



GREAT CANADIAN GAMING CORPORATION

**ANNUAL INFORMATION FORM**

For the Year Ended  
December 31, 2020

**39 Wynford Drive  
North York, Ontario  
M3C 3K5**

**[www.gcgaming.com](http://www.gcgaming.com)**

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March 2, 2021

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## DEFINITIONS AND INTERPRETATION

### Currency and Presentation

All references to currency are in Canadian dollars unless otherwise indicated.

All information in this AIF is presented as at and for the year ended December 31, 2020, 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 impact of COVID-19 on the Company’s operations and capital structure, the Company’s anticipated arrangement with Raptor Acquisition Corp., the Company’s strategy for growth and objectives, the status and prospects of the industries in which the Company operates, expected future expenditures, costs, operating and financial results, the Company’s continued ability to obtain and maintain credit facilities and waivers of covenants as a result of adjustments to operating capacity, business closures or temporary shutdowns due to COVID-19, expected impact of future commitments, the impact of conditions imposed on certain high limit players, the impact of unionization activities and labour organization, the Company’s beliefs about the outcome of its notices of objection and subsequent appeals challenging the Canada Revenue Agency’s reassessments and its tax position on its facility development commission prevailing, the determination and calculation of the Company’s expected facility investment commission amounts in respect of its British Columbia facilities and the Company’s projected future investments to obtain facility investment commission, the terms and expected benefits of the Company’s normal course issuer bids, the Company’s expected share of B.C. horse racing industry revenue, the Company and its affiliates meeting threshold revenue growth amounts in the Ontario gaming industry, 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 operating agreements with lottery corporations; changes to gaming laws and regulations that may impact the operating agreements; the Company’s ability to successfully close its anticipated arrangement with Raptor Acquisition Corp.; pending, proposed or unanticipated regulatory or policy changes (including those related to anti-money laundering legislation or policy that may impact high limit play), volatile gaming holds, the effects of competition in the market; the Company’s ability to successfully develop properties in Ontario; 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; impairment of the Company’s ability to obtain and maintain credit facilities and waivers of covenants arising from COVID-19; 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 Canada Revenue Agency; the Company’s tax position on its facility development commission prevailing; temporary business interruption and closure of the Company’s

facilities due to COVID-19; effects of COVID-19 physical distancing measures in reopened facilities; adverse tourism trends and further decreases in levels of travel, leisure and consumer spending; adverse changes in public opinion and acceptance of gambling; competition from established competitors and new entrants in the gaming business; dependence on key personnel; the Company's ability to successfully integrate new 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 relationships; First Nations rights with respect to certain 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; changes to anti-money laundering procedures and protocols including additional requirements for determining source of funds; unusual weather or natural disasters could adversely affect the Company's operations and financial results; and disease outbreaks. 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](http://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.

## 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, 2020, available on SEDAR at [www.sedar.com](http://www.sedar.com);

“Apollo Funds” means Raptor Acquisition Corp., a company existing under the laws of British Columbia, and an affiliate of funds managed by affiliates of Apollo Global Management, Inc.

“Arrangement” means the arrangement in which Apollo Funds agreed to acquire all the outstanding common shares of the Company for \$45.00 per share, under the Arrangement Agreement dated November 10, 2020 and amended on December 20, 2020 between the Company and Apollo Funds;

“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;

“BCLC” means the British Columbia Lottery Corporation;

“CGL” means Chilliwack Gaming Ltd., a wholly-owned subsidiary of the Company;

“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;

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

“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 historical reimbursement paid to the Company by BCLC until June 3, 2018;

“FDL” means Flamboro Downs Limited, an indirect wholly-owned subsidiary of the Company;

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

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

“GAGC” means Great American Gaming Corporation, a wholly-owned subsidiary until its disposition on June 27, 2019;

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

“GCCl” means Great Canadian Casinos Inc., a wholly-owned subsidiary of the Company;

