continued)

b) Share option plan

The changes in the number of share options and their weighted-average exercise price during the three months ended March 31, 2016 and the year ended December 31, 2015 were as follows:

	March 31, 2016		December 31, 2015	
	Options [1]	**Weighted-Average Exercise Price**	Options [1]	Weighted-Average Exercise Price
Outstanding, beginning of period	**5,713**	**$ 14.38**	4,123	$ 10.17
Granted	**-**	**-**	3,038	18.13
Forfeited	**(162)**	**16.73**	(300)	17.14
Exercised	**(169)**	**9.19**	(1,148)	8.48
Outstanding, end of period	**5,382**	**$ 14.47**	5,713	$ 14.38

[1] Option information is presented in thousands.

No options were granted during the three months ended March 31, 2016. The fair values of share options granted to employees at the time of the grant and the weighted-average assumptions used in applying the Black-Scholes option pricing model were as follows:

	Three months ended March 31, 2016	2015
Option award fair value	**$ -**	$ 4.18
Risk-free interest rate	**-**	1.2%
Expected lives [2]	**-**	3.5 years
Expected volatility [3]	**-**	25.8%
Dividend yield	**-**	0.0%

[2] Estimated based on the Company's vesting policy and historical exercise pattern.

[3] Based on the historical volatility of the Company's share price over the most recent period commensurate with the expected lives of the option.

The Company recorded equity-settled share-based compensation expense of $1.3 associated with share options for the three months ended March 31, 2016 (2015 - $1.4).

c) Deferred Share Units ("DSUs")

The changes in DSUs provided to non-employee directors of the Company were as follows:

Number of Units (in thousands)	**March 31, 2016**	December 31, 2015
Outstanding, beginning of period	**219**	212
Issued	**7**	7
Outstanding, end of period	**226**	219

Related to these DSUs, the Company recorded a liability of $4.2 in "deferred credits, provisions and other liabilities" at March 31, 2016 (December 31, 2015 - $3.5) and cash-settled share-based compensation expense of $0.7 for the three months ended March 31, 2016 (2015 - $0.6).

10. SHARE CAPITAL AND RESERVES (Continued)

d) Restricted Share Units ("RSUs")

Effective January 1, 2014, the Company introduced an employee incentive program that contains the opportunity for eligible employees to be awarded cash-settled RSUs if they exceed certain business targets for a prior fiscal year. RSUs granted vest in two equal tranches, one on each of the two anniversary dates following the date of grant. Assuming both a constant market price for the Company's common shares and no award forfeitures, these RSUs would result in cash settlement payments of $0.8 to employees after they vest in March 2017. Subsequent to March 31, 2016, the Company paid $0.8 on the vesting of the first tranche of these RSUs.

The changes in RSUs provided to employees of the Company were as follows:

Number of Units (in thousands)	**March 31, 2016**	December 31, 2015
Outstanding, beginning of period	**87**	-
Issued	**-**	99
Forfeited	**(5)**	(12)
Outstanding, end of period	**82**	87

Related to these RSUs, the Company recorded a liability of $0.5 in "deferred credits, provisions and other liabilities" at March 31, 2016 (December 31, 2015 - $0.5), $0.8 in "accounts payable and accrued liabilities" at March 31, 2016 (December 31, 2015 - $0.7), and a cash-settled share-based compensation expense of $0.1 for the three months ended March 31, 2016 (2015 - $0.2).

11. REVENUES

	Three months ended March 31,			
		2016		2015
Gaming revenues	**$**	**92.7**	$	74.7
Facility Development Commission		**9.2**		9.5
Hospitality, lease and other revenues		**35.2**		27.6
Racetrack revenues		**3.7**		3.3
		140.8		115.1
Less: Promotional allowances		**(9.9)**		(6.1)
	$	**130.9**	$	109.0

Theatre cost of goods sold of $1.0 previously presented as a reduction of "revenues" on the condensed interim consolidated statements of earnings for the three months ended March 31, 2015 has been retrospectively reclassified to "property, marketing and administration expenses". This revised presentation provides more useful comparative information regarding the Company's operating financial performance.

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

12. RESTRUCTURING AND OTHER

	Three months ended March 31,			
		2016		2015
Business closure costs	**$**	**-**	$	0.8
Severance		**1.1**		0.7
Acquisition-related contingent future trailing payments (Note 19)		**1.1**		-
Business development and other		**1.2**		0.1
	$	**3.4**	$	1.6

On March 14, 2015, the Company closed its Great American Casino located in Kent, Washington. In connection with the closure, the Company incurred during the three months ended March 31, 2015 restructuring costs of $1.0, which are primarily attributed to $0.8 of costs associated with an uneconomic lease agreement and $0.2 of employee severance costs.

During the three months ended March 31, 2016, severance costs of $1.1 (2015 - 0.7) were incurred mainly related to the elimination of certain positions to improve operating efficiency. The Company increased the estimated provision for future trailing payments associated with previous acquisitions by $1.1. Business development and other costs included $0.4 associated with the relocation of the Company's corporate office resources to its property locations and $0.4 of property transfer tax associated with the acquisition of Gaming Bundle 2 (East), as described in Note 21.

13. INCOME TAXES

The Company's income tax expense is as follows:

	Three Months Ended March 31,			
		2016		2015
Current tax expense	**$**	**4.6**	$	5.8
Deferred tax expense		**-**		0.1
Total tax expense	**$**	**4.6**	$	5.9

The Company's income tax expense for the three months ended March 31, 2016 can be reconciled to net earnings as follows:

	Three Months Ended March 31,			
		2016		2015
Applicable federal and provincial statutory income tax rate[1]		**26%**		26%
Earnings before income taxes	**$**	**14.9**	$	22.0
Expected income tax expense for the period		**3.9**		5.7
Effect of:				
Non-deductible stock-based compensation		**0.3**		0.4
Impact of different jurisdictional statutory tax rates on earnings of subsidiaries		**0.2**		0.1
Other items		**0.2**		(0.3)
	$	**4.6**	$	5.9

[1] The applicable federal and provincial statutory income tax rate used for the 2016 and 2015 reconciliations above is the income tax rate payable by corporate entities in the province of British Columbia on taxable profits under tax law in that jurisdiction.

13. INCOME TAXES (Continued)

In British Columbia, through the Facility Development Commission ("FDC") program, the British Columbia Lottery Corporation ("BCLC") pre-approves and subsequently approves and reimburses "Approved Amounts" (a defined term in the Company's and its subsidiaries' Casino Operational Services Agreements and Community Gaming Centre Operational Services Agreements) of qualified, gaming-related expenditures, primarily capital in nature, that have been incurred by the Company and its subsidiaries. The Canada Revenue Agency ("CRA") has conducted audits of the Company's and its subsidiaries' FDC filing positions of its B.C. operations for the 2009 and 2010 years, and is conducting audits of subsequent years.

For accounting purposes, FDC is recorded as part of revenues on the condensed interim consolidated statements of earnings when received, subject to having sufficient BCLC Approved Amounts remaining to be reimbursed. For income tax purposes, based on the underlying operating agreements with BCLC and the BCLC FDC policy, management believes that FDC received from BCLC is appropriately characterized under the relevant income tax laws as a reimbursement and a reduction of the cost of either the related long-lived asset (primarily buildings) or the operating expenses being reimbursed. The BCLC FDC Policy requires the Company and its subsidiaries to a) submit to BCLC a business plan for a proposed gaming-related investment; b) receive from BCLC approval of such plan; c) incur the related expenditures from the BCLC-approved business plan; d) submit to BCLC a request for reimbursement of such expenditures including evidence, such as invoices and quantity surveyor reports, verifying the investments were completed; and e) receive approval for reimbursement from BCLC.

As part of their audit, CRA has taken the view that FDC was received as service fee income and should be included in taxable income when received. For income tax purposes, the Company and its subsidiaries treat the reimbursement of the BCLC-approved gaming related property, plant and equipment costs as a reduction in the capital cost of the asset. CRA's current position is inconsistent with the results of CRA's findings in their previous audits of the Company's Great Canadian Casinos Inc. subsidiary for the 2000 and 2001 taxation years.

If CRA's more recent view prevails, it would accelerate the timing of when the Company and its subsidiaries recognize taxable income, but would also increase the tax depreciation deduction (capital cost allowance) that they could recognize in prior and future years. On a net basis, an increase in current income taxes that may arise from CRA notices of reassessment would be mostly offset by decreases in deferred income tax liabilities associated with the increased undepreciated capital cost of the related property, plant and equipment for income tax purposes. As a result, the current effect on the Company's condensed interim consolidated net earnings would be largely mitigated, with the exception of any non-deductible interest and penalties that CRA may levy as part of their reassessments.

From January 1, 2009 to the end of the Company's most recent quarter ended March 31, 2016, the Company and its subsidiaries have received from BCLC reimbursements of FDC Approved Amounts totaling $244.6, of which approximately $229.4 related to long-lived assets and the remaining amount related to operating expenses. During this period, the combined B.C. and federal income tax rates applicable to the Company's B.C. operations ranged from a high of 30% in 2009 to a low of 25% in 2012, as compared to the current 26% rate that has been applicable since 2014. Based on the FDC received from BCLC between January 1, 2009 to March 31, 2016, if CRA's most recent view of FDC prevailed, preliminary estimates indicate the Company's condensed interim consolidated current tax expense would increase $52.6, deferred tax expense would decrease $49.4, and interest and financing costs would increase $8.4, resulting in a one-time $11.6 decrease in net earnings and a corresponding decrease to basic net earnings per share of approximately $0.18/share. If CRA's most recent view of FDC prevails, the Company expects that the effect of the estimated $8.0 annual increase in current income taxes that would arise from applying the combined federal and provincial income tax rate on future FDC reimbursements assuming they were consistent with those received in the last 12 months ended March 31, 2016, would be substantially offset by a decrease in deferred income taxes and would consequently have no material effect on net earnings or net earnings per common share going forward.

13. INCOME TAXES (Continued)

During 2015, the Company received notices of reassessment for itself and three of its subsidiaries from CRA related to the income tax treatment of FDC received from BCLC in 2009 and 2010. The Company strongly disagrees with the CRA's current view of FDC and CRA's adjustments to the taxable income of it and its subsidiaries in respect of FDC. Management believes that the Company's and its subsidiaries' tax filing positions with respect to FDC will prevail and consequently the Company and its subsidiaries have not accrued for additional income tax liabilities, income tax expenses, and interest as a result of the reassessments received from CRA. The Company and its subsidiaries intend to vigorously defend their tax filing positions and the three subsidiaries that have received notices of reassessment from CRA have filed notices of objection with CRA's Appeals Division during 2015. Should the Company or its subsidiaries receive additional notices of reassessment from CRA, the Company and its subsidiaries plan to file notices of objection to CRA's Appeals Division to each notice of reassessment received, as appropriate. In order to file a notice of objection, the Company and its subsidiaries are required to pay at least 50% of the amounts reassessed and will record a corresponding income tax receivable from CRA until the dispute is resolved. These payments, plus interest, will be refunded if the Company and its subsidiaries are successful in challenging the reassessments. If the Company and its subsidiaries are unsuccessful, any remaining taxes payable plus interest will have to be remitted to CRA. The Company and its subsidiaries have deposited a net amount of $20.2 to CRA, which represents 100% of the amounts reassessed from all notices of reassessment to date. This amount is reflected in "cash on deposit with Canada Revenue Agency" on the condensed interim consolidated statements of financial position as at March 31, 2016 (December 31, 2015 - $20.2). The Company and/or its subsidiaries also have the right to appeal directly to the Tax Court of Canada after the date of filing of a notice of objection. The Company is unable to determine how long the appeal process and court process (if necessary) would take at this time.

14. SHAREHOLDERS' NET EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted net earnings per common share attributable to the shareholders of the Company:

		Three months ended March 31, 2016	2015
Shareholders' net earnings	(A)	**$ 10.4**	$ 16.1
Weighted-average number of common shares outstanding [(1)]	(B)	**64,402**	69,010
Dilutive adjustment for share options [(1)]		**999**	1,892
Diluted weighted-average number of common shares [(1)]	(C)	**65,401**	70,902
Shareholders' net earnings per common share			
Basic	(A/B)	**$ 0.16**	$ 0.23
Diluted	(A/C)	**$ 0.16**	$ 0.23

(1) Share information is presented in thousands.

14. SHAREHOLDERS' NET EARNINGS PER COMMON SHARE (CONTINUED)

The following table summarizes the outstanding share options that are anti-dilutive and are not included in the above calculation:

	Three months ended March 31, 2016	2015
Options [1]	**2,779**	1,481

[1] Option information is presented in thousands.

15. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended March 31, 2016	2015
Accounts receivable	**$ (1.2)**	$ 0.4
Prepaids, deposits and other assets	**(0.1)**	1.1
Accounts payable and accrued liabilities	**6.5**	(0.8)
	$ 5.2	$ 0.7

Please refer to Note 3 regarding the retrospective reclassification of chip liability.

16. SEGMENT INFORMATION

The Company's management considers each of its gaming properties to be an operating segment since it reviews their operating results, assesses their performance, and makes resource allocations decisions on a property-by-property basis. The Company has aggregated these operations as one reportable segment based on their similar overall economic characteristics, types of customers, types of services and products provided, the regulatory environment in which they operate and their management and reporting structure. In coming to the determination that the overall economic characteristics are similar, management considered long-term average measures such as gaming revenue as a percentage of revenues, average slot win percentage, average table hold percentage, revenue growth and Adjusted EBITDA as a percentage of revenues.

The Company also conducts its business in two geographic areas: Canada and the United States ("U.S."). Revenues, Adjusted EBITDA and additions to long-lived assets and goodwill attributable to these geographic locations are as follows:

	Three months ended March 31, 2016			Three months ended March 31, 2015		
	Revenues	**Adjusted EBITDA**	**Additions to long-lived assets and goodwill**	Revenues	Adjusted EBITDA	Additions to long-lived assets and goodwill
Canada	**$ 120.7**	**$ 39.7**	**$ 43.0**	$ 100.6	$ 38.9	$ 4.0
U.S.	**10.2**	**3.8**	**0.2**	8.4	2.2	0.3
	$ 130.9	**$ 43.5**	**$ 43.2**	$ 109.0	$ 41.1	$ 4.3

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

16. SEGMENT INFORMATION (Continued)

The following table is a reconciliation of Adjusted EBITDA, as presented in the above tables, to earnings before income taxes as presented in the Company's condensed interim consolidated statements of earnings:

	Three months ended March 31, **2016**	2015
Adjusted EBITDA	**$ 43.5**	$ 41.1
Less:		
Amortization	**13.3**	9.4
Share-based compensation	**2.1**	2.2
Interest and financing costs, net	**8.7**	7.8
Restructuring and other	**3.4**	1.6
Foreign exchange loss (gain) and other	**1.1**	(1.9)
Earnings before income taxes	**$ 14.9**	$ 22.0

Property, plant and equipment, goodwill, and total assets attributable to each geographic location are as follows:

	As at March 31, 2016			As at December 31, 2015		
	Property, plant and equipment	**Goodwill**	**Total assets**	Property, plant and equipment	Goodwill	Total assets
Canada	**$ 646.9**	**$ 13.5**	**$ 1,009.5**	$ 623.5	$ 13.5	$ 960.3
U.S.	**13.7**	**8.5**	**34.3**	14.7	9.1	37.8
	$ 660.6	**$ 22.0**	**$ 1,043.8**	$ 638.2	$ 22.6	$ 998.1

17. RELATED PARTY TRANSACTIONS

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

	Three months ended March 31, **2016**	2015
Human resources [(1)]	**$ 0.7**	$ 0.6
Share-based compensation [(2)]	**1.4**	1.2
Total	**$ 2.1**	$ 1.8

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

[(2)] Share-based compensation includes equity and cash-settled share-based compensation described in Note 10.

As at March 31, 2016, the liabilities of the Company include amounts due to key management personnel of $0.7 (December 31, 2015 - $1.1) in "accounts payable and accrued liabilities" and $4.4 (December 31, 2015 - $3.6) in "deferred credits, provisions and other liabilities" of the condensed interim consolidated statements of financial position.

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

18. FACILITY DEVELOPMENT COMMISSION APPROVED AMOUNTS

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

	Three months ended March 31,	
	2016	2015
Opening Approved Amounts	**$ 342.1**	$ 346.5
Additional Approved Amounts	**3.7**	0.5
FDC receipts	**(9.2)**	(9.5)
Closing Approved Amounts	**$ 336.6**	$ 337.5

FDC is a reimbursement by BCLC of Approved Amounts of qualified, primarily capital, expenditures that have been incurred by the Company and is calculated as a fixed percentage of gross gaming revenues generated by the properties. Reimbursement of the Approved Amounts under the terms of BCLC's FDC policy requires that the Company's operating agreements with BCLC remain in good standing and that sufficient gross gaming win is generated. As a result, Approved Amounts have not been recorded in the condensed interim consolidated statements of financial position.

19. FAIR VALUE MEASUREMENTS

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short term nature.

The Company does not hold any Level 1 financial assets or liabilities that are based on unadjusted quoted prices trading in active markets.

The Company's long-term debt instruments are Level 2 financial instruments as they are estimated based on quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity. As at March 31, 2016, the Company's long-term debt instruments had a fair value of $488.5 (December 31, 2015 - $450.0) and a carrying value of $477.3 (December 31, 2015 - $443.0). As at March 31, 2016, the Company's interest rate swap had a carrying value equal to its fair value of $0.2 (December 31, 2015 - $nil) as described in Note 9.

The Company's contingent future trailing payments are recurring Level 3 financial instruments as they require management to make assumptions regarding the measurement of fair value using significant inputs that are not based on observable market data. As at March 31, 2016, the fair value and carrying value of the Company's contingent future trailing payments was $5.2 (December 31, 2015 - $4.3). The following table reconciles the opening to the ending balances of the trailing payments:

	Trailing payments
Balance at January 1, 2016	$ 4.3
Net charge to earnings[1]	1.2
Settlement	(0.3)
Balance at March 31, 2016	**$ 5.2**

[1] The net charge to earnings includes accretion of $0.1 recorded in "interest and financing costs, net" and an increase in the estimated provision of $1.1 recorded in "restructuring and other" on the condensed interim consolidated statements of earnings.

19. FAIR VALUE MEASUREMENTS (CONTINUED)

The valuation technique used in the determination of the fair value measurement of contingent future trailing payments is the discounted cash flow approach. The valuation model considers the present value of the cash flows expected to be paid as trailing payments. The key unobservable inputs are the estimated future slot revenues at Chances Chilliwack and the discount rate. The estimated fair value of this liability increases with higher estimated future slot revenues and lower discount rates. The calculation of the fair value of the contingent future trailing payments is performed by the Company at the end of each reporting period.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 2 and Level 3 financial instruments during the period.

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

20. CASINO NEW BRUNSWICK

On October 1, 2015, the Company, through a wholly owned subsidiary, completed the acquisition of 100% of the assets and operations of Casino New Brunswick ("CNB"). CNB is located in Moncton, New Brunswick, and operates a casino with a hotel and a multi-use theatre and convention space under a Casino Service Provider Agreement with NBLGC which expires on December 31, 2030. The $97.3 purchase price consisted of cash consideration of $95.5 and post-closing adjustments of $1.8.

The fair value of the identifiable assets acquired and liabilities assumed as at October 1, 2015 were as follows:

Assets acquired		
Cash	$	3.7
Prepaids, deposits and other assets		1.4
Property, plant and equipment (1)		75.0
Intangible assets (2)		20.7
Total assets acquired	$	100.8
Liabilities assumed		
Accounts payable and accrued liabilities	$	3.5
Total liabilities assumed	$	3.5
Net assets acquired	$	97.3

(1) Of the $75.0 of property, plant and equipment acquired, $5.4 was assigned to land, $60.7 was assigned to buildings, building improvements and leasehold improvements with useful lives between 5 to 30 years and $8.9 was assigned to equipment with useful lives between 1 to 5 years.

(2) Intangible assets of $20.7 relates to the gaming operating agreement with NBLGC which expires on December 31, 2030 and will be amortized on a straight-line basis over that period.

The revenues and net earnings of CNB for the period from October 1, 2015 to December 31, 2015 were $10.8 and $1.1, respectively.

The initial accounting for the acquisition of CNB has only been provisionally determined at the end of the reporting period. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the fair value of the identifiable assets acquired and liabilities assumed, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

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

21. ONTARIO EAST GAMING BUNDLE

On September 9, 2015, the Company announced that OGELP, a partnership in which the Company now owns a 90.5% interest, was selected as the successful proponent by OLG to operate gaming facilities in OLG's Gaming Bundle 2 (East) (the "East Gaming Bundle"). OGELP signed a business transition and asset purchase agreement with OLG on September 8, 2015 and signed a 20-year casino operating and services agreement on January 11, 2016. Under the business transition and asset purchase agreement, OGELP acquired certain of OLG's gaming assets in the East Gaming Bundle, including OLG Casino Thousand Islands, the slot operations within leased space at Kawartha Downs near the City of Peterborough and a new build opportunity to service the City of Belleville and the municipality of Quinte West. The purchase price for such assets was $46.9 of cash consideration, including net working capital of $9.5.

The fair value of the identifiable assets acquired and liabilities assumed as at January 11, 2016 were as follows:

Assets acquired		
Cash	$	9.1
Prepaids, deposits and other assets		0.7
Property, plant and equipment (1)		28.2
Intangible assets (2)		9.2
Total assets acquired	$	47.2
Liabilities assumed		
Accounts payable and accrued liabilities	$	0.3
Total liabilities assumed	$	0.3
Net assets acquired	$	46.9

(1) Of the $28.2 of property, plant and equipment acquired, $0.5 was assigned to land, $22.1 was assigned to buildings, building improvements and leasehold improvements with useful lives between 5 to 40 years and $5.6 was assigned to equipment with useful lives of 5 years.

(2) Intangible assets of $9.2 relates to the casino operating and services agreement with OLG which expires on March 31, 2036 and will be amortized on a straight-line basis over that period.

The revenues and net loss of the East Gaming Bundle for the period from January 11, 2016 to March 31, 2016 were $11.9 and $1.3, respectively.

The initial accounting for the acquisition of the East Gaming Bundle has only been provisionally determined at the end of the reporting period. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the fair value of the identifiable assets acquired and liabilities assumed, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

21. ONTARIO EAST GAMING BUNDLE (CONTINUED)

On completion of the acquisition, OGELP had approximately $32.0 in partner capital contributions and a $60.0 revolving credit facility arranged on a non-recourse basis to Great Canadian and the minority partner's parent company. The acquisition was funded with $16.3 of cash from partners' capital and $35.0 of debt borrowed on the revolving credit facility. OGELP also issued a $15.0 letter of credit to OLG to secure performance under the casino operating and services agreement, which further reduced the available borrowing capacity on the OGELP's revolving credit facility. In addition to the cash from initial partner capital contributions remaining subsequent to the acquisition, the last $10.0 of liquidity under OGELP's revolving credit facility and cash generated by OGELP's operations, the partners expect to increase their capital contributions as OGELP completes its development plans at each of its East Gaming Bundle properties.

These financial statements have consolidated the financial position and operating results of OGELP in accordance with IFRS 10.