



GREAT CANADIAN GAMING CORPORATION

ANNUAL INFORMATION FORM

For the Year Ended
December 31, 2018

**95 Schooner Street
Coquitlam, British Columbia
V3K 7A8
Telephone: (604) 303-1000**

www.gcgaming.com

March 4, 2019

TABLE OF CONTENTS

	<u>Page</u>
DEFINITIONS AND INTERPRETATION	1
Definitions.....	1
Currency and Presentation.....	5
Forward-Looking Information	5
CORPORATE STRUCTURE	6
Name, Address and Incorporation.....	6
Intercorporate Relationships.....	6
GENERAL DEVELOPMENT OF THE BUSINESS	9
Three Year History	9
BUSINESS OF THE COMPANY	11
Overview	11
Corporate Social Responsibility.....	11
Revenue	12
Property Operations Summary	12
Ontario	12
British Columbia	15
Atlantic	19
United States.....	21
Summary of Leased Properties	22
Specialized Skills & Knowledge	22
Other Business Developments	22
Regulation and Licensing	23
Anti-Money Laundering in the Gaming Sector.....	28
RISK FACTORS	29
DESCRIPTION OF CAPITAL STRUCTURE	36
Credit Facilities	36
Common Shares	36
Normal Course Issuer Bid	36
Restrictions on Ownership of Securities.....	36
MARKET FOR SECURITIES	38
DIRECTORS AND OFFICERS	39
Shareholdings of Management	42
Audit Committee	43

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions	45
Conflicts of Interest.....	46
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	46
Material Legal Proceedings.....	46
Regulatory Actions	46
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	46
MATERIAL CONTRACTS.....	46
INTERESTS OF EXPERTS	46
ADDITIONAL INFORMATION	47
APPENDIX I – AUDIT COMMITTEE CHARTER	

DEFINITIONS AND INTERPRETATION

Definitions

In this Annual Information Form (“AIF”):

“AGCO” means Alcohol and Gaming Commission of Ontario;

“AGFTD” means Alcohol, Gaming, Fuel and Tobacco Division of Nova Scotia;

“Annual Financial Statements” means the Company’s audited consolidated financial statements for the year ended December 31, 2018, available on SEDAR at www.sedar.com;

“AROC” means the Third Amended and Restated Casino Operating Contract among Great Canadian Gaming Corporation, NSGC, and 6364942 Canada Inc. and 6364951 Canada Inc. as partners of Metropolitan Entertainment Group;

“BCHRIMC” means the BC Horse Racing Industry Management Committee, managed by the Ministry of Finance in British Columbia;

“BCLC” means the British Columbia Lottery Corporation;

“BCSA” means the British Columbia Standardbred Association;

“BCTOBA” means the British Columbia Thoroughbred Owners & Breeders Association;

“BSA” means Bank Secrecy Act, a US law requiring financial institutions in the US to assist US government agencies to detect and prevent money laundering;

“Company”, “us”, “we”, “our” or “Great Canadian” means Great Canadian Gaming Corporation and/or its subsidiaries as the context requires;

“COSA” means a Casino Operating and Services Agreement with OLG, or with BCLC (prior to being replaced with OSAs effective June 3, 2018);

“CPMA” means the Canadian Pari-Mutuel Agency;

“CRA” means the Canada Revenue Agency;

“CR Accounts” means the designated Capital Reserve Accounts used in Nova Scotia of which a portion of revenues are deposited for the purpose of undertaking capital expenditures, refurbishments, maintenance, upgrades and enhancements of the Casino Nova Scotia Halifax and Casino Nova Scotia Sydney;

“Credit and Guarantee Agreement” means the agreement originally dated February 14, 2007 and replaced by the Second Amended and Restated Credit and Guarantee Agreement dated November 5, 2018 among the Company as borrower, certain of its subsidiaries as guarantors, and various Canadian and US lenders, which provide the Company’s Senior Secured Revolving Credit and Term Loan facilities;

“CSPA” means a Casino Service Provider Agreement with NBLGC;

“CTHS” means the Canadian Thoroughbred Horse Society, BC;

“East Gaming Bundle” means certain gaming assets in OLG’s Gaming Bundle 2 (East) acquired by OGELP on January 11, 2016, which consists of Shorelines Casino Peterborough, Shorelines Casino Belleville, Shorelines Casino Thousand Islands, and Shorelines Slots at Kawartha Downs;

“FDC” means the Facility Development Commission, a reimbursement component available to the Company by BCLC until June 2, 2018;

“FIC” means the Facility Investment Commission, a remuneration component available to the Company by BCLC effective June 3, 2018 under the OSAs;

“FinCEN” means the Financial Crimes Enforcement Network;

“FinTRAC” means the Financial Transactions and Reports Analysis Centre of Canada;

“GAGC” means Great American Gaming Corporation, a wholly-owned subsidiary of the Company;

“Gaming Regulators” means AGCO, AGFTD, NBGCB, and GPEB;

“GPEB” means Gaming Policy and Enforcement Branch, a gaming regulatory division of the Attorney General of British Columbia;

“Gross Gaming Revenues” means the amounts wagered on gaming activities, less the payout or prizes won by customers;

“GTA Gaming Bundle” means certain gaming assets in OLG’s Gaming Bundle 5 (GTA) acquired by OTG on January 23, 2018, which consists of Casino Woodbine, Casino Ajax and Great Blue Heron Casino;

“Hard Rock” means the Hard Rock Casino Vancouver in Coquitlam, British Columbia, operated by Great Canadian Casinos Inc., a wholly-owned subsidiary of the Company;

“HBPA” means Horsemen’s Benevolent and Protective Association of British Columbia;

“HEI” means Hastings Entertainment Inc., an indirect wholly-owned subsidiary of the Company;

“Horse Racing Agreement” means the Memorandum of Agreement and Addendum dated April 2010, between CTHS, HBPA, HRBC, BCTOBA, TBC, the Interior Horse Racing Association, and, the Company’s wholly-owned racetrack operators located in British Columbia, Orangeville and HEI;

“HRBC” means the Harness Racing BC Society which replaced both the BCSA and the BC Standardbred Breeders Society effective February 1, 2010;

“IFRS” means International Financial Reporting Standards, as applicable to publicly accountable enterprises in Canada;

“MD&A” means Management’s Discussion and Analysis for the year ended December 31, 2018, available on SEDAR at www.sedar.com;

“MIR” means Minimum Investment Required, a defined term in the OSA, which is the amount of qualified expenditures that the Company is required to make in order to be eligible for the FIC;

“NBGCB” means New Brunswick Gaming Control Branch;

“NBLGC” means New Brunswick Lotteries and Gaming Corporation;

“Non-recourse Revolving Credit Facility of OGELP” means the \$60.0 million credit facility entered into by OGELP on January 11, 2016;

“Non-recourse Revolving Credit and Capital Expenditures Facilities of OTG” means the credit facilities entered into on March 6, 2018 by OTG, with an aggregate capacity of \$1,100.0 million at December 31, 2018 which comprised a \$200.0 million revolving credit facility and a \$900.0 million capital expenditures facility;

“Non-recourse Revolving Credit Facility of OGWGLP” means the \$285.0 million credit facility entered into by OGWGLP on April 30, 2018;

“NSGC” means Nova Scotia Gaming Corporation (formerly Nova Scotia Provincial Lotteries and Casino Corporation, or NSPLCC);

“NYSE” means New York Stock Exchange;

“OGELP” means Ontario Gaming East Limited Partnership, a partnership in which the Company holds a 90.5% interest, that operates the East Gaming Bundle;

“OGWGLP” means Ontario Gaming West GTA Limited Partnership, a partnership in which the Company holds a 55% interest that operates the West GTA Gaming Bundle;

“OHHA” means Ontario Harness Horse Association;

“OLG” means Ontario Lottery and Gaming Corporation;

“Ontario Racetracks” means the Company’s Georgian Downs and Flamboro Downs Standardbred racetracks located in Ontario;

“Operating Agreements” means collectively, OSAs, COSAs, CSPA, and AROC;

“Orangeville” means Orangeville Raceway Limited, a wholly-owned subsidiary of the Company;

“OSA” means Operational Services Agreement with BCLC, entered into by each of the Company’s B.C. gaming facilities on June 3, 2018;

“OTG” means, Ontario Gaming GTA Limited Partnership, doing business as One Toronto Gaming, a partnership in which the Company holds a 49% interest that operates the GTA Gaming Bundle;

“PCMLTFA” means the federal *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*;

“Racebook” means a Teletheatre operated by the Company or TBC;

“Racino” means a combined horse racetrack and casino, featuring slot machines and, in some cases, table games;

“River Rock” means the River Rock Casino Resort in Richmond, British Columbia, operated by Great Canadian Casinos Inc., a wholly-owned subsidiary of the Company;

“SEDAR” means the System for Electronic Document Analysis and Retrieval, which is used for electronically filing securities related information with the Canadian securities regulatory authorities;

“Senior Secured Credit Facilities” means the Senior Secured Credit Facilities with an aggregate capacity of \$750.0 million, comprising a \$400.0 million revolving facility and a \$350.0 million term loan facility under the Second Amended and Restated Credit and Guarantee Agreement dated November 5, 2018;

“Senior Secured Revolving Credit Facility” means the \$350.0 million Senior Secured Revolving Credit Facility under the Credit and Guarantee Agreement, which was replaced by the Second Amended and Restated Credit and Guarantee Agreement dated November 5, 2018;

“Senior Unsecured Notes” means the \$450.0 million 6.625% Senior Unsecured Notes which were fully redeemed on December 11, 2018;

“TBC” means TBC Teletheatre B.C., a partnership between HEI, Orangeville, HRBC and HBPA that operates Racebooks in the Province of BC;

“Teletheatre” means an off-track betting facility for pari-mutuel wagering on live horse races displayed by television broadcasts;

“TSX” means the Toronto Stock Exchange;

“TSX-V” means the TSX Venture Exchange;

“VLT” means a video lottery terminal;

“West GTA Gaming Bundle” means certain gaming assets in OLG’s Gaming Bundle 6 (West GTA) that OGWGLP acquired on May 1, 2018, which consists of Elements Casino Mohawk, Elements Casino Brantford, Elements Casino Flamboro, and Elements Casino Grand River; and

“WSGC” means the Washington State Gambling Commission.

Currency and Presentation

All references to currency are in millions of Canadian dollars, except for per share or per option information and external auditor service fees, unless otherwise indicated.

All information in this AIF is presented as at and for the year ended December 31, 2018, unless otherwise indicated.

Forward-Looking Information

This AIF 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 historical trends and other factors. Forward-looking statements are frequently but not always identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “targeted”, “planned”, “possible” or similar expressions or statements that events, conditions or results “will”, “may”, “could” or “should” occur or be achieved. 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 and objectives, expected future expenditures, costs, operating and financial results, expected impact of future commitments, the impact of conditions imposed on certain VIP players in British Columbia, the impact of unionization activities and labour organization, the Company’s position on its claim against the British Columbia Lottery Corporation (“BCLC”) with respect to the collection of marketing contributions, the Company’s beliefs about the outcome of its notices of objection and subsequent appeals challenging the CRA’s reassessments and its tax position on its facility development commission prevailing, the Company’s expected facility investment commission amounts and the Company’s projected future investments to obtain facility investment commission, the terms and expected benefits of the normal course issuer bid, the Company’s expected share of BC horse racing industry revenue in future years, the Company and its affiliates meeting threshold revenue growth amounts in the Ontario gaming industry in future years, the Company’s projected timeline for future development, and expectations and implications of changes in legislation and government policies, volatile gaming holds, the effects of competition in the market and potential difficulties in employee retention and recruitment. Such forward-looking information is not a guarantee of future performance and may involve a number of risks and uncertainties.

Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to unknown risks, uncertainties, and a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information. Such factors may include, but are not limited to: compliance with the terms of new operating agreements with lottery corporations; changes to gaming laws and regulations that may impact the operating agreements; pending, proposed or unanticipated regulatory or policy changes (including those related to anti-money laundering legislation or policy that may impact VIP play), volatile gaming holds, the effects of competition in the market; the development of properties in Ontario and transitioning of operations to the Company and affiliates; the Company’s ability to obtain and renew required business licenses, leases, and operating agreements; unanticipated fines, sanctions and suspensions imposed on the Company by its regulators; impact of global liquidity and credit availability; actual and possible reassessments of the Company’s prior tax filings by tax authorities; the results of the Company’s notices of objection and subsequent appeals challenging reassessments received by the CRA; the Company’s tax position on its facility development commission prevailing; the results of the Company’s litigation with BCLC; 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 timing and results of collective bargaining negotiations and potential labour disruption; adverse changes in the Company’s labour relations; the Company’s ability to manage its capital projects and its expanding operations in jurisdictions where it operates; 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; the risk associated with partnership relationship; First Nations rights with respect to some land on which the Company conducts 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; demand for new products and services; fluctuations in operating results; economic uncertainty and financial market volatility; technology dependence; privacy breaches or data theft; integration of acquired properties in Ontario; and changes to anti-money laundering procedures and protocols including additional requirements for determining source of funds. The Company cautions that this list of factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors and other risks and uncertainties are discussed in the Company's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the "Risk Factors" section of this AIF, and as identified in the Company's disclosure record on SEDAR at www.sedar.com.

The forward-looking information in documents incorporated by reference speaks only as of the date of those documents. The Company believes that the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. Readers are cautioned not to place undue reliance on the forward-looking information. The Company undertakes no obligation to revise forward-looking information to reflect subsequent events or circumstances except as required by law. The forward-looking information contained herein is made as of the date hereof, is subject to change after such date, and is expressly qualified in its entirety by cautionary statements in this AIF.

CORPORATE STRUCTURE

Name, Address and Incorporation

Great Canadian Gaming Corporation's principal office is located at 95 Schooner Street, Coquitlam, British Columbia, V3K 7A8. The registered and records office is located at 1500 - 1055 West Georgia Street, Vancouver, BC, V6E 4N7. The Company was incorporated in British Columbia under the *Business Corporations Act* (British Columbia).

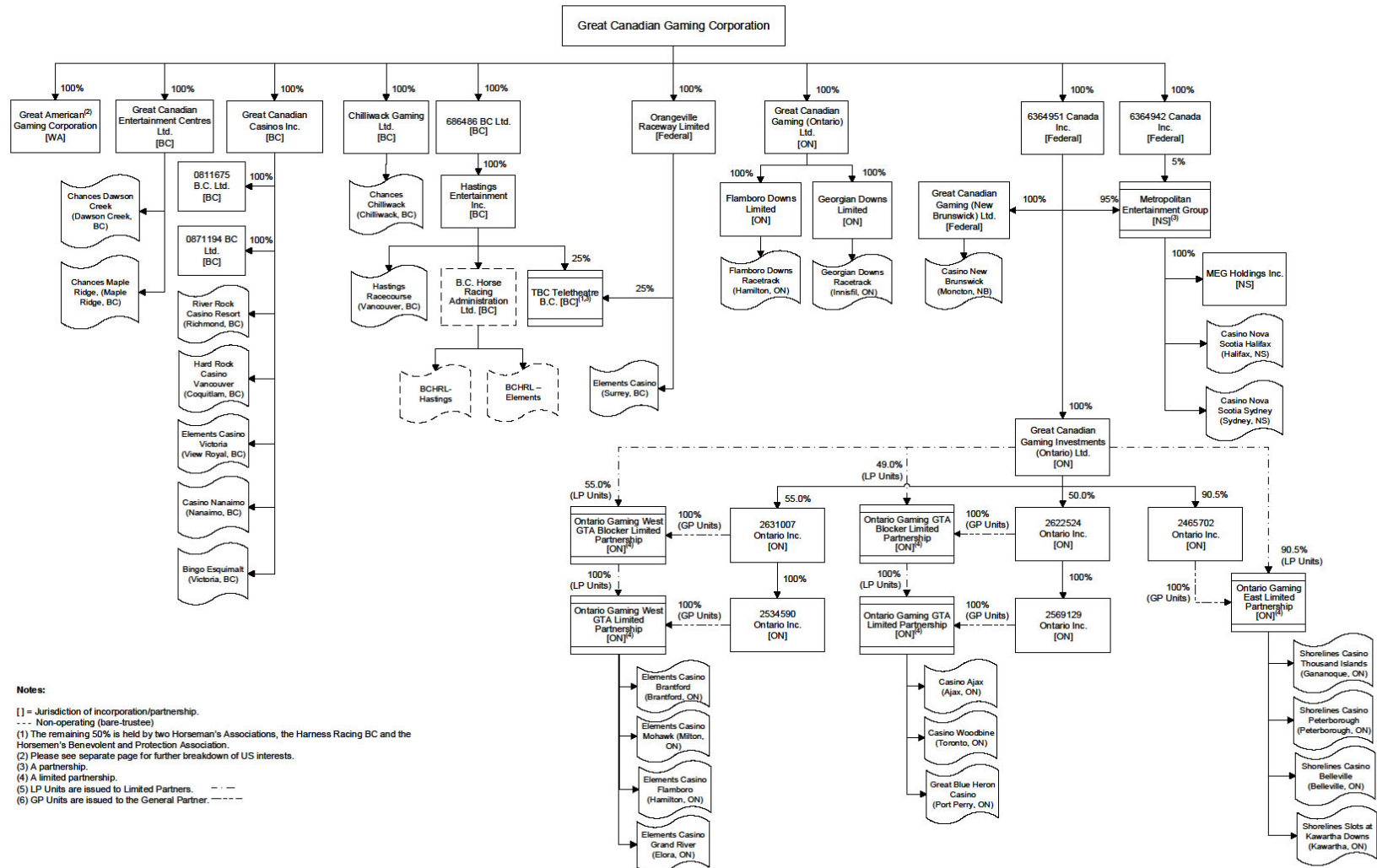
The Company's common shares are listed on the TSX under TSX symbol: "GC." A description of the Company's capital structure is included in the "Description of Capital Structure" section of this AIF.

Intercorporate Relationships

The following two charts set out the Company's material subsidiaries and operations as of December 31, 2018:



GREAT CANADIAN GAMING CORPORATION
Corporate Structure



Notes:

[] = Jurisdiction of incorporation/partnership.
 --- Non-operating (bare-trustee)

(1) The remaining 50% is held by two Horseman's Associations, the Harness Racing BC and the Horsemen's Benevolent and Protection Association.

(2) Please see separate page for further breakdown of US interests.

(3) A partnership.

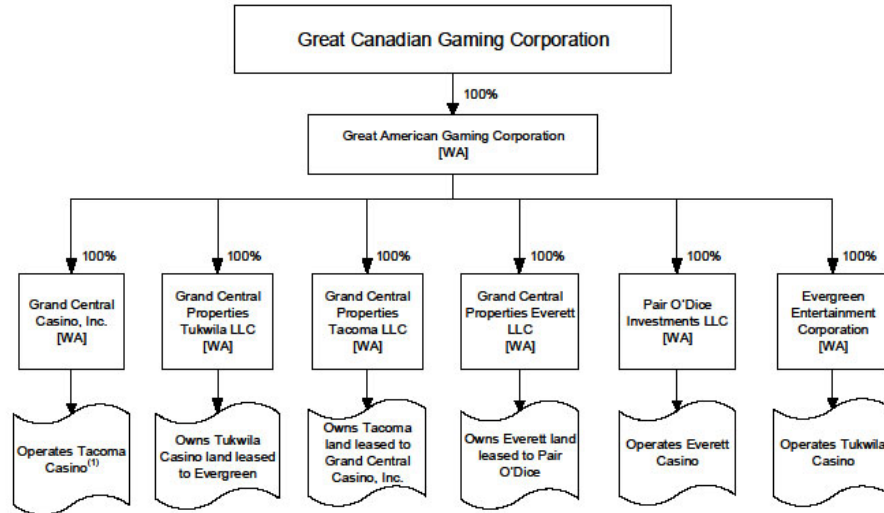
(4) A limited partnership.

(5) LP Units are issued to Limited Partners.

(6) GP Units are issued to the General Partner.



GREAT CANADIAN GAMING CORPORATION
Corporate Structure
US Interests



Notes:

[] = Jurisdiction of Incorporation.

⁽¹⁾Tacoma Casino is also known as Lakewood Casino.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Set out below are certain significant events in the development of the Company's business over the last three financial years. For additional details on the Company's properties as mentioned in this section, please refer to the "Property Operations Summary" section of this AIF.

2016:

- On January 11, 2016, OGELP signed a minimum 20-year COSA with OLG to acquire certain gaming assets in the East Gaming Bundle. OGELP entered into a \$60.0 million Non-recourse Revolving Credit Facility expiring on January 11, 2020, which is non-recourse to the Company and its other subsidiaries. Please refer to the Annual Financial Statements for more information;
- On July 21, 2016, the Company completed the acquisition of Bingo Esquimalt;
- On September 20, 2016, the Company and BCLC announced plans to enhance the gaming and entertainment options at the View Royal Casino to include new and modern dining options, a multi-purpose entertainment venue, and an expansion of the gaming floor; and
- In November 2016, the Company and the City of Vancouver reached an agreement to extend the initial term of the operating lease agreement for Hastings Racecourse until November 9, 2019.

2017

- On January 11, 2017, OGELP opened the new Shorelines Casino in Belleville, Ontario;
- On February 21, 2017, the Council of the City of Peterborough in Ontario agreed to a settlement with the Peterborough Downtown Business Improvement Association (the "DBIA") that ends the DBIA's Ontario Municipal Board appeal of the City's approval of the Company's application to develop a new gaming property in the City of Peterborough.
- On March 31, 2017, the Company signed lease extension agreements with OLG for its Ontario Racetracks. The agreements secure lease revenues for these properties for an extended term from April 1, 2018 to March 31, 2023;
- On August 8, 2017, the Company announced that OTG was selected as the successful proponent by OLG to operate gaming facilities in the GTA Gaming Bundle. Please refer to the Annual Financial Statements for more information;
- On December 18, 2017, the Company announced that OGWGLP was selected as the successful proponent by OLG to operate certain gaming facilities in the West GTA Gaming Bundle. Please refer to the Annual Financial Statements for more information; and
- On December 21, 2017, the first phase of renovations at View Royal was completed, which included the expansion of the casino gaming floor.

2018

- On January 23, 2018, OTG signed a minimum 22-year term COSA with OLG to operate the gaming facilities in the GTA Gaming Bundle;
- On February 1, 2018, River Rock unveiled its refreshed casino floor with enhancements to its gaming and non-gaming amenities, including a VIP Privé Slots area, four new food court outlets, and Starbucks Evenings;

- On March 6, 2018, OTG entered into a 5-year credit agreement providing the partnership with credit facilities in the aggregate capacity of up to \$1.05 billion, and was subsequently increased by \$50 million to \$1.1 billion. The facilities comprise a \$200 million revolving facility and a \$900 million capital expenditure facility. Please refer to the Annual Financial Statements for more information;
- On May 1, 2018, OGWGLP signed a minimum 20-year term COSA with OLG to acquire certain gaming assets in the West GTA Gaming Bundle. OGWGLP arranged a 5-year revolving credit facility for the acquisition of the assets, operations and development of the gaming facilities, which currently has a total capacity of \$285.0 million. Please refer to the Annual Financial Statements for more information;
- On May 5, 2018, a grand opening celebration was held for the rebranded Elements Casino Victoria, which features an expanded gaming floor and new food and beverage and entertainment amenities;
- Effective June 3, 2018, the Company signed new 20-year OSAs with BCLC which replaced the existing COSAs for all gaming facilities in B.C. The new terms of the OSA are detailed in the “Property Operations Summary - British Columbia” section of this AIF;
- On July 22, 2018, the bargaining unit at Hard Rock agreed to a new 3.5-year collective bargaining agreement;
- On August 30, 2018, the Company announced the gaming expansion at Casino Woodbine on its second level, which introduced 50 table games and over 300 slot machines, including electronic table games. The addition of 50 table games was a significant milestone for the Company, marking the first time live dealer table games are available within the Greater Toronto Area. In October 2018, Casino Woodbine added further gaming capacity on its third level, bringing the total gaming capacity to approximately 3,700 slot machines and 100 table games;
- On October 15, 2018, Shorelines Casino Peterborough opened;
- On November 5, 2018, the Company amended and restated the Credit and Guarantee Agreement of the \$350.0 million Senior Secured Revolving Credit Facility by replacing it with the 4-year Senior Secured Credit Facilities agreement which has an aggregate capacity of \$750.0 million, comprising a \$400.0 million revolving credit facility and a \$350 million term loan facility;
- On December 11, 2018, the Company redeemed all the Senior Unsecured Notes for a total redemption price of \$471.3 million, including principal of \$450.0 million, an early redemption premium of \$9.9 million and interest of \$11.4 million. The Company funded the redemption using proceeds from the \$350.0 million term loan facility under the Senior Secured Credit Facilities Agreement and available cash reserves;
- On December 19, 2018, Shorelines Slots at Kawartha Downs re-opened under agreed terms after temporarily closing on October 14, 2018; and
- On December 21, 2018, OGWGLP introduced 18 new table games at Elements Casino Mohawk and 20 new table games at Elements Casino Flamboro, an important milestone for the Company as this was the first time live dealer table games are available in the Halton region and in the city of Hamilton, Ontario where these properties are located.

BUSINESS OF THE COMPANY

Overview

The Company, founded in British Columbia, Canada, operates 28 gaming, entertainment, and hospitality facilities in British Columbia, Ontario, New Brunswick, Nova Scotia and Washington State.

In Canada, the Company operates its casinos both within managed markets that feature high barriers to entry and under agreements as service providers with Provincial Crown corporations. As at December 31, 2018, the Company had approximately 9,350 employees in Canada and 500 employees in the United States.

Corporate Social Responsibility

Great Canadian is committed to operating in a socially responsible manner and being proactive and transparent about the efforts, initiatives and activities the Company undertakes. In accordance with the Company's vision, mission and values, the Company has established policies and practices to conduct its business with integrity while supporting local communities, promoting environmental sustainability and encouraging responsible gambling.

"PROUD of our people, our business, our community" is the Company's brand and program that unifies its community, volunteering, and social responsibility efforts. PROUD encourages the Company's properties and team members to support causes that are important to them and to use their position to make a difference in the community. Through PROUD, the Company supports non-profit organizations, community associations and charities across Canada and Washington State.

The Company has established a corporate ethics and conduct policy that governs its officers, directors and team members on a range of corporate ethics and social responsibility issues.

Responsible gambling is a key pillar of the Company's business strategy. The Company collaborates with, and takes direction from, regulators and Provincial Crown corporations to educate, create and implement an array of responsible and problem gambling campaigns and programs. In addition, significant resources are allocated towards advancing responsible gambling practices across Great Canadian operations. Those practices include, but are not limited to, responsible gaming training for all employees, education material and services available for players at all facilities, voluntary self-exclusion programs and the continued accreditation from the Responsible Gambling Council, an independent non-profit organization dedicated to problem gambling prevention.

Revenue

The following table summarizes the Company's consolidated revenues for the years ended December 31, 2018, 2017, and 2016:

	Twelve Months of		
	2018	2017	2016
Gross Gaming Revenues ⁽¹⁾	\$ 2,685.1	\$ 1,166.6	\$ 1,074.7
Less: provincial government portion of Gross Gaming Revenues and other	(1,628.6)	(695.6)	(644.6)
Gaming Revenues	1,056.5	471.0	430.1
Hospitality revenues	107.3	93.6	87.4
Racetrack, lease and other revenues	57.2	49.7	48.9
Revenues	\$ 1,221.0	\$ 614.3	\$ 566.4

⁽¹⁾ Net of gaming promotional allowances

Property Operations Summary

The Company's operating results are divided into four regions, each of which are operating segments: Ontario, British Columbia, Atlantic, and United States. Each of the Company's operating segments are discussed below. For a summary of key attributes of each of the Company's properties as at December 31, 2018, including slot machines, table games, and expiry dates of Operating Agreements, see "Business Description – Operations" section of the MD&A.

Ontario

As at December 31, 2018, the Company operated 11 casinos and two racetracks in Ontario. For the year ended December 31, 2018, the Company's Ontario properties generated revenues of \$731.0 million (2017 - \$124.2 million), representing 60% (2017 – 20%) of consolidated revenues.

I. Description of Gaming Facilities in Ontario

GTA Gaming Bundle

- **Casino Woodbine** is a 229,000 square foot casino located in Toronto, Ontario in leased premises within the grandstand building at Woodbine Racetrack, a racetrack that features live Thoroughbred horse racing. As at December 31, 2018, the casino offered approximately 3,700 slot machines and 100 table games, including table games catering to high limit VIP play. Several food and beverage options operated by a third party are offered throughout the integrated property, including four food and beverage options located on the casino gaming floor. The casino operates 24 hours per day.
- **Casino Ajax** is an 84,000 square foot casino located in Ajax, Ontario in leased premises within the grandstand building at Ajax Downs Racetrack, a racetrack that features live quarter horse racing. As at December 31, 2018, the casino offered approximately 980 slot machines and one food and beverage option. The casino operates 24 hours per day.
- **Great Blue Heron Casino** is a 93,000 square foot casino building located in Port Perry, Ontario on leased land. As at December 31, 2018, the casino offered approximately 540 slot machines and 60 table games, four food and beverage options, and a conference room. The casino operates 24 hours per day.

West GTA Gaming Bundle

- **Elements Casino Mohawk** is a 93,000 square foot casino located in Milton, Ontario in leased premises within the grandstand building at Woodbine Mohawk Park, a racetrack that features live Standardbred racing. As at December 31, 2018, the casino offered approximately 1,060 slot machines and 18 table games. Several food and beverage options operated by a third party are offered throughout the integrated property, including one food and beverage option located on the casino gaming floor. The casino operates 24 hours per day.
- **Elements Casino Brantford** is a 102,000 square foot casino building under lease, located in Brantford, Ontario. As at December 31, 2018, the casino offered approximately 560 slot machines and 60 table games, as well as two food and beverage options. The casino operates 24 hours per day.
- **Elements Casino Flamboro** is an 85,000 square foot casino located in Hamilton, Ontario. The casino operates in leased premises within the grandstand building of Flamboro Downs, a racetrack owned and operated by the Company. As at December 31, 2018, the casino offered approximately 970 slot machines and 20 table games, as well as four food and beverage options offered throughout the integrated property. The casino operates 24 hours per day.
- **Elements Casino Grand River** is a 42,000 square foot casino located in Elora, Ontario in leased premises within the grandstand building at the Grand River Raceway, a racetrack which features live Standardbred racing. As at December 31, 2018, the casino offered approximately 280 slot machines as well as one food and beverage option. The casino operates 24 hours per day.

East Gaming Bundle

- **Shorelines Slots Peterborough** is a 52,000 square foot casino located in Peterborough, Ontario. As at December 31, 2018, the casino offered approximately 500 slot machines and 22 table games, two food and beverage options, an entertainment space, and a full service PlaySmart Centre operated by OLG that provides responsible gambling information and resources to players. The casino operates 24 hours per day.
- **Shorelines Casino Belleville** is a 48,000 square foot casino located in Belleville, Ontario. As at December 31, 2018, the casino offered approximately 450 slot machines and 18 table games, two food and beverage options, an entertainment space, Racebook, and a full service PlaySmart Centre operated by OLG. The casino operates from 20 to 24 hours per day.
- **Shorelines Casino Thousand Islands** is a 57,000 square foot casino located in Gananoque, Ontario. As at December 31, 2018, the casino offered approximately 530 slot machines and 23 table games as well as one food and beverage option. The casino operates from 19 to 24 hours per day.
- **Shorelines Slots at Kawartha Downs** is a 38,000 square foot casino located in Fraserville, Ontario in leased premises in the grandstand building at Kawartha Downs and Speedway, a racetrack that features live Standardbred racing. As at December 31, 2018, the facility offered approximately 150 slot machines and one food and beverage option operated by a third party. The slots facility operates 10 hours per day.

Racetracks

- **Flamboro Downs** is a 146,000 square foot facility located in Hamilton, Ontario. The facility features a racetrack that offers live Standardbred racing nine months of the year on a 1/2 mile track, and leases a portion of the grandstand building to Elements Casino Flamboro, a casino operated by OGWGLP. The property also features a variety of licensed food and beverage

options and year round simulcast of national and international horse racing at an on-site Racebook.

- **Georgian Downs** is a 147,000 square foot facility located in Innisfil, Ontario. The facility features a racetrack that offers live Standardbred racing three months of the year on a 5/8 mile track and leases a portion of the grandstand building to Gateway Casinos Innisfil. The property also features a variety of licensed food and beverage options, two banquet rooms, and simulcast of national and international horse racing at an on-site Racebook.

II. Operating Agreements with OLG

The Company's Ontario-based gaming operations are conducted pursuant to COSAs entered into with OLG by OTG, OGWGLP, and OGELP. Under each COSA that OLG has entered into with each service provider, OLG has specified the gaming zones that are within the gaming bundle that is operated by the service provider. Potential relocation of existing gaming sites in these gaming zones to other locations within the gaming zone are subject to municipal, OLG and Ontario Government approvals. OLG has the right to review the Company's operations and approve annual business plans for each of the gaming bundles.

Under these COSAs, OTG, OGWGLP, and OGELP will each provide OLG with a pre-established, guaranteed annual gaming revenue threshold amount plus a percentage of gross gaming revenue, as defined in the each service provider's COSA, above the pre-established gaming revenue threshold for each year. Each service provider will receive an annual service provider fee comprised of (i) a guaranteed base fixed fee component, (ii) a variable component at 70% of gross gaming revenue above the applicable pre-established annual gaming revenue threshold retained by OLG, and (iii) a fixed amount for permitted capital expenditures.

Each of the COSAs under which OTG, OGWGLP, and OGELP operates has initial terms listed in the "Business Description – Operations" section of the MD&A. If a COSA is not renewed at the end of the term, the service provider will, at OLG's option, transition operation of the casinos to OLG or a replacement service provider. As part of the process of a disentanglement in which OLG elects its option to continue operations at the Company's owned properties, OLG will be granted a lease to the casinos at market rates and will have the right to purchase all gaming equipment and supplies at their then fair market value.

The COSA, or the rights under that agreement, may not be transferred, assigned or otherwise disposed of without the consent of OLG. The COSA can be terminated by OLG if any transfer, assignment or disposition is completed without the consent of OLG.

III. Ontario Horse Racing Agreements

In Ontario, the AGCO is responsible for the horse racing regulatory functions while OLG manages provincial funding and provides some marketing for the Ontario horse racing industry. Horse Racing Ontario ("Ontario Racing"), a horse racing industry association, will administer provincial funding provided by OLG for racing purses and provincial horse programs as of April 1, 2019.

The Company operates two racetracks, Georgian Downs and Flamboro Downs, which are members of Ontario Racing, a not-for-profit industry organization created on April 30, 2018 that represents the majority of Ontario racetrack operators and horse racing associations. Ontario Racing administers the funding for Ontario racing programs, which are governed by a 19-year funding agreement ("Funding Agreement") among OLG, Ontario Racing, Ontario Racing Management ("ORM") and Woodbine Entertainment Group ("WEG"). Starting April 1, 2019, OLG will provide up to \$105 million per year to Ontario Racing, which will be allotted to horse racing industry stakeholders under the Funding Agreement. ORM, a wholly-owned subsidiary of WEG, operates under an agreement to provide management and operating services at the direction of and on behalf of Ontario Racing.

Licenses to conduct pari-mutuel betting at a Racebook facility in Ontario are regulated by the AGCO. Refer to the “Regulation and Licensing – Pari-mutuel Wagering” section of this AIF for more information.

IV. Competitive Conditions in Ontario

The gaming industry in Ontario is highly regulated and the market is conducted and managed by OLG. Over the past few years, there have been significant changes in the gaming environment and competitive marketplace in Ontario, specifically in regards to OLG’s modernization of land-based gaming. Under its modernization, OLG divided Ontario’s gaming market into geographically-separated gaming bundles and selected private sector service providers to administer the day-to-day operations of the respective gaming sites covered under the COSAs for each gaming bundle. OLG is nearing the completion of its modernization of land-based gaming after successfully transitioning seven of eight gaming bundles to new service providers. Under the COSAs, OLG fulfills its legislated role to conduct and manage land-based gaming in the Province of Ontario, which includes, among many things, ownership of the customer data. The Company’s gaming bundles compete for customers with adjacent gaming bundles operated by other service providers.

The Company may see further industry changes such as the expansion of new business lines, the relocation of gaming facilities, and potential creation of additional gaming zones such as the new gaming zone at the Shorelines Slots at Kawartha Downs.

In addition to competition from land-based casinos, OLG offers a web-based gaming website to provide Ontario residents with the ability to wager on casino-style games online.

British Columbia

As at December 31, 2018, the Company operated 10 gaming facilities in British Columbia, including two racetracks. For the year ended December 31, 2018, the Company’s British Columbia properties generated revenues of \$354.8 million (2017 – \$356.6 million), representing 29% (2017 – 58%) of its consolidated revenues.

I. Description of Gaming Properties in British Columbia

- **River Rock Casino Resort** is a 175,000 square foot casino located in Richmond, British Columbia. The casino is part of a 600,000 square foot resort on leased and owned land, that features a AAA Four Diamond resort hotel that contains two hotels, a multi-purpose show theatre, nine food and beverage options (including one operated by a third party), conference facilities, a pool and spa, Racebook and a marina. As at December 31, 2018, the casino offered approximately 1,270 slot machines, 106 table games, 32 touch bet roulette terminals and 30 stadium baccarat terminals. The casino operates 24 hours per day.

River Rock is centrally located in the vicinity of the Vancouver International Airport, and the residential communities of South Vancouver and Richmond. The Company operates one of the parking garages adjacent to the Greater Vancouver rapid transit Canada Line Bridgeport station, across the street from River Rock. Pursuant to an agreement among the Company, South Coast British Columbia Transportation Authority and Canada Line, the Company provides 1,200 parking spots for Canada Line passengers. The parking garage provides additional weekend and evening parking capacity for River Rock’s patron demand.

- **Hard Rock Casino Vancouver** is a 184,000 square foot facility with a 105,000 square foot casino located in Coquitlam, British Columbia. As at December 31, 2018, the casino offered approximately 930 slot machines, 43 table games and 28 touch bet roulette terminals. The casino also features a 1,100 seat show theatre, six food and beverage options (including one operated by a third party) and Racebook. The casino operates 24 hours per day.

The “Hard Rock Casino Vancouver” name is used under a trademark license from HR West Licensor, LLC (prior to September 30, 2016, from Hard Rock Hotel & Casino HRHH IP, LLC). The initial term of the license agreement entered into in 2013 is for a period of 10 years and will automatically renew for two additional periods of five years provided Hard Rock Casino Vancouver achieves specified increased revenue targets.

- **Elements Casino Surrey** is a 115,000 square foot facility featuring an 87,000 square foot casino, located on a 55 acre leased site located in Surrey, British Columbia. The property offers live Standardbred racing seven months of the year on a 5/8 mile track. As at December 31, 2018, the casino offered approximately 540 slot machines, 24 table games, and 12 Touch Bet Roulette terminals. The property also features four food and beverage options, two banquet rooms, and Racebook. The casino operates 24 hours per day.
- **Elements Casino Victoria** is a 71,000 square foot facility, located in View Royal, a city in Greater Victoria. As at December 31, 2018, the casino offered approximately 770 slot machines, 21 table games, 10 touch bet roulette terminals, an entertainment venue, and four food and beverage options. The casino operates from 16 to 18 hours per day.
- **Casino Nanaimo** is a 42,000 square foot casino located in downtown Nanaimo, British Columbia. As at December 31, 2018, the casino offered approximately 430 slot machines, six table games, a premium casual restaurant under the Company’s Well brand, and Racebook. The casino operates from 15 to 16 hours per day.
- **Chances Chilliwack** is a 27,500 square foot gaming facility located in Chilliwack, British Columbia. As at December 31, 2018, the property offered approximately 300 slot machines and both conventional and electronic bingo operations. The property also features a premium casual restaurant under the Company’s Well brand, a banquet room, entertainment space, and Racebook. The gaming facility operates from 15 to 18 hours per day.
- **Chances Maple Ridge** is a 27,500 square foot gaming facility located in Maple Ridge, British Columbia. As at December 31, 2018, the property offered approximately 250 slot machines and both conventional and electronic bingo games. The property also features a premium casual restaurant under the Company’s Well Brand, two banquet rooms, entertainment space, outdoor patio, and Racebook. The gaming facility operates from 15 to 16 hours per day.
- **Chances Dawson Creek** is an 18,000 square foot gaming facility located in Dawson Creek, British Columbia. As at December 31, 2018, the property offered approximately 150 slot machines, both conventional and electronic bingo operations and a food and beverage option. The gaming facility operates from 12 to 14 hours per day.
- **Hastings Racecourse & Casino** is a 204,000 square foot grandstand facility, featuring a 96,000 square foot casino located at Hastings Park, on a 48 acre site leased from the City of Vancouver, BC. The property offers live thoroughbred racing six months of the year on a 5/8 mile track. As at December 31, 2018, the property offered approximately 540 slot machines. The racecourse also features five licensed food and beverage options, and a year round simulcast of national and international horse racing at an on-site Racebook. The casino operates from 16 to 18 hours per day.
- **Bingo Esquimalt** comprises an 8,000 square foot facility located in Victoria, British Columbia which features a commercial bingo hall with a food and beverage option. The bingo hall operates 13 hours per day.
- **TBC.** The Company owns a 50% interest in TBC, which operates 17 Racebooks across British Columbia, including the Racebooks at River Rock, Hard Rock, Casino Nanaimo, Chances Maple Ridge and Chances Chilliwack. TBC also operates internet and phone horse racing wagering. TBC

does not have an interest in the Racebook at Hastings Racecourse & Casino or the Racebook at Elements Casino Surrey.

II. Operating Agreements with BCLC

The Company's British Columbia-based gaming operations are conducted pursuant to OSAs entered into with BCLC for each of its gaming facilities. Under these agreements, and depending on the nature of the operation, the Company provides premises to host casino and bingo operations managed and conducted by BCLC and provides certain gaming equipment and supplies and other operational services, such as supplying security and surveillance and gaming personnel to operate the casinos. The Company owns all gaming tables at its facilities, other than cards, chips, dice and roulette equipment, which are owned by BCLC. BCLC is responsible for the selection, with the Company's input, of all games and types of slot machines played at the Company's facilities, and the purchase, operation, and maintenance of these machines. BCLC has the right to review the Company's operations and approve annual business plans for each of the sites.

As discussed in the "General Development of the Business – Three Year History" section of this AIF, the Company signed new OSAs effective June 3, 2018 for all of its gaming facilities in B.C., replacing all prior applicable operating agreements. The OSAs are for a minimum term of 20 years expiring on June 2, 2038, and include the provision for appropriate investments in the Company's B.C. properties as well as the delivery of annual business plans.

Key changes in the new OSAs include increased operating commissions for certain table games, poker, and bingo. The Company receives operating commissions equal to a percentage of gross gaming revenue, as defined in the OSAs. For table games, 42.5% of gross gaming revenue for regular limit table games, 40% of gross gaming revenue for certain high limit table games, 77.5% of gross gaming revenue from poker, and 75% of gross gaming revenue from craps. For electronic gaming devices, 25% of gross gaming revenue from slot machines and from electronic table games.

In addition, FDC has been replaced by the FIC program under the new OSAs. Under the former FDC program, BCLC reimbursed the Company with FDC equal to 3% of gross gaming revenues for qualified, primarily capital, gaming-related expenditures that the Company incurred. An additional accelerated FDC reimbursement equal to 2% of gross gaming revenues that was intended to be a one-time reimbursement of timely development or redevelopment of the Company's B.C. properties. Similar to FDC, the Company receives FIC from BCLC, calculated as 5% of gross gaming revenues generated by its B.C. properties for qualified expenditures that the Company is committed to make for its MIR. Certain non-capital expenditures, such as marketing and maintenance costs, are considered to be qualified costs eligible for FIC. FIC is earned when gross gaming revenues are generated and subject to meeting MIR requirements. The closing approved FDC amounts prior to the effective date of the OSAs will reduce the minimum spend requirements for each property under the MIR program.

Renewal terms of the OSA are at BCLC's discretion. Under the OSA, BCLC has the right to extend the current term of the OSA for up to an additional five years, on the condition that BCLC and the service provider agree to an extension to the MIR requirements and the strategic business plan.

III. Agreements Related to Horse Racing

In April 2010, the Company entered into the Horse Racing Agreement, which establishes the authority of the BCHRIMC and its mandate. The premise for the BCHRIMC was to provide strategic direction and business leadership to the provincial horse racing industry and provide a forum for industry participants to cooperate collectively in the development of the industry.

On December 14, 2016, the BCHRIMC finalized a three-year industry funding arrangement amongst both the Province's Thoroughbred sector and the Standardbred sector and their respective track operators, Hastings Racecourse and Elements Casino. This agreement expires on December 31, 2019.

Under the financial allocations for 2018, HEI and Orangeville shared approximately 43% (2017 – 43%) of industry net revenue in British Columbia through the consolidated industry revenue fund which had

been established and maintained for the purpose of facilitating financial allocations among industry organizations. The financial allocations may be adjusted by resolution of the BCHRIMC. For 2019, the total of both Hastings Racecourse's and Elements Casino's racing industry revenue share percentage is expected to be consistent with the prior year.

The funding model is an extension of the arrangements in place since 2012 whereby pooled income from all the industry's revenue sources is allocated to the industry stakeholders. The BCHRIMC and GPEB also approves the race days and season lengths.

Licenses to conduct pari-mutuel betting at a Racebook facility in British Columbia must be obtained from the CPMA. Refer to the "Regulation and Licensing – Pari-mutuel Wagering" section of this AIF for more information.

IV. Competitive Conditions in British Columbia

The gaming industry in British Columbia is highly regulated and the market is conducted and managed by BCLC. BCLC contracts with service providers to administer the day-to-day operations of the gaming properties pursuant to the OSAs. Over the past few years, there have been a number of changes in the gaming environment and competitive marketplace in British Columbia. BCLC is focused on evolving the gaming industry in order to sustain and grow revenues, such as exploring opportunities to open new gaming facilities, including recent request for proposals ("RFPs") to award a gaming license in the cities of Delta and Victoria. In British Columbia, there are 15 casinos, two casinos with racetracks, 18 community gaming centres and five commercial bingo halls as at December 31, 2018. The OSAs reflect BCLC's conduct and manage mandate for gaming transactions, along with their ownership of customer data and gaming supplies and equipment. The Company competes for customers with other service providers of other gaming facilities.

Within the Lower Mainland, which includes Metro Vancouver and Fraser Valley, there are 14 gaming facilities, six of which are operated by the Company, including two racecourse casinos. As at December 31, 2018, the Company's main competitors in the Lower Mainland were Gateway Casinos & Entertainment Limited ("Gateway") and Paragon Gaming LLC ("Paragon"). Gateway operated six gaming facilities in the Lower Mainland including Cascades Casino in Langley, Grand Villa Casino in Burnaby, and Starlight Casino in New Westminster. Paragon operated Parq Vancouver in downtown Vancouver.

On Vancouver Island, there are eight gaming facilities, including two bingo halls. The Company operates the only two casinos as well as a bingo hall, with its nearest competitor operating approximately 50 kilometres away. Gateway operates Chances Courtney and Chances Campbell River, which are located approximately 110 and 160 kilometres away, respectively, from the Company's Casino Nanaimo.

Gateway is relocating a license of a previously closed gaming facility to a new gaming and entertainment facility in the City of Delta at the site formerly occupied by the Delta Town and Country Inn. On November 13, 2018, Gateway announced that all necessary regulatory approvals were received on its new gaming and entertainment facility and that BCLC has provided the City of Delta with its final approval. The new gaming and entertainment facility, Cascades Casino Delta, is expected to open in 2020.

In addition to competition from land-based casinos, BCLC offers a web-based gaming website to provide British Columbia residents with the ability to wager on casino-style games online.

Atlantic

The Company operates three gaming facilities in this region: Casino New Brunswick, Casino Nova Scotia Halifax, and Casino Nova Scotia Sydney. For the year ended December 31, 2018, the Company's Atlantic properties generated revenues of \$94.0 million (2017 – \$92.3 million), representing 8% (2017 – 15%) of the Company's consolidated revenues for the year ended December 31, 2018.

New Brunswick

I. Description of Casino New Brunswick

Casino New Brunswick is a 59,000 square foot casino located in Moncton, New Brunswick that also features a four star resort hotel with 126 rooms and a 2,500 seat multi-purpose entertainment and convention centre. As at December 31, 2018, the casino offered approximately 650 slot machines and 24 table games. The property also features two food and beverage options, pool and a spa. The casino operates between 20 to 24 hours per day.

II. Operating Agreement with NBLGC

The Company's New Brunswick-based gaming operations are conducted pursuant to the CSPA. Under the CSPA, the Company has been contracted to operate the casino in Moncton, New Brunswick, and to supply certain services to NBLGC. As per the required duties under the agreement, the Company supplies gaming equipment and supplies, provides security and surveillance for the facilities and supplies gaming personnel. NBLGC has the right to review the Company's New Brunswick operations and approve annual budgets.

Under the terms of the CSPA dated June 5, 2017, the Company's Casino New Brunswick facility earns gaming revenues equal to 50% of the first \$50.0 million of gross gaming revenues, an additional 35% of the next \$10.0 million in gross gaming revenues and an additional 25% of gross gaming revenues in excess of \$60.0 million (adjusted for inflation each year after March 31, 2010), and 100% of non-gaming revenues.

The current CSPA under which the Company operates in the Province of New Brunswick has a term that extends until December 31, 2030. The CSPA provides the Company with the exclusive right to operate a casino within 80 kilometres of Casino New Brunswick for the entire term of the CSPA and an exclusive right to operate a casino within all of New Brunswick until December 31, 2024. The CSPA also provides the Company with a right of first negotiation on any new casino to be developed in New Brunswick between December 31, 2024 and the expiry of the CSPA term on December 31, 2030. Additionally, the CSPA prescribes certain limitations on the number of video lottery terminals and the number of large video lottery terminal sites within 80 kilometres of Casino New Brunswick.

The CSPA, or the rights under that agreement, may not be transferred, assigned or otherwise disposed of without the consent of the NBLGC. The CSPA can be terminated by the NBLGC in a number of circumstances as set out in the agreement, including any transfer, assignment or disposition that is completed without the consent of the NBLGC.

III. Competitive Conditions in New Brunswick

The gaming industry in New Brunswick is managed and conducted by NBLGC. NBLGC's three lines of business are video lottery, traditional (or ticket) lottery and casino gaming. The Company operates one of two casinos in New Brunswick. The other casino is operated by Grey Rock Entertainment Centre Inc. and is located approximately 426 kilometers north west of Moncton, New Brunswick. Casino New Brunswick's closest casino gaming competition comes from Red Shores Racetrack & Casino at Charlottetown Driving Park Entertainment Centre and Red Shores at Summerside, located in Prince Edward Island. Both Red Shores Racetrack & Casino at Charlottetown Driving Entertainment Centre and Red Shores at Summerside are located in Charlottetown, Prince Edward Island and are situated approximately 176 kilometres and 144 kilometres, respectively, east of Moncton, New Brunswick. Red Shores Racetrack & Casino at Charlottetown Driving Park Entertainment Centre is a Standardbred

racetrack with up to 240 slot machines and eight table games (including four poker tables). Red Shores at Summerside is a Standardbred racetrack with 40 slot machines and one table game.

NBLGC's line of business also includes VLTS. VLTs are limited to a maximum of 400 within 80 kilometres of Casino New Brunswick and a maximum of 2,000 in the Province of New Brunswick.

Nova Scotia

I. Description of Gaming Facilities in Nova Scotia

- **Casino Nova Scotia Halifax** is a 110,000 square foot casino located in downtown Halifax, Nova Scotia. As at December 31, 2018, the casino offered approximately 590 slot machines and 27 table games. The property also features three food and beverage options (one operated by a third party), a 700 seat show room and meeting facilities. The casino operates between 18 to 24 hours per day.
- **Casino Nova Scotia Sydney** is a 30,000 square foot casino located downtown Sydney, Nova Scotia. As at December 31, 2018, the casino offered approximately 280 slot machines, six table games, and a food and beverage option. The casino operates from 16 to 24 hours per day.

II. Operating Agreement with NSGC

The Company's Nova Scotia-based gaming operations are conducted pursuant to an AROC with NSGC that covers both of its facilities. Under the AROC, the Company has been contracted to operate the casinos in Halifax and Sydney, Nova Scotia, and to supply certain services to NSGC. As per the required duties under the agreement, the Company supplies gaming equipment and supplies, provides security and surveillance for the facilities and supplies gaming personnel. NSGC has the right to review the Company's Nova Scotia operations, approve annual budgets and, on termination of the AROC, to repurchase all equipment, land and buildings purchased by the Company and used in these operations.

Under the AROC, the Company has committed to make substantial capital investments totalling \$10.0 million between the two Nova Scotia gaming facilities, subject to a renovation plan and schedule approved by NSGC. Casino Nova Scotia Halifax and Casino Nova Scotia Sydney's capital investment requirements under the AROC are \$9.0 million and \$1.0 million, respectively. Each site will each be entitled to receive a growth incentive fee once it meets its required capital investment and if total gaming revenue exceeds a baseline annual revenue by 5% or more. As at December 31, 2018, the Company has completed its capital investment obligation in Casino Nova Scotia Sydney.

The Company is entitled to receive an operator's fee equal to 52.24% of total gaming revenue, plus an additional 47.76% of non-gaming revenues, after deduction of the capital reserve ("CR") contribution and the marketing fund contribution. For the capital reserve contribution's fiscal year ending March 31, 2019, the annual capital reserve contribution is \$4.8 million (\$4.5 million annually adjusted for inflation) and the annual marketing fund contribution is \$1.5 million. The annual MFC is reduced by any approved gaming promotional allowance greater than \$0.9 million. The Company is also entitled to receive an additional operator's fee equal to the annual marketing fund contribution if the Company spends more than \$6.7 million in qualifying marketing initiatives in an operating year or has increased total gaming revenue by \$3.0 million over the preceding operating year.

The funds deposited into the CR Accounts are to be utilized to undertake capital expenditures, refurbishing, maintaining, upgrading and enhancing the casino facilities. The Company is required under the AROC to annually consult with NSGC and prepare a detailed capital replacement and maintenance plan for maintenance, refurbishment, upgrading, enhancing and replacing of the casinos and casino assets. The expenditures the Company incurs in implementing the plan are reimbursed from NSGC's CR Accounts.

The Company has a right of first opportunity to negotiate with NSGC with respect to any proposal to pursue the development and operation of a racino (slot machines operated by NSGC in connection with a presently existing racetrack) during the initial 10-year term or a "New Casino" as defined in the

agreement during the initial term or any renewal term. NSGC has the right to terminate the AROC under a number of circumstances where the Company is unable to satisfy the terms of the agreement.

The AROC, or the rights under that agreement, may not be transferred, assigned or otherwise disposed of without the consent of the NSGC. The AROC can be terminated by the NSGC if any transfer, assignment or disposition is completed without the consent of the NSGC.

III. Competitive Conditions in Nova Scotia

The gaming industry in Nova Scotia is highly regulated and is conducted and managed by NSGC. While table games and slot machines are permitted only at Casino Nova Scotia Halifax and Casino Nova Scotia Sydney, there is competition from VLTs, which are permitted in approved, licensed liquor establishments, and on First Nations' reserves. The Company's competition in Nova Scotia includes the Membertou Entertainment Complex and VLT facilities throughout the Province. The Membertou Entertainment Complex is a 33,000 square foot facility that features classic and electronic bingo and VLTs and a hotel, and is located three kilometres south of Casino Nova Scotia Sydney.

United States

I. Description of Gaming Facilities in United States

As at December 31, 2018, the Company operates three card rooms in Washington State located in Tukwila, Lakewood (Tacoma), and Everett. On November 30, 2018, the Company closed the Des Moines gaming facility. For the year ended December 31, 2018, the Company's United States properties generated revenues of \$41.2 million (2017 – \$41.2 million), representing 3% (2017 – 7%) of its consolidated revenues. The three Washington State facilities contain a total of 45 table games and ancillary food and beverage options such as restaurants, night clubs and banquet facilities. Its card rooms operate between 20 to 24 hours per day.

The Company's Washington State subsidiaries are issued annual gaming licenses by the WSGC. The gaming licenses permit the Company to operate a maximum of 15 card tables at each of its facilities in Washington State. The established practice in Washington State is that, in the absence of violations or wrongdoings by the licensee, gaming licenses are renewed automatically by the WSGC. Revenues from the Company's gaming operations in Washington State are net of city or county gaming taxes at various rates ranging from 10% to 12% for card games, 5% on pull-tabs and 2% on amusement games.

II. Competitive Conditions in Washington State

The gaming industry in Washington State is highly competitive and does not feature the same significant barriers to entry for commercial casinos as Ontario, British Columbia, New Brunswick and Nova Scotia. As a result, there are numerous card rooms located close to those operated by the Company in Washington State.

Card rooms, such as those operated by the Company, face additional significant competition from tribal operated commercial casinos in Washington State, which are numerous and widely spread among mostly single and several multi-location operators. Tribal casinos, with their ability to offer electronic gaming devices such as slot machines, and their exemption from a state-wide smoking ban, enjoy a significant advantage over card room operators.

Additionally, tribal casinos are not subject to the same taxation level as non-tribal casinos, which place the Company at a competitive disadvantage in supporting marketing and overhead expenses.

The Washington State gaming market has experienced a shift from the lottery, charitable bingo, and commercial house-banked card room segments to tribal gaming facilities because such facilities can offer a broader array of games, such as slot machines, electronic gaming devices and table games with higher betting limits. The Company believes its house-banked card rooms in Washington State appeal to local customers that are not regularly attracted to the tribal gaming facilities, which are facilities typically located outside of the local area of the Company's facilities.

Summary of Leased Properties

The following table summarizes the lease terms at each of the Company's leased principal operating facilities as of December 31, 2018:

Property	Expiry Date of Current Lease Term
Ontario	
Casino Woodbine	2039
Casino Ajax	2023
Great Blue Heron Casino	2039
Elements Casino Mohawk	2038
Elements Casino Brantford	2038 ⁽¹⁾
Elements Casino Flamboro	2023
Elements Casino Grand River	2030
Shorelines Slots at Kawartha Downs	2021
British Columbia	
River Rock Casino Resort	2041 ⁽¹⁾⁽²⁾
Elements Casino Surrey	2024
Hastings Racecourse & Casino	2019
Bingo Esquimalt	2021
Atlantic	
Casino Nova Scotia Sydney	2025

⁽¹⁾ Payments for the entire lease term were fully prepaid at commencement of the lease.

⁽²⁾ A portion of the land at River Rock is owned.

Specialized Skills & Knowledge

Success in the gaming industry requires a high level of specialized skills and gaming knowledge obtained from experience. The officers and directors of the Company include business professionals who possess specialized education and extensive gaming, horse racing, entertainment, and property development backgrounds.

Other Business Developments

Unions and Labour Relations at Properties

The Company employs unionized employees at 14 of its properties. As at December 31, 2018, the Company had approximately 4,600 unionized employees at certain of its facilities out of a total of approximately 9,850 employees Company-wide.

For a summary of the collective bargaining units in place and the status of negotiations as at the date of this AIF, see "Major Developments – Labour Relations" section of the MD&A.

Enhanced Anti-Money Laundering (“AML”) Efforts

On June 27, 2018, B.C.'s Provincial government publicly released Dr. Peter German's report (“Report”) on his independent review of B.C.'s AML policies and practices in Lower Mainland casinos. The Report was commissioned by the Attorney General of B.C. The Company participated in the review by Dr. German, and welcomed his contributions and recommendations to enhance the provincial AML system.

On January 10, 2018, as part of Dr. German's interim recommendations prior to delivering his report, BCLC enacted new procedures for all B.C. casinos regarding buy-ins of \$10,000 (ten thousand dollars) or more at all B.C. casinos and for all players. All cash, bank drafts and certified cheques of \$10,000 (ten thousand dollars) or more, in one or more transactions over a 24-hour period, require a bank receipt. Although the source of funds procedures were instituted quickly, management's analysis has indicated that the players at the Company's casinos have adjusted to the new requirements.

The Company's current focus is supporting the significant work being dedicated by casino service providers, BCLC, GPEB, and the Ministry of the Attorney General, on the implementation of the recommendations from the Report to effectively enhance measures to prevent money laundering.

Canada Revenue Agency Disputes and Audit

CRA has conducted audits of the Company's and its subsidiaries' FDC filing positions of its B.C. operations for the 2009 to 2014 years. CRA has taken the position that FDC was received by the Company and its subsidiaries as service fee income and should be included in taxable income when received, while the Company's position is to treat the reimbursement related to property, plant and equipment as a reduction in the capital cost of the asset. The Company strongly disagrees with the CRA's current position of FDC, and has submitted notices of objection to CRA's Appeals Division.

For more information, refer to the “Litigation and Disputes – Canada Revenue Agency Disputes and Audit” section of the MD&A.

BCLC Litigation

On March 26, 2015, the Company commenced a legal action against BCLC in relation to a dispute over the collection of marketing contributions by BCLC from the Company since 2009. The Company takes the position that BCLC was not entitled to collect the marketing contributions under the former COSAs that were in effect prior to June 3, 2018, and has taken legal action against BCLC. For more information, please refer to the “Litigation and Disputes – Marketing Trust Lawsuit” section of the MD&A.

Regulation and Licensing

Canada

- I. Gaming Laws.** In Canada, gaming activity is generally prohibited under the Criminal Code of Canada, unless exempted pursuant to section 207 of the Criminal Code. Under section 207 (1), the government of one or more provinces is permitted to ‘conduct and manage’ lottery schemes within a province and in accordance with provincial laws. The term ‘lottery scheme’ is defined in the Criminal Code and includes games of chance or games of mixed chance and skill. Pursuant to these provisions, only the government of a province may ‘conduct and manage’ the operation of slot machines, computerized games and dice games. Gaming Regulators oversee the implementation and enforcement of the relevant gaming control legislation in a province and the Company's gaming operations.
- II. Gaming Regulations.** Provincial gaming control legislation, regulations promulgated thereunder, and rules adopted by the Gaming Regulators take into account a number of public policy concerns, including: the integrity of gaming; the prevention of unsuitable persons from having a direct or indirect involvement with gaming at any time or in any capacity; the establishment and maintenance of responsible accounting practices and procedures; the maintenance of effective controls over the financial practices of registrants; and the prevention of cheating and fraudulent practices in gaming.

Provincial gaming legislation permits the registration of private entities to provide gaming-related services or to act as agents, service providers or service suppliers to Provincial Crown corporations to conduct and manage gaming in the province. Pursuant to certain agreements the Company has entered into with Provincial Crown corporations in Ontario, British Columbia, New Brunswick and Nova Scotia, the Company provides facilities and other services to those agencies in connection with their conduct and management of gaming. The Company shares in the revenues earned by those Crown corporations from services the Company provides at those properties.

While the Provincial Crown corporations may determine the form and proposed location of gaming activities offered in a province, the co-operation of local government is needed for these facilities to operate. All new gaming facilities licenses and all facility expansions or relocations must be approved and/or zoned by the local host government, which in making their development decisions typically consider the concerns and comments of local residents and businesses and affected adjacent communities. The sale of alcoholic beverages at the Company's facilities is also subject to the obtaining of appropriate licenses.

III. Gaming Registration. The Company, and its subsidiaries that own or operate gaming facilities, are approved and registered by Gaming Regulators. This registration authorizes the Company and its subsidiaries to provide certain gaming services such as the provision of facilities, gaming employees, and security and surveillance services. The Gaming Regulators issue certificates of registration to the Company that are renewable but not transferable or assignable.

IV. Gaming Reporting Requirements. The Company is subject to both general and specific reporting and disclosure requirements with its respective Gaming Regulators including the specific obligation to report and disclose certain financing arrangements and issuances of securities. Normally these specific obligations arise where certain threshold tests of "interest" are met. Gaming Regulators may conduct investigations or inquire as to the nature and source of financing, including the identity of persons who acquire the Company's securities or lend the Company money. These inquiries are made pursuant to the Gaming Regulator's general powers of investigation and general authority to conduct investigation or inquiry with respect to any participant in the gaming industry at any level of monetary or shareholder interest.

Notwithstanding there being specific reporting thresholds, a regulator may at any time exercise its discretion to require reporting by any person who has an interest in the Company, regardless of the type of interest. If the Company is unable to comply with any reporting or registration requirement, its registrations as a gaming service provider may be suspended or revoked which would adversely affect its business.

Gaming Regulators may from time to time require changes to the Company's practice in complying with the various disclosures and reporting requirements. If the Company fails to comply with any existing or future disclosure requirements, Gaming Regulators may take action against the Company which could ultimately include cancellation of gaming registration.

V. Corporate Registration Requirements. The terms and conditions of registration require, among other things, that the Company submits to, and co-operates in background investigations, obeys standard operating rules of play, identifies the Company's creditors and submits detailed financial and operating reports to the Gaming Regulators. The Company is required to deliver advance notice to, and obtain the approval from, the Gaming Regulators of a change in its directors, officers, senior employees, associates or interest holders. An "associate or interest holder" may include security holders, beneficial interest holders, contingent interest holders, interested parties and suppliers of credit, and goods or services above a certain threshold. The Company is also required to deliver advance notice to, and obtain the approval from, the Gaming Regulators of the direct or indirect acquisition or disposition by a person or group of persons, acting in concert, in one or more transactions, of a certain threshold level of voting shares; or one or more securities issued by the Company (other than voting shares), if the amount paid up under the securities is equal to or greater than a certain threshold level of our aggregate paid up capital. In addition, pursuant to gaming legislation and Operating Agreements there are restrictions placed on the acquisition, ownership and

disposition of the Company's shares as described in the "Restrictions on Ownership of Securities" section of this AIF. An applicant seeking registration or approval must submit detailed personal and financial information to the Gaming Regulators, which may be subject to an investigation by them and must pay or cause to be paid all the costs of any investigation. Gaming Regulators may deny registration or approval to any applicant and may deny the acquisition or disposition of the Company's shares or securities above a certain threshold. All of the Company's directors, officers, associates and key employees have been or may be required to be found suitable and require registration by a gaming regulator. Gaming Regulators may deny an application for registration or approval for any reason which they deem appropriate.

VI. Individual Registration Requirements. As noted above, under the terms and conditions of its registration, the Company is required to deliver advance notice to, and obtain the approval from, Gaming Regulators for the acquisition or disposition of the Company's voting shares or securities above a certain threshold and for changes to the Company's directors, officers, senior employees, or "associates or interest holders." Persons acquiring or disposing of the Company's shares or securities above the threshold may be required to submit detailed financial and personal information and undergo an investigation by the Gaming Regulators to ensure their suitability for involvement in the gaming industry, and may be required to be registered. The Company's proposed officers or directors are required to be registered and persons wanting to become associates of the Company may be required to be registered. An applicant seeking registration or approval must submit detailed personal and financial information to the Gaming Regulators, may be subject to an investigation by the Gaming Regulators and must pay or cause to be paid all the costs of any investigation. Gaming Regulators may deny registration or approval to any applicant and may deny the acquisition or disposition of the Company's shares or securities above a certain threshold. Gaming Regulators may deny an application for registration or approval if they find an individual unsuitable. At any time, one or more of the Gaming Regulators may conduct inspections to monitor compliance of registrants with the gaming control legislation, the regulations, the rules and the conditions of registration.

VII. Horse Racing

- **Pari-mutuel Wagering.** Pari-mutuel wagering on horse racing in Canada falls under federal jurisdiction pursuant to the Criminal Code. Through the CPMA, a division of Agriculture and Agri-Food Canada, the Federal Government regulates the horse racing industry and licenses industry participants.

The CPMA is financed through a federal levy of 0.8% collected from each pari-mutuel bet placed on horse races across Canada. The Pari-Mutuel Betting Supervision Regulations, authorized under the Criminal Code, prescribe the mandate and the activities of the CPMA. The CPMA supervises the pari-mutuel betting systems; conduct of race meets and the approval of dates and places for races; photo finishing, video patrol and drug control and testing of horses, trainers and jockeys; calculation of payables on bets; and provision, equipment and maintenance of accommodation, services and other facilities for the supervision and operation of the pari-mutuel systems.

Every racetrack association must apply for and obtain an annual pari-mutuel betting permit to hold horse races at its facilities. In granting a permit, the CPMA may impose terms and conditions on permits such as the types of bets which may be offered at the horse racetrack; the method of calculating each type of bet; and any other restrictions on pari-mutuel wagering. The CPMA also issues annual pari-mutuel licenses for Teletheatre facilities, except in Ontario, where licenses are issued by the AGCO.

Horse racing activities in Ontario are regulated by the AGCO which grants licenses to race and prescribes terms and conditions for registration of Flamboro Downs and Georgian Downs in Ontario.

Horse racing activities in British Columbia are regulated by GPEB which grants licenses to race and prescribes terms and conditions for registration of Hastings Racecourse and Elements Casino Surrey.

- **Horse Racing Licenses.** The Company's horse racing subsidiaries have been issued, as applicable, licenses by GPEB in British Columbia and the AGCO in Ontario for the operation of horse racing tracks. These licenses are issued every three years by GPEB and annually by the AGCO. These licenses are subject to several conditions including legislative compliance, financial reporting, adherence to facilities and equipment standards and security. In addition to requiring a license, horse racing regulators require that racetrack operators apply for race dates each year. The Company's horse racing licenses may not be transferred or assigned. If there is a material violation of one of the Company's horse racing licenses, one or more horse racing licenses may be suspended and its gaming operations may be materially affected.

VIII. Consequences of Violating Gaming Laws. Gaming Regulators may refuse to issue or renew, or may suspend or terminate, the Company's registration if the Company, or a director, officer, employee or associate of the Company (i) is considered to be a detriment to the integrity or lawful conduct or management of gaming; (ii) no longer meets a registration requirement; (iii) has breached or is in breach of a condition of registration or an Operating Agreement with a lottery corporation; (iv) has made a material misrepresentation, omission or misstatement in an application for registration or in reply to an enquiry by a person conducting an audit, investigation or inspection under the gaming control legislation; (v) has been refused a similar registration in another jurisdiction; (vi) has held a similar registration, or license in that province or another jurisdiction which has been suspended or cancelled; or (vii) has been convicted of an offence, inside or outside of Canada, that calls into question the Company's honesty or integrity or the honesty or integrity of a director, officer, employee or associate of the Company.

If a gaming regulator limits, suspends, revokes or refuses to renew the Company's registration and/or any of the Company's horse racing licenses, it would have a material negative effect on its gaming operations. A suspension of one of the Company's registrations could result in a suspension of gaming registrations in any other jurisdictions, or the suspension of the Company's racing licenses.

IX. Consequences of Being Found Unsuitable. A person who fails or refuses to apply for registration after being ordered to do so by the Gaming Regulators, or who refuses or fails to pay the investigative costs incurred by the Gaming Regulators in connection with the investigation of its application, may be found unsuitable. The Company and its subsidiaries may be subject to disciplinary action, including suspension of its registration, if, after the Company receives notice that a person is unsuitable to hold its securities or to have any other relationship with the Company, it fails to pursue all lawful efforts to require the person to comply with the requirements of the gaming control legislation.

X. Gaming Laws and Securities Ownership. The gaming control legislation imposes certain restrictions, as described above, upon the issuance, ownership, and transfer of the Company's voting shares and securities. These restrictions require that the Company provide advance notice and obtain approval for certain acquisitions and dispositions above a certain threshold. If the Company fails to obtain approval for changes in its voting shares or securities from the Gaming Regulators, the Company may be sanctioned and its registrations may be suspended.

United States

- I. **Gaming Laws.** In Washington State, gaming is subject to the Revised Code of Washington and the Washington Administrative Code (“the Code”) and the rules promulgated thereunder, as well as various local ordinances and state laws.

The Company’s gaming operations are subject to the regulatory control of the WSGC. Unlike Canada, the Company’s gambling operations in Washington State do not involve the participation of a governmental body in the operation of the facilities. Gambling laws and regulations in Washington State, like those in Canada, are generally concerned with the integrity, reputation, responsibility, financial stability and character of the owners, managers, employees and persons with financial interests in the gambling operations.

- II. **Licenses.** The Company’s Washington State subsidiaries are licensed by the WSGC to operate house-banked public card rooms and to provide other commercial amusement games. One of the Company’s Washington subsidiaries is also licensed by the WSGC as a service supplier. These licenses are for terms of one year and are not transferable or assignable.

- III. **License Requirements.** The terms and conditions of the Company’s licenses require that detailed financial and operating reports along with any other information required are submitted to the WSGC. Substantially all of the Company’s material loans, leases, sales of securities and similar financing transactions must be reported to, or approved by, the WSGC.

- IV. **Individual Licensing Requirements.** No person may own 10% or more of any class of shares of the Company’s Washington subsidiaries licensed by the WSGC or own 5% or more of the Company’s shares without first obtaining approval from the WSGC. The WSGC may investigate any individual who has a material relationship to or material involvement with the Company to determine whether the individual is suitable or should be licensed as a substantial interest holder of the Company. Certain directors, officers and key employees of the Company have been or may be required to be licensed or found suitable by the WSGC. The WSGC may require additional applications and may also deny an application for license for any reason which they deem appropriate. An application for licensing requires submission of detailed personal and financial information and may be followed by a thorough investigation. An applicant for registration or an applicant for a finding of suitability must pay or must cause to be paid all the costs of the investigation. Changes in licensing positions must be reported to the WSGC and, in addition to their authority to deny an application for license, the WSGC has the jurisdiction to disapprove a change in a corporate position.

- V. **Consequences of Violating Gaming Laws.** The WSGC may deny an application, or suspend or revoke any license or permit issued by it including where it deems it to be in the public interest, or where the licensee, or any person with any interest in the licensee, has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by the Code, or any rules adopted by the WSGC, or when a violation of any provision of the Code, or any WSGC rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control; knowingly causes, aids, abets, or conspires with another to cause, any person to violate any of the laws of the State or the rules of the WSGC; has obtained a license or permit by fraud, misrepresentation, concealment, or through inadvertence or mistake; has been convicted of, or forfeited bond upon a charge of, or pleaded guilty to, forgery, larceny, extortion, conspiracy to defraud, willful failure to make required payments or reports to a governmental agency at any level, or filing false reports therewith, or of any similar offence or offences, or of bribing or otherwise unlawfully influencing a public official or employee of any State of the United States, or of any crime, whether a felony or misdemeanour involving any gambling activity or physical harm to individuals or involving moral turpitude; makes a misrepresentation of, or fails to disclose, a material fact to the WSGC; is subject to current prosecution or pending charges, or a conviction which is under appeal, for certain offences; has pursued or is pursuing economic gain in an occupational manner or context which is in violation of the criminal or civil public policy of the State if such pursuit creates probable cause to believe that the participation of such person in gambling or related activities would be inimical to the proper operation of an authorized gambling or related activity in the State; or is a career offender or a member or associate of a career offender cartel in such a manner which creates

probable cause to believe that the association is inimical to the policy of the Code or to the proper operation of the authorized gambling. Limitation, conditioning or suspension of any of the Company's gaming licenses in Washington State could, and revocation would, have a material negative effect on the Company's gaming operations in Washington State.

VI. Consequences of Being Found Unsuitable. Any person who fails or refuses to apply for a finding of suitability or licensing after being ordered to do so by the WSGC, or who refuses or fails to pay the investigative costs incurred by the WSGC in connection with the investigation of its application, may be found unsuitable. The Company's subsidiaries will be subject to disciplinary action if it receives notice that a person is unsuitable to hold its securities or to have any other relationship with the Company and the Company fails to pursue all lawful efforts to require the unsuitable person to relinquish such person's securities including, if necessary, the immediate purchase of the securities.

VII. Gaming Laws Relating to Securities Ownership. The WSGC may, in its discretion, require the holder of any of the Company's debt or similar securities to file applications, be investigated and be found suitable to own the Company's debt or other securities if the WSGC has reason to believe that such ownership would otherwise be inconsistent with the declared policies of Washington State. If the WSGC decides that a person is unsuitable to own the security, then under the Code, the Company can be sanctioned, including the loss of a gaming license if the Company fails to pursue all lawful efforts to require the unsuitable person to relinquish such person's securities including, if necessary, the immediate purchase of the securities.

Anti-Money Laundering in the Gaming Sector

Canada

Certain industries in Canada, like the gaming sector, are subject to the federal *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Other sectors regulated under the PCMLTFA include banks, credit unions, securities dealers, accountants, real estate brokers, dealers in precious metals and stones, and money service businesses. The PCMLTFA provides for the creation of FinTRAC, which fulfills the role of Canada's financial intelligence unit. FinTRAC is given responsibility for regulating those sectors of the economy subject to the PCMLTFA and in particular for making sure regulated entities have appropriate and effective anti-money laundering regimes in place.

Similar to banks and other regulated entities, casinos in Canada operate under and are required to comply with strict anti-money laundering, customer identification and reporting requirements set out within the PCMLTFA. FinTRAC has designated provincial lottery corporations as the gaming reporting entity and the Company assists provincial lottery corporations with their FinTRAC reporting obligations.

Pursuant to the PCMLTFA, cash transactions of \$10,000 (ten thousand dollars) or more, casino disbursements of \$10,000 (ten thousand dollars) or more and electronic funds transfers of \$10,000 (ten thousand dollars) or more occurring within a 24-hour timeframe or within a gaming day must be reported to FinTRAC. Additionally, casinos must report suspicious transactions, conducted or attempted, of any amount to FinTRAC. Moreover, suspicious transactions are reported to provincial Gaming Regulators and police agencies which have the authority and responsibility for the investigation of money laundering and other related criminal offences.

The Company's anti-money laundering efforts are subject to independent external review through audits completed by FinTRAC, provincial Gaming Regulators and the Crown Agents responsible for the conduct and management of gaming in a province. The combination of a strong anti-money laundering program and verification of compliance with anti-money laundering laws through independent auditing help to ensure the Company's operations are protected from being used to launder illicit funds and help to protect the communities in which the Company operates.

For more information on Canadian anti-money laundering requirements, the PCMLTFA and FinTRAC visit: <http://www.fintrac-canafe.gc.ca>

United States

The US gaming industry anti-money laundering regulations are documented within and subject to the *Bank Secrecy Act* (“BSA”) (as amended by the USA Patriot Act). Other sectors regulated under the BSA are not limited to the following: financial institutions; insurance and real estate agencies; pawnbrokers; dealers in precious metals, stones or jewels; travel agencies and currency exchange services. The financial intelligence unit, FinCEN, has been assigned many responsibilities under the BSA including being assigned as the administrator of the Act. FinCEN has delegated its gaming sector examination authorities to the Internal Revenue Service (“IRS”).

Similar to Canada the gaming sector is required to meet strict anti-money laundering, customer identification and reporting requirements set out with the BSA. Pursuant to the BSA and the regulations thereunder, all cash transactions exceeding US\$10,000 (ten thousand dollars) must be reported to the IRS. Additionally, transactions that have been identified as suspicious where the funds involved with the incident exceed US\$5,000 (five thousand dollars) must also be reported to the IRS. Within 72 hours of the incident the Washington State Gaming Agent is notified of all suspicious activities.

GAGC’s anti-money laundering efforts are subject to monthly compliance department reviews and every two years the Company initiates a review of GAGC’s anti-money laundering compliance through the engagement of an independent auditor with relevant expertise.

For more information on USA anti-money laundering requirements, the BSA and FinCEN visit:

https://www.ffiec.gov/bsa_aml_infobase/pages_misc/regulations.htm.

RISK FACTORS

In addition to those risks described elsewhere within this document, the occurrence of any of the events described in this section could have a material adverse effect on the Company’s business, financial position, results of operations and cash flows. Readers should consider carefully the risks described below.

Management of Expanding Operations

As a result of acquisitions and property developments, significant demands may be placed on the Company’s managerial, operational and financial personnel and systems. In particular, there may be demands on the Company’s operational and accounting information systems and controls and other accounting systems, resulting from growth with our operations. Systems, procedures and controls may be inadequate to support the expansion of the Company’s operations resulting from growth. While Great Canadian takes action to maintain internal systems and controls, future operating results could be affected by the ability of its officers and key employees to manage changing business conditions, expansion opportunities, and acquisitions, and to upgrade, implement and/or improve operational and financial controls and reporting systems.

The Company conducts thorough due diligence before completing an acquisition. However, it is possible that the Company might make an acquisition that subsequently does not perform in line with management’s financial and strategic objectives or that anticipated cost reductions or synergies will be realized. The ability to successfully complete an acquisition may also be subject to regulatory approvals and the Company may not be able to determine when, or if, the necessary approvals will be granted. Changes in the competitive and economic environment as well as other factors may lower revenues, while higher than anticipated integration costs and failure to realize expected cost savings could also adversely affect the Company’s earnings after an acquisition. Integration costs may increase as a result of increased regulatory costs related to an acquisition, unanticipated costs that were not identified in the due diligence process or more significant demands on management time than anticipated, as well as unexpected delays in implementing certain plans that in turn lead to delays in achieving full integration. The Company’s post-acquisition performance may also be contingent on retaining the customers and key employees of acquired companies, and there can be no assurance that the Company would succeed in doing so.

In connection with the Company's acquisitions, there may be liabilities such as environmental liabilities that were not discovered, or the Company was unable to quantify in its due diligence. The Company may not be indemnified by the vendors of such acquired assets for some or all of these liabilities. In addition, there may be capital expenditure requirements that the Company failed to discover, or that the Company was unable to quantify in its due diligence, which amounts may be material. The discovery of any material liabilities or capital expenditure requirements could have a material adverse effect on the Company's business, financial condition or future prospects.

Although the vendors of some past acquisitions have agreed to indemnify the Company for certain losses, vendors may not have sufficient funds available to satisfy the indemnities if called upon to do so.

Operating Agreements and Licenses

The Company's provincial gaming operations are conducted pursuant to Operating Agreements with OLG, BCLC, NBLGC and NSGC. Although the agreements are renewable, there is no guarantee that the Company will satisfy the conditions required for renewal. Additionally, when the renewal term expires, the Company may not be able to enter into new agreements that are the same as those historically, which may result in decreased revenues, increased operating costs or closure of an operation. See the "Business of the Company" section of this AIF for additional information on the terms and risks associated with the Company's Operating Agreements.

Under the Operating Agreements, OLG, BCLC, NBLGC and NSGC have the ability to suspend or terminate the Company's right to provide services under the agreements for certain specified reasons. If the Company operates gaming in a manner inconsistent with the Criminal Code or anti-money laundering legislation, violates provincial gaming laws or prejudices the integrity of gaming, the provincial lottery corporations may terminate one or more of the Company's Operating Agreements. If one or more of the Company's Operating Agreements are terminated, this will seriously impact the business.

Government Regulations

Government Restrictions

The conduct of gaming in Canada is within the authority of the provincial government, to the extent permitted by the Criminal Code. Under this legislative framework, the responsible provincial government determines the location and size of gaming facilities and may also determine the types and numbers of games that may be offered.

Government may also pass legislation or adopt policies that have the effect of restricting gaming, or expanding it to permit the involvement of private casino operators or others therein. Other possible restrictions could include the hours of operation, betting limits and the amount payable to operators for providing casino or racino operational services. Expansion of gaming to permit the involvement of other private casino operators could increase competition in the Company's markets. Such legislation or policies could significantly harm the Company's business and results of operation.

Regulatory Regime

The Company's gaming operations are contingent upon maintaining all regulatory licenses, permits, approvals, registrations, and findings of suitability. Any change in regulatory fees, laws, regulations, or licenses applicable to the Company's business, or any violation of gaming laws by the Company, or a failure to maintain its regulatory approvals, could require the Company to make substantial expenditures and/or could otherwise negatively affect its gaming operations and profitability.

New or amended procedures or fees required by provincial gaming corporations or regulators could have a material adverse effect on the Company, including adverse effects on its business, financial condition and results of operations.

High Level of Regulation

There is a high level of government regulation within the casino industry in Canada and in Washington State. For example, each province has established a regulatory body to oversee gaming activities, products and providers of gaming services.

The Company is subject to a variety of regulations in the jurisdictions in which it operates. If additional gaming regulations are adopted in jurisdictions in which the Company operates, such regulation could impose restrictions and/or could otherwise have a material adverse effect on the Company, including adverse effects on its business, financial condition and results of operations.

Anti-money Laundering

The Company's obligations are subject to strict anti-money laundering policies and procedures which are prescribed by government regulators and Crown corporations. The policies and procedures with respect to anti-money laundering are subject to change from time to time and such changes could adversely impact the Company's revenues as such prescribed changes may have the effect of restricting or making more difficult cash deposits or VIP play. Additionally, the ongoing compliance required by the Company to adhere to new policies and procedures with respect to anti-money laundering could have a material incremental cost to the Company. Refer to the "Anti-money Laundering in the Gaming Sector" section of this AIF for more information.

Negative Perceptions Linked to the Gaming Industry

Historically, gambling has been considered to be an undesirable activity in Canada. Until 1969, gambling in most forms was a criminal offence, with the exception of horse racing and social card rooms. Casino management companies still face this stigma in many areas of day-to-day operations. The negative perception toward gambling could have a negative impact on the Company's profitability. Negative public perception of gaming within any demographic area lessens the likelihood that a new casino can be established there or that an existing casino will be financially viable, which could impact possible expansions, developments or acquisitions.

Dependence on Key Personnel

The Company's success depends upon the continued services of its senior management team and our technical, marketing, finance and operations personnel. The Company's employees may voluntarily terminate their employment with the Company at any time. The loss of the services of key personnel could have a materially adverse effect upon its business, financial condition and results of operations. The Company currently does not maintain any key personnel insurance.

Technology

Technology Dependence

The Company's operations are highly dependent on information technology systems, some of which are controlled by the Company and some of which are controlled by its provincial partners. There is an ongoing risk that systems may malfunction or fail, or suffer from a cyber attack or other act of sabotage that could severely disrupt operations or result in privacy breaches including customer information. The risks surrounding information technology also include recovering system availability from a disaster, scalability of systems as business expands, and technology obsolescence. The Company's core technology systems include gaming systems, security and surveillance systems, and finance, human resources, and marketing systems.

Cybersecurity and Data Loss Risk

The efficient operation of the Company's business is dependent on physical processes that include human interaction, computer hardware and software systems, including physical and internet communications internally at the Company and also between the Company and third parties. Information systems and

communication networks are vulnerable to security incidents, collectively referred to here as “cybersecurity incident”. A cybersecurity incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability of the Company’s information resources, arising from an intentional attack or an unintentional event such as malicious software, attempts to gain unauthorized access to data or information systems (electronically or otherwise) and other electronic or physical security breaches or incidents that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption, loss or degradation of data (including personal information). The Company’s primary risks that could directly result from the occurrence of a cybersecurity incident include: (a) operational interruption, (b) damage to its reputation, (c) loss or restrictions to its gaming licenses, or other damages in business relationships including with third parties and government regulators, (d) the disclosure of confidential information including personally identifiable information, (e) potential liability to third parties, (f) loss of revenue, and (g) additional regulatory scrutiny and fines, as well as litigation and other costs and expenses.

Because the Company often has access to sensitive information including from its gaming regulators, the Company has significant data privacy and protection obligations, and takes them seriously. In connection with that, the Company has implemented processes, procedures and controls to help mitigate these risks. Access to personal data is controlled through physical security and IT security mechanisms. For information stored with or processed by third parties, the Company undertakes due diligence prior to working with them and uses contractual means to ensure compliance to standards set by the Company. Additionally, the Company monitors and assesses risks surrounding collection, usage, storage, protection, and retention/destruction practices of personal data, including by conducting privacy impact assessments for key processes.

These measures, as well as its increased awareness of a risk of a cybersecurity incident, do not guarantee that its financial results will not be negatively impacted by cybersecurity incidents.

Renewal of Site Operating Leases

Some of the Company’s properties operate out of premises that are leased under negotiated terms. When each lease terminates, there is a risk that the landlords may not renew these leases on terms that are commercially reasonable or acceptable to the Company. This may result in increased operating costs, additional relocation costs or closure of an operation.

Some of the Company’s properties are leased to third parties under negotiated terms. When each lease terminates, there is a risk that the tenants may not renew these leases on terms that are commercially reasonable or acceptable to the Company. This may result in decreased revenues or closure of a property.

To the extent that owners of leased properties have mortgaged or otherwise encumbered these properties, enforcement action undertaken against a landlord by a lender may limit the access of the Company to a facility or materially shorten the term of a lease.

Competition

Gaming Industry

The gaming industry is competitive. The Company competes with numerous gaming establishments of varying quality and size in market areas where its properties are located. The Company also competes with other non-gaming resorts and tourist destinations, and other entertainment businesses and could compete with any new forms of gaming that may be legalized in the future. The casino, entertainment, food and beverage, hotel and horse racing businesses are characterized by competitors that vary considerably in size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity. In most markets, the Company competes directly with other facilities operating in the immediate and surrounding market areas and in some markets it faces competition from nearby markets.

In recent years, competition in existing Canadian gaming markets has intensified. The Company, like many other casino operators, has invested in enhancing its existing facilities. The enhancements and the

aggressive marketing strategies of many of the Company's competitors have increased competition in many markets in which the Company competes, and this intense competition can be expected to continue.

Additional changes in OLG's operating model, such as the expansion of its business lines, could increase competition and negatively impact the Company's Ontario operations, as described in the "Business of the Company – Ontario" section of this AIF.

If the Company's competitors operate more successfully, if competitors' properties are enhanced or expanded, or if additional hotels and casinos are established in and around the locations in which the Company conducts business, the Company may lose market share. In particular, the expansion of casino gaming in or near any geographic area from which the Company attracts or expects to attract a significant number of its customers could have a significant adverse effect on the Company's business, financial condition and results of operations.

The Company's card rooms face significant competition in Washington from other gaming establishments, including tribal casinos, which have certain competitive advantages such as their ability to offer electronic gaming devices such as slot machines and their exemption from a state-wide smoking ban and certain state taxes.

Horse Racing

The Company's racing and pari-mutuel operations face significant competition for wagering dollars from other racetracks and off-track wagering facilities, some of which also offer other forms of gambling, as well as other gaming venues such as casinos. The Company may also face competition in the future from new off-track wagering facilities, new racetracks or providers of telephone account or internet wagering. If additional gambling opportunities become available near the Company's racing and pari-mutuel operations, such gaming opportunities could have a material adverse effect on its business, financial condition and results of operations.

Non-Gaming

Each of the Company's businesses facilities competes in its local hospitality, entertainment, and food and beverage markets for both business and leisure guests. During the fall and winter season, River Rock's two hotels compete primarily with hotels in the local Richmond, British Columbia area; however, during the spring and summer season, its competition include the hotels in downtown Vancouver. The Company's casino, food and beverage, and entertainment offerings compete more broadly for guests' discretionary entertainment dollars.

Online Gambling

The Company faces competition from gambling conducted over the internet, both domestically and internationally. Web-based casinos and certain provincial gaming corporations offer a variety of online games, including slot machines, roulette, poker, and blackjack, which closely resemble those available within the Company's properties. Web-enabled technologies allow individuals to gamble using credit cards and online payment services. As both the sophistication and availability of online gaming improves, it is possible that these offerings will develop into a greater form of competition. The Company is unable to assess the impact of internet gambling on its current or future operations, and to date, online gaming has created no discernible impact upon the Company's business. Pursuant to the Criminal Code, only the provinces have the jurisdiction to regulate and conduct gambling over the internet in Canada.

Unions and Labour Relations

The Company has twelve properties where certain employees are represented by unions at December 31, 2018. Should additional employees at the Company's facilities become unionized, it may result in increased costs for human resources with a corresponding reduction in profitability and potential impact to operations.

When a collective agreement expires, labour disruption, including work stoppage may occur as part of the union's or the Company's bargaining tactics. Such stoppages may have a material adverse effect on the Company's results from operations due to disruption of the Company's business.

Management of Capital Projects

The Company's financial profitability is highly dependent upon the effective management of its various capital projects. The nature of the Company's business, coupled with the desire of the provincial lottery corporations with whom it does business to create better and more sophisticated facilities, dictate a significant amount of expenditure on physical premises, associated amenities and related technologies. The Company's program of capital expenditures faces the risk that its financial and managerial resources may be insufficient to properly manage capital projects. In the event that the Company is unable to effectively manage its cost of construction, third party contractors, and third party consultants engaged in our capital projects, its profitability may suffer.

From time to time, the Company undertakes both major and minor capital projects designed to improve both its facilities and future guest experiences. These necessary developments may have an unquantifiable impact on attendance, and therefore revenues, in the short-term, as the disruption caused by construction may impact facilities' appearances and operations.

Construction and development costs may be higher than expected. The Company currently has the requisite debt capacity to fund its capital projects; however, project costs and financial results could affect the amount of capacity available to the Company. Some of its major construction projects may entail other significant risks such as shortages of material or labour, unanticipated cost increases or work stoppages.

From time to time, third parties may undertake infrastructure or other capital projects that may disrupt traffic patterns around and accessibility to Great Canadian's gaming properties. Such disruptions may negatively affect the Company's revenues.

Financing and Capital Structure

The management of the Company's capital projects, any required partnership equity contributions in relation to capital projects, and the realization of business development opportunities are dependent upon the availability of financing. The Company is subject to certain risks with respect to its financing and capital structure, such as liquidity risk, market risk, and credit risk, and must also comply with financial covenants related to its long-term debt. In the event that the Company is unable to obtain suitable financing, it may be unable to manage its capital projects in a cost-effective manner or to capitalize on business development opportunities. Please refer to the Annual Financial Statements for more information on these risks and financial covenants.

Sensitivity to General Economic Conditions

The gaming and hospitality industry are subject to cyclical variations in the general economy and to uncertainty regarding future economic prospects. The Company's revenues are impacted by the health of the economy in Canada and Washington State, and in the regional markets in which the Company operates. As such, the Company's financial results are sensitive to consumer confidence, consumers' disposable income, levels of unemployment, real estate values, and foreign exchange rates, among other factors.

The Company's gaming volumes and financial results are subject to numerous uncertainties due to global economic uncertainty. Weakening global economic conditions may reduce visitation and spending at the Company's properties by both its local and international guests. Further unforeseen events, such as an extended period of recession, high unemployment rates, further erosion of consumer confidence, adverse tourism trends, further decreases in levels of travel, leisure and consumer spending, pandemics or natural disaster or a combination of these or other factors, may negatively affect the Company's future operating results and cash flows.

Horse Racing

Agreements

The Company's pari-mutuel betting permits to hold horse races at its facilities must be renewed on an annual basis, as described in the "Regulatory and Licensing – Pari-mutuel Wagering" section of this AIF, and is subject to each of the Company's racetracks having a written agreement with the respective horsemen's association (BCSA, HBPA, or OHHA). If any agreements with the horsemen's associations lapse without being renewed, the Company's horse racing permit or permits from the CPMA and horse racing licenses from AGCO and GPEB would not be renewed or would otherwise be subject to cancellation. As a result, the Company would be unable to conduct live races or pari-mutuel wagering at its racetracks. This would result in an adverse effect on the Company's horse racing and gaming business.

Revenue Declines

Horse racing revenues at Great Canadian's horse racetrack casinos make a meaningful contribution to meeting the operating costs of these facilities. Accordingly, any decline in horse racing wagering and horse racing related revenues, such as that currently being experienced in the areas in which the Company operates, may have a negative result on the Company's financial results. If the decline in horse racing wagering and revenues persists, the Company may need to consider restructuring the Company's horse racing operations.

In addition, the Company is a party to the Horse Racing Agreement which provides the BCHRIMC with the authority to oversee and direct the flow of BC horse racing industry finances. The BCHRIMC is responsible for allocating the revenue generated from horse racing and wagering on horse racing in British Columbia between HEI, Orangeville and the other parties to the Horse Racing Agreement. Reductions in the revenues allocated to HEI and Orangeville could have a significant negative impact on the Company's profitability.

Georgian Downs and Flamboro Downs are members of Ontario Racing, which receives provincial funding from OLG for distribution to Ontario Racing's members pursuant to a funding agreement. If the Government of Ontario discontinues funding to Ontario Racing at the end of the funding agreement, there may be further declines in horse racing revenues and impairment of long-lived assets.

Reassessment of Tax Filings by Tax Authorities

Changes in enacted tax rates, legislation or regulations, and the Company's interpretations of income tax legislation may result in material tax adjustments.

The Company's operations are conducted in countries with complex tax laws and regulations that can require significant interpretation. The Company is required to calculate and pay income taxes in accordance with the applicable tax law in each relevant tax jurisdiction in which it operates. However, no tax legislation can clearly articulate the tax consequences of every possible transaction. Accordingly, the application of the tax rules to complex transactions is sometimes open to interpretation, both by the Company and by the tax authorities. As such, the Company and tax authorities could disagree on tax filing positions and any reassessment of the Company's tax filings could result in material adjustments of tax expense, income taxes payable and deferred income taxes. Please refer to the "Litigation and Disputes - Canada Revenue Agency Disputes and Audit" section of the MD&A for the Company's ongoing litigations and disputes.

First Nations' Claims

Significant portions of British Columbia and Ontario are subject to unresolved claims of First Nations rights or title. The governments of Canada, British Columbia, and Ontario are engaged in treaty negotiations with First Nations groups throughout British Columbia and Ontario. The Company is not in a position to assess which treaties, if any, may be made or how they might affect its operations. The treaties may result in increased First Nations involvement in management of lands on which the Company conducts operations. Such claims could have a material adverse effect on the Company's operations.

Other Risk Factors

Other risk factors include: access to properties, fluctuations in market share price, future capital needs, ability to utilize or add slot machines, volatility inherent in the Company's casino games; changes to Canadian immigration and visitation policies; natural disasters; or insurance coverage that may not be adequate to cover all possible losses.

The preceding list is not exhaustive of all possible risk factors, and other factors and unforeseen events could also adversely affect the Company's results.

DESCRIPTION OF CAPITAL STRUCTURE

Credit Facilities

As at December 31, 2018, the Company's long-term debt facilities consist of \$750.0 million Senior Secured Credit Facilities of the Company, \$1,100.0 million Non-recourse Revolving and Capital Expenditure Credit Facilities of OTG, \$285.0 million Non-recourse Revolving Credit Facility of OGWGLP, and \$60.0 million Non-recourse Revolving Credit Facility of OGELP.

As at December 31, 2017, the Company's long-term debt facilities consist of \$450.0 million Senior Unsecured Notes, a \$350.0 million Senior Secured Revolving Credit Facility, and a \$60.0 million Non-recourse Revolving Credit Facility of OGELP.

For additional information on the Company's credit facilities, please refer to the Annual Financial Statements.

Common Shares

Each common share carries the right for the holder to attend and vote at all general meetings of shareholders, to receive dividends, if, as and when declared by the directors, and to participate on any liquidation, dissolution or winding up of the Company. The Company has not declared any dividend on its common shares to date and has no formal dividend policy. Please refer to the Annual Financial Statements for share information.

Normal Course Issuer Bid

On July 3, 2018, the Company commenced a normal course issuer bid to purchase up to 4,108,074 of its common shares until July 2, 2019. During the year ended December 31, 2018, the Company purchased for cancellation 3,445,652 common shares at a weighted-average price per share of \$48.48. Please refer to the "Liquidity and Capital Resources – Normal Course Issuer Bid" section of the MD&A for more information.

Restrictions on Ownership of Securities

Shareholders of the Company are subject to certain restrictions imposed under the gaming control legislation and the Company's Articles.

Constraints and conditions on ownership of the Company's common shares are imposed by the Gaming Control Act, 1992 (Ontario), the Gaming Control Act (British Columbia), the Gaming Control Act (New Brunswick), the Gaming Control Act (Nova Scotia), and the Code Title 9, Chapter 9.46 (Washington State) and the terms of the Company's licenses with the AGCO. Depending upon the jurisdiction, persons owning or intending to acquire ownership of the Company's securities are required to obtain the prior approval of gaming authorities, make enterprise and other financial disclosure to gaming authorities, or obtain gaming registration as the case may be, where certain ownership thresholds are met.

Restrictions on equity and debt securities include:

- any person holding a 5% or greater interest in the Company must be registered with the WSGC and must provide the WSGC with full disclosure of personal and financial information;
- obtaining prior approval from GPEB for the acquisition of a 5% or greater interest in the Company;
- any person intending to hold 5% or greater interest in the Company (on a diluted or undiluted basis) must provide the AGCO with full disclosure of personal, corporate, and financial information, and may be required to be registered with the AGCO;
- the Company must file a disclosure form with the Director of Registration of the AGFTD within 15 days of: a person acquiring a beneficial interest in the business of the operator of a casino; a person exercising control, either directly or indirectly, over the business of the operator of a casino; or a person providing financing, whether directly or indirectly, to the business of the operator of a casino; and
- the Company must file a disclosure form with the NBGCB within 5 days of obtaining 5% or more of voting or non-voting shares of a gaming supplier.

The above is intended only as summary of the applicable statutory restrictions. Persons seeking to acquire a material interest in the Company's debt or equity securities should seek independent legal advice as to their obligations to obtain any required regulatory approval.

Operating Agreements with OLG, BCLC, NBLGC and NSGC impose requirements on the Company to ensure that the approval of those entities are obtained before a person's ownership of the Company's common shares (or that of certain subsidiaries) exceeds set thresholds. For purposes of the OLG, BCLC, NBLGC and NSGC Operating Agreements, this threshold is an interest equal to or greater than 10% of the Company's common shares.

In order to accommodate and ensure compliance with the various restrictions on ownership of the Company's securities, the Articles of the Company contain specific provisions (the "Share Constraints") restricting the ability of a shareholder to acquire, directly or indirectly, more than 10% of the outstanding common shares of the Company without first obtaining required third party or regulatory approvals. These provisions are in addition to other provisions in the Articles of the Company that require advance notice to, and the prior approval of, the Company to acquire more than 5% of the outstanding common shares of the Company. Copies of the Articles are filed on SEDAR at www.sedar.com.

The Share Constraints provide that a person who acquires, agrees to acquire, holds, or beneficially owns or controls 10% or more of the outstanding common shares of the Company may not acquire or dispose of any common shares of the Company until that person complies with the terms of the Share Constraints. Under its Articles, the Company may enforce, or may be required by regulators to enforce, the Share Constraints by requiring the disposition or other transfer of shares that result in a contravention of the Articles, placing stop transfers on common shares, suspending voting rights, or seeking injunctive or other relief to ensure compliance with the Share Constraints.

MARKET FOR SECURITIES

Trading Price and Volume

The following table sets out certain trading information for the Company's common shares on the TSX at the year ended December 31, 2018:

Year 2018				
Month	High (\$)	Low (\$)	Close (\$)	Volume
January	38.00	32.95	36.60	2,477,400
February	37.04	32.98	33.13	1,298,800
March	38.56	32.23	32.74	2,449,100
April	36.71	32.40	36.64	3,142,400
May	53.35	36.39	52.11	6,848,200
June	55.85	44.96	46.55	6,690,500
July	49.20	45.23	46.97	3,656,900
August	50.46	42.57	46.02	5,105,800
September	47.00	43.27	46.30	3,560,500
October	47.55	40.43	42.40	4,661,500
November	52.14	41.41	51.52	6,839,300
December	52.25	46.20	47.87	4,464,500

DIRECTORS AND OFFICERS

Directors are elected at the annual general meeting of shareholders for a one year term, expiring at the next annual general meeting. Directors may be re-elected on expiry of their current term of office.

The names of the directors, executive officers, and selected senior management of the Company during December 31, 2018, their place of residence, and their respective principal occupations within the five preceding years are indicated in the table below:

Name and Place of Residence	Age	Current Position with Company	Principal Occupation	Director Since
Directors				
PETER G. MEREDITH ^(1,2,5) British Columbia, Canada	75	Chairman	Director of Ivanhoe Mines Ltd. (formerly Ivanplats Limited, a Canadian mining development and exploration company listed on the TSX) since May 1998; Member of Chartered Professional Accountants of British Columbia and Ontario; Member of the Institute of Chartered Accountants of British Columbia since 1982; Member of the Chartered Accountants of Ontario since 1968.	June 9, 2000
ROD N. BAKER British Columbia, Canada	53	Chief Executive Officer, President and Director	Chief Executive Officer of the Company since October 2011; President of the Company since January 2010; President, Ridgeline Corporation (involved in financial services and merchant banking) from May 1995 to January 2018.	June 23, 2010
LARRY W. CAMPBELL ^(3,4) British Columbia, Canada	71	Director	Senator, Senate of Canada since August 2005; President, Mortis Consulting Ltd., from 1997 to 2017;	June 20, 2008
MARK A. DAVIS ^(2,3,4) Ontario, Canada	60	Director	President and Chief Executive Officer of Chemtrade Logistics Income Fund since its initial public offering in May 2001 (a publicly traded Canadian income trust involved in providing industrial chemicals and services to customers in North America and around the world; listed on the TSX:CHE.UN); Lawyer called to the bar in Ontario in 1984.	June 20, 2013

Name and Place of Residence	Age	Current Position with Company	Principal Occupation	Director Since
Directors				
THOMAS W. GAFFNEY ^(3,5) British Columbia, Canada	69	Director	President, Thomas Gaffney Architect Inc. since July 1986; Registered Professional member of the Architectural Institute of British Columbia.	June 30, 2006
CHRISTOPHER W. HART	60	Director	Principal, CWH Advisors providing consulting services to the hospitality and real estate sector since September 2016; President, Hotel Operations (Americas) from 2014 to 2016 and President, Hotel Operations (Asia Pacific) from 2011 to 2014 for Four Seasons Hotels & Resorts (an international luxury hospitality company); member of the Institute of Corporate Directors	November 19, 2018
KAREN A. KEILTY ^(2,3,4) British Columbia, Canada	59	Director	Commissioner, BC Utilities Commission since June 2014; Trustee, The Saint Thomas More Collegiate (2002) Trust since November 2018; Director, Quest Guardian Properties Ltd., a subsidiary of Quest University, since February 2018; Public Guardian and Trustee of British Columbia, Member of Audit Advisory Committee since August 2017; Member of Executive Committee, Canada's Energy and Utility Regulators from September 2015 to September 2017; Director, STMC High School from September 2013 to September 2016; Director, Quest University from July 2014 to May 2016; Director, Social Venture Partners (a non-profit organization) from June 2012 to June 2015; Partner, Audit and Advisory, Deloitte LLP from 1994 to May 2014; Fellow of Chartered Accountants of British Columbia; and Fellow and Member of the Institute of Chartered Professional Accountants of British Columbia since 1986 and US CPA (Illinois); Institute of Corporate Directors (ICD.D) since September 2015.	December 16, 2014

- (1) Chairman is considered a de facto member of all committees.
- (2) Member of the Audit Committee.
- (3) Member of the Corporate Compliance & Security Committee.
- (4) Member of the Corporate Governance Committee.
- (5) Member of the Compensation Committee.

Name and Place of Residence	Age	Current Position with Company	Principal Occupation
Officers & Senior Management			
ROD N. BAKER British Columbia, Canada	53	Chief Executive Officer, President, and Director	Reference details above under subheading "Directors".
TERRANCE M. DOYLE British Columbia, Canada	45	Chief Operating Officer	Chief Operating Officer of the Company since August 2015; Executive Vice President, Operations and Development from July 2015 to August 2015; Executive Vice President, BC Operations and Development from June 2014 to July 2015; Vice President, Property Development & Operations Services from May 2010 to June 2014.
MATTHEW A. NEWSOME British Columbia, Canada	40	Vice President, Finance	Vice President, Finance of the Company since January 2018; Director, Business Development of the Company from September 2013 to January 2018.
JOHN D. RUSSO Ontario, Canada	49	General Counsel, Chief Privacy Officer, and Corporate Secretary	General Counsel, Chief Privacy Officer, and Corporate Secretary of the Company since November 2018; Vice President, Legal from February 2018 to October 2018.
CRAIG DEMARTA Ontario, Canada	62	Executive Vice President, Operations - GTA	Executive Vice President, Operations – GTA of the Company since December 2018; Vice President, Operations – East from December 2016 to December 2018; General Manager – Casino New Brunswick for the Company from October 2015 to December 2016.
RAJ MUTTI British Columbia, Canada	37	Executive Vice President, Operations - West	Executive Vice President, Operations – West of the Company since December 2018; Vice President, Operations – West from January 2017 to December 2018; Executive Director, Regional Operations of the Company from November 2015 to December 2016; Executive Director Hard Rock Casino Vancouver of the Company from August 2013 to November 2015; Regional General Manager, Racing of the Company from November 2010 to August 2013.

The following sets out the principal occupation during the year ended December 31, 2018 of the directors and executive officers of the Company who act as officers of a company other than Great Canadian Gaming Corporation or its subsidiaries, with the principal business of the person or company as also set forth below:

Name	Company	Official Title	Principal Business of Company
Larry W. Campbell	The Senate of Canada	Senator	As the Upper House of Parliament, the Senate is tasked with examining all legislation, as well as conducting in-depth studies of any and all issues concerning Canada and its citizens
Mark A. Davis	Chemtrade Logistics Income Fund	Chief Executive Officer	A TSX listed company that provides industrial chemicals and services to customers in North America and globally
Thomas W. Gaffney	Thomas Gaffney Architect Inc.	President	A professional architectural firm providing planning, design and development management services to the real estate and construction industries
Christopher W. Hart	CWH Advisors	Principal	A company that provides consulting services to the hospitality and real estate sector
Karen A. Keilty	BC Utilities Commission	Commissioner	An independent regulatory agency of the Provincial Government of B.C., operating under and administering the Utilities Commission Act, whose primary responsibility is the regulation of British Columbia's natural gas and electricity utilities
Peter G. Meredith	Ivanhoe Mines Ltd.	Director	A TSX listed mining development company

Shareholdings of Management

To the knowledge of the Company, based on information obtained from SEDI (the System for Electronic Disclosure by Insiders database), as at December 31, 2018, the directors and officers of the Company as a group own, or exercise control or direction over a total of 246,013 common shares of the Company, representing 0.4% of the outstanding common shares.

Audit Committee

This Committee is responsible for reviewing and reporting on the Company's financial information, audit process and system of corporate internal controls and risk management, as well as reviewing compliance with related applicable legal and regulatory requirements. In respect of the financial statements for the December 31, 2018 fiscal year end and for the subsequent interim quarterly period ending March 31, 2019, the Audit Committee was comprised of the following three independent Board members: Karen Keilty, FCPA, FCA (Chair), Mark Davis and Peter G. Meredith, CPA, CA. Ms. Keilty, Mr. Davis and Meredith are financially literate.

The Audit Committee's policy with respect to the engagement of non-audit services is described in the Company's Audit Committee Charter, a copy of which is attached hereto as Appendix I. Any non-audit services are documented by the Company's management and presented for consideration and pre-approved by the Audit Committee.

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as a committee member is as follows:

Name of Audit Committee Member	Relevant Experience and Qualifications
Karen A. Keilty (Chair)	<ul style="list-style-type: none"> • Member of the Institute of Chartered Professional Accountants of British Columbia since 1987 • President, Institute of Chartered Accountants of British Columbia from June 2009 to June 2010 • Fellow of CPABC and Fellow of the Institute of Chartered Accountants of British Columbia and US CPA (Illinois) • 30 years' audit and accounting experience • Deloitte LLP Partner, Audit and Advisory, from 1994 to 2014 • Member of the Institute of Corporate Directors (ICD.D) since September 2015 • Chair of the Company's Audit Committee since May 2016 • Member of Audit Advisory Committee of Public Guardian and Trustee since August 2017
Mark A. Davis	<ul style="list-style-type: none"> • President and Chief Executive Officer of Chemtrade Logistics Income Fund • Trustee of Chemtrade Logistics Income Fund since May 2013 • Lawyer called to the bar in Ontario in 1984 • Partner at Borden & Elliot LLP in Toronto, Ontario from 1992 to 1996 • Chairman of the Board of Trustees of ACS Media Income Fund from 2003 to 2006 <ul style="list-style-type: none"> • Audit Committee Member • Trustee of ACS Media Income Fund from May 2003 to November 2006 • Trustee of Osprey Media Publishing Inc. (also known as Osprey Media Holdings Inc. and Osprey Media Income Fund) from February 2005 to August 2007 <ul style="list-style-type: none"> • Member of Special Committee • Trustee of EnerCare Inc. (also known as Trustee of Consumers' Waterheater Income Fund) from December 2002 to 2004 • Member of the Institute of Corporate Directors • Member of the Company's Audit Committee since May 2016

Name of Audit Committee Member	Relevant Experience and Qualifications
Peter G. Meredith	<ul style="list-style-type: none"> • Member of the Institute of Chartered Professional Accountants of Ontario since 1968 • Member of the Institute of Chartered Professional Accountants of British Columbia since 1982 • 50 years' experience as a Chartered Accountant and Certified Management Accountant • Deloitte & Touche LLP for 30 years (20 years as Partner) – Resigned in 1996 as a Senior Partner and Board Member • Chief Financial Officer of Ivanhoe Mines Ltd. from May 2004 to May 2006 • Chief Financial Officer of Ivanhoe Capital Corporation from June 2001 to March 2009 • Deputy Chairman, Ivanhoe Mines Ltd. from May 2006 to April 2012 • Chairman, SouthGobi Resources Ltd. from October 2009 to September 2012 • Chair, Audit Committee of Entrée Gold Inc. (a mineral exploration company listed on the TSX and NYSE AMEX) from 2005 to 2013 • Member of Audit Committee of TSX listed companies: Peregrine Diamonds Ltd. and Trevali Mining Corp. from 2013 to 2016 • Member of the Company's Audit Committee since June 2000 • Chair of Audit Committee, Ivanhoe Mines since December 4, 2018

Pre-Approval Policies and Procedures

The Audit Committee and the Board of Directors of the Company have adopted a policy for approval of external auditor services. The policy prohibits the external auditor from providing specified services to the Company and its subsidiaries.

The engagement of the external auditor for a range of services defined in the policy has been pre-approved by the Audit Committee. If an engagement of the external auditor is contemplated for a particular service that is neither prohibited nor covered under the range of pre-approved services, such engagement must be pre-approved. The Audit Committee has delegated the authority to grant such pre-approval to the Chair of the Audit Committee, with ratification at a subsequent meeting of the Committee.

Services provided by the external auditor are subject to an engagement letter. The policy mandates that the Audit Committee receive regular reports of all new pre-approved engagements of the external auditor.

External Auditor Service Fees (in thousands of dollars)

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's financial statements or services provided in connection with statutory and regulatory filings or engagements and the review of the Company's interim financial statements. Deloitte LLP's audit fees billed during the Company's 2018 fiscal year were \$1,815 (2017 - \$873).

Audit-Related Fees

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements, but are not reported under the audit fee item above. Deloitte LLP billed an aggregate of \$30 in the Company's 2018 fiscal year (2017 - \$25), for services provided to the Company not reported under "Audit Fees" above.

Tax Fees

Tax-related fees were paid for professional services related to tax compliance, tax advice and tax planning. Deloitte LLP billed an aggregate of \$nil in the Company's 2018 fiscal year (2017 - \$8) for these services.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the best of the Company's knowledge, having made due inquiry, the Company confirms that, as at December 31, 2018:

- (i) no director or executive officer of the Company is, or was within the last 10 years, a director or officer of a company (including the Company) that:
 - (a) was subject to an order (including a cease trade order or an order similar to a cease trade or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, except:
 - (i) Mr. Larry Campbell was a director of CY Oriental Holdings Ltd. at the time its shares were suspended from trading on the TSX Venture Exchange and were delisted due to the inability of CY Oriental Holdings Ltd. to meet continued listing requirements. Effective April 8, 2009, Mr. Campbell resigned from the Board of Directors of CY Oriental Holdings Ltd.;
 - (ii) Mr. Peter Meredith served as a director of Ivanhoe Energy Inc. ("Ivanhoe Energy") from December 2007 to December 2014. Cease trade orders were issued against Ivanhoe Energy in Alberta (July 15, 2015), Quebec (May 7, 2015), Manitoba (May 6, 2015), Ontario (May 4, 2015) and British Columbia (April 14, 2015) in respect of the company failing to file its audited financial statements and associated filings for the year ended December 31, 2014.
 - (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (c) within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except:
 - (ii) Mr. Peter Meredith served as a director of Ivanhoe Energy from December 2007 to December 2014. On February 20, 2015, Ivanhoe Energy filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the Bankruptcy and Insolvency Act (Canada). On June 2, 2015, having failed to file a proposal, Ivanhoe Energy was assigned into bankruptcy. Ivanhoe Energy was dissolved on May 16, 2017.
- (ii) in the last 10 years, no director or executive officer of the Company has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer; and
- (iii) no director or executive officer of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Other than as disclosed in this AIF, to the knowledge of the directors and senior officers of the Company, there are no material conflicts of interest between the Company and a director or senior officer of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Material Legal Proceedings

From time to time, the Company is involved in litigation arising in the ordinary course of its business. The Company does not believe that the ultimate settlement or resolution of such litigation will have a material adverse effect on its financial position or results of operations of the company. Please refer to the “Other Business Developments - Canada Revenue Agency Disputes and Audit” and the “Other Business Developments – BCLC Litigation” sections of this AIF for additional discussion.

Regulatory Actions

From time to time in the ordinary course of business, the Company is involved in regulatory proceedings or are assessed administrative fines, none of which have historically been material or significant.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

In the past three years, the Company had no transactions that materially affected or will materially affect the Company, in which a director, senior officer, significant shareholder or any of their associates or affiliates had a material interest.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Company’s common shares is Computershare Investor Services Inc. with transfer facilities in the cities of Vancouver and Toronto.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which the Company or any of its subsidiaries or their predecessors has entered into within the last financial year, has entered into before the last financial year but are still in effect, or that are proposed to be entered into:

- Second Amended and Restated Credit and Guarantee Agreement dated as of November 5, 2018, among the Company as Borrower, certain subsidiaries of the Borrower as Guarantors, the Lenders (as therein defined) and the Bank of Nova Scotia as Administrative Agent of the Lenders.

INTERESTS OF EXPERTS

Deloitte LLP is the auditor of the Company and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

ADDITIONAL INFORMATION

Other Additional Information

Other additional information, including directors' and executive officers' remuneration and indebtedness, principal holders of securities and securities authorized under equity compensation plans is contained in the Company's Information Circular for its most recent annual general meeting of shareholders.

Additional financial information is provided in the Company's Annual Financial Statements for the year ended December 31, 2018, and the Management's Discussion and Analysis of the Company for the year ended December 31, 2018. Any interim unaudited financial statements of the Company subsequent to December 31, 2018, are available on the Company's website at www.gcgaming.com, or on SEDAR at www.sedar.com.

Copies of the information referred to in this section may be obtained by writing to the Corporate Secretary of the Company at:

Great Canadian Gaming Corporation
95 Schooner Street
Coquitlam, British Columbia, Canada V3K 7A8
Telephone: (604) 303-1000 / Facsimile: (604) 516-7155

or on the Company's website at www.gcgaming.com

APPENDIX I

AUDIT COMMITTEE CHARTER

I. PURPOSE

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and audit process by:

- reviewing, considering and reporting on the Corporation's financial information for disclosure purposes, its system of internal control as established by management and the Board, and the audit process;
- identifying the principal risks faced by the Corporation and confirming that management has implemented appropriate systems to manage and minimize identified risks;
- reviewing and considering the Corporation's adherence to accounting principles and compliance with applicable disclosure requirements;
- reviewing, considering, reporting and recommending on all matters relating to finance for the Corporation, including: significant accounting and financial reporting issues, capital structure; equity and debt financings; share re-purchase activities; cash management, banking activities and relationships; investments, foreign exchange activities, swaps and hedging transactions; and financial policies including Discretionary Authorities.
- reviewing regular progress reports on major capital projects and report on same to the Board.
- reviewing the performance and providing an annual assessment of the internal auditors for the Corporation.

II. COMPOSITION AND TERM OF OFFICE

- A. Members of the Audit Committee are appointed by the Board at the first meeting of Directors following each annual general meeting for a term of one year. In making the appointments, the Board requires that all appointees are Independent Directors who have Financial Literacy¹ and that at least one appointee has an Accounting Designation. The Board shall interpret these qualifications in its business judgment and shall conclude whether a Director meets these qualifications.
- B. The Chair of the Audit Committee shall be appointed by the Board.
- C. The Chief Financial Officer (or appointed designate) will act as the management liaison for the Audit Committee and should be available on request to attend all meetings.
- D. The Audit Committee will meet not less than four times each fiscal year.
- E. The quorum for the Audit Committee is a majority of its members.

III. RESPONSIBILITIES

The Audit Committee has the following responsibilities:

FINANCIAL REPORTING

- A. Review, consider and recommend approval by the Board of the annual financial reports (annual information form, management information circular, National Instrument 52-110F1 forms, financial statements, MD&A, reports to shareholders and related press releases).
- B. Review, consider and recommend approval by the Board of the quarterly financial statements (financial statements, MD&A, reports to shareholders and related press releases).
- C. Be satisfied that in respect of the Corporation's disclosure record, and in particular, its financial disclosure, management has procedures in place to review such information, and

¹ **Financial Literacy** means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

that management periodically assesses, and revises as needed, the adequacy of such procedures.

- D. Review all press releases that relate to material financial disclosures.
- E. Review and recommend approval by the Board of changes to the Corporation's accounting policies.
- F. Review with external auditors any areas of judgment or where estimates have been made, including effects of alternatives under generally accepted accounting principles.

FINANCE

- A. Review the Corporation's policies at least annually with respect to financial risk assessment and financial risk management.
- B. Review with management the Corporation's capital structure, dividend policy and share repurchase programs at least annually, and make recommendations to the Board for approval, as required.
- C. Review with management the Corporation's treasury activities. In this regard, the Committee shall review the Corporation's principal commercial and investment banking relationships, on at least an annual basis, including its banking and treasury authorizations, and material terms of the Corporation's credit facilities in light of the Corporation's operating strategy, risk exposures, financial policies and changes in the applicable law or accounting requirements.

IV. OTHER PROCEDURES

- A. Review with management the risks inherent in the business and the effectiveness of the controls thereon, including risk mitigation and management strategies.
- B. Oversee management reporting and review of the adequacy of internal controls as designed and implemented by management.
- C. Gain reasonable assurance that the Corporation complies with the Securities Laws and the requirements of government, regulatory agencies and the TSX regarding financial reporting and disclosure.
- D. Oversee the Related Party Transactions Policy.

- E. Review annually the Corporate Disclosure Committee Charter.
- F. Review and consider significant actual or potential liabilities of the Corporation, whether contingent or otherwise that are reported to it.
- G. Review, on a quarterly basis, the reasonableness of the expenses of the Senior Officers.
- H. Confirm annually to the Board that all responsibilities outlined in this Charter have been carried out.

V. EXTERNAL AUDITORS

- A. The external auditor will report directly to the Audit Committee and has unrestricted access to its members. External auditors will meet at least quarterly with the Audit Committee to review and consider the annual audit, quarterly reviews, the quality of the Corporation's accounting policies and principles, and the adequacy and effectiveness of the Corporation's internal control and management information systems. In-camera sessions with the external auditors will be held quarterly or as determined by the Audit Committee.
- B. The Audit Committee will:
 - (i) Institute and oversee special investigations as needed.
 - (ii) Provide approval and recommend to the Board, the engagement or discharge of the external auditors and their remuneration.
 - (iii) Provide oversight to the audit engagement by way of a direct reporting relationship with the external auditor and confirm the independence of the external auditor.
 - (iv) Review the annual external audit plan for each year.
 - (v) Review with the external auditors any difficulties which arose during the course of their engagement and their relationship with management.
 - (vi) Approve in advance all audit and non-audit services to be provided by the external auditor. Such approval may be delegated to one or more members of the Audit Committee for ratification at the next scheduled Audit Committee meeting.
 - (vii) Review and approve any hiring of partners/employees or former employees of the external auditors.

- (viii) Annually assess the effectiveness of the external auditors so that a recommendation can be made to the Board on whether or not the external audit firm should be reappointed at the annual general meeting of shareholders.

VI. INTERNAL AUDIT

- A. The Director, Internal Audit & Risk Management has an independent relationship with the Audit Committee with unrestricted access to its members. The Director, Internal Audit & Risk Management and the Vice President, Corporate Security & Compliance, will meet at least quarterly with the Audit Committee. Matters discussed will include the annual audit plan, internal audit reports, the quality of the Corporation's accounting policies and principles, the adequacy and effectiveness of the Corporation's internal control and management information systems and if requested by the Audit Committee, in-camera sessions with the Director, Internal Audit & Risk Management will be held quarterly or as determined by the Audit Committee.
- B. The Audit Committee will approve the appointment of the Director, Internal Audit & Risk Management.
- C. The Audit Committee will:
 - (i) Provide oversight to and approve the internal audit mandate.
 - (ii) Review internal audit plans for the year.
 - (iii) Review any difficulties which may arise during the course of the internal audit and the ongoing relationship with management and other departments.
 - (iv) Annually assess the performance and effectiveness of the internal audit function.

VII. OTHER

The Audit Committee will:

- A. Establish procedures for receipt, retention and treatment of complaints and concerns regarding accounting matters, internal accounting controls and auditing matters or related questionable practices, including anonymous submissions by employees. (Refer to Whistle Blower Policy)

- B. Have the resources and authority necessary to reasonably discharge its duties, including the authority to retain independent financial, legal or other advisors.
- C. Record, draft and circulate, on a timely basis, to members, minutes for each meeting of the Audit Committee.
- D. Review and, as needed, amend the Audit Committee Charter annually, and recommend it for approval by the Board.
- E. Review the Corporation's Director & Officer Liability insurance policies and other corporate insurance policies, including the credit quality of its insurance carriers and re-insurers in advance of the renewal of such policies.