“GCEC” means Great Canadian Entertainment Centres Ltd., a wholly-owned subsidiary of the Company;

“GCGNB” means Great Canadian Gaming (New Brunswick) Ltd., an indirect wholly-owned subsidiary of the Company;

“GDL” means Georgian Downs Limited, an indirect wholly-owned subsidiary of the Company;

“GLSB” means the Gaming, Liquor and Security Licensing Branch of New Brunswick;

“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 promotional allowances and 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 now consists of Casino Woodbine, Pickering Casino Resort, Casino Ajax and Great Blue Heron Casino;

“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 Canadian Thoroughbred Horse Society, BC, HBPA, HRBC, British Columbia Thoroughbred Owners & Breeders Association, TBC, Interior Horse Racing Association, and the Company’s wholly-owned racetrack operators located in British Columbia, ORL and HEI;

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

“HRCV” means the Hard Rock Casino Vancouver in Coquitlam, British Columbia, operated by GCCl;

“MD&A” means Management’s Discussion and Analysis for the year ended December 31, 2020, available on SEDAR at [www.sedar.com](http://www.sedar.com);

“MEG” means Metropolitan Entertainment Group, an indirect wholly-owned subsidiary of the Company;

“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 FIC;

“NBLGC” means New Brunswick Lotteries and Gaming Corporation;

“Non-recourse Revolving Credit Facility of OGELP” means the \$130.0 million Amended and Restated Credit and Guarantee Agreement entered into by OGELP on September 6, 2019, and amended on April 27, 2020 and November 27, 2020;

“Non-recourse Revolving Credit and Capital Expenditures Facilities of OTG” means the credit facilities entered into on March 6, 2018 by OTG, and amended on April 29, 2020 and November 27, 2020, having an aggregate capacity of \$1,100.0 million at December 31, 2020, 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 credit facility entered into by OGWGLP on April 30, 2018, amended and extended on December 3, 2019 and amended on April 27, 2020 and November 27, 2020, having a capacity of \$160.0 million at December 31, 2020;

“NSGC” means Nova Scotia Gaming Corporation

“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 held a 55% interest to November 4, 2019 and 100% thereafter, 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;

“ORL” 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 held a 49% interest to November 4, 2019 and 50% thereafter, that operates the GTA Gaming Bundle;

“Pandemic” means the COVID-19 coronavirus pandemic;

“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 GCCI;

“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 of the Company under the Second Amended and Restated Credit and Guarantee Agreement dated November 5, 2018, amended and extended on October 11, 2019, and amended on March 2, 2020, April 27, 2020 and November 27, 2020, having an aggregate capacity of \$900.0 million at December 31, 2020, which comprised a \$550.0 million revolving facility and a \$350.0 million term loan facility;



“Senior Secured Revolving Credit Facility” means the \$350.0 million Senior Secured Revolving Credit Facility of the Company under the Amended and Restated Credit and Guarantee Agreement dated May 25, 2015, which was replaced by the Second Amended and Restated Credit and Guarantee Agreement dated November 5, 2018;

“Senior Unsecured Debentures” means the \$189.0 million Senior Unsecured Debentures bearing interest at 5.25% per annum, which consisted of gross proceeds of \$180.0 million completed on March 2, 2020 and an over-allotment option for additional gross proceeds of \$9.0 million completed on April 30, 2020;

“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, ORL, 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;

“VLT” means a video lottery terminal; and

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

## **CORPORATE STRUCTURE**

### **Name, Address and Incorporation**

Great Canadian Gaming Corporation’s principal office is located at 39 Wynford Drive, North York, ON, M3C 3K5. 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).

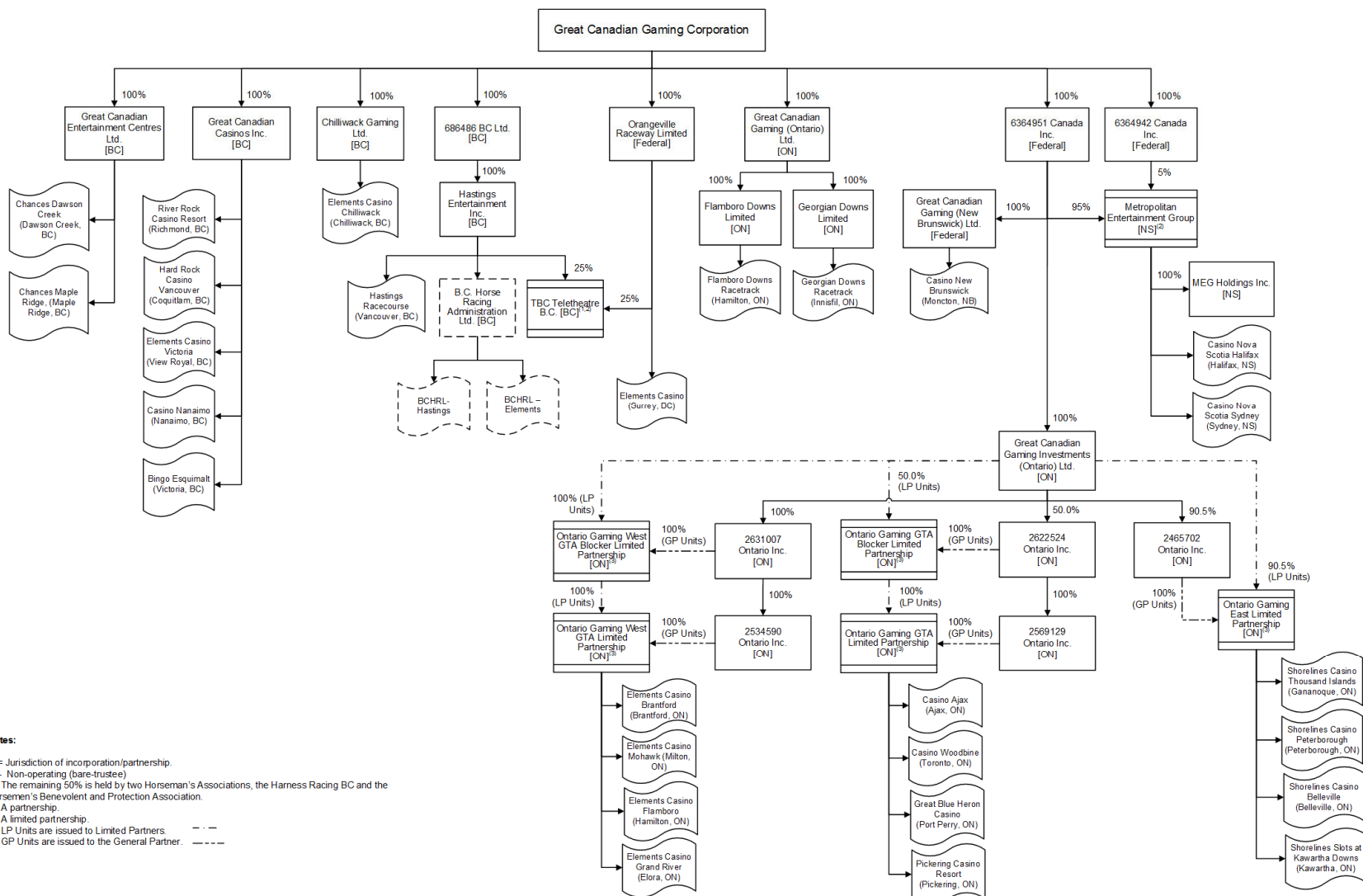
The Company’s common shares and Senior Unsecured Debentures are listed on the TSX under TSX symbols “GC” and “GC.DB”. A description of the Company’s capital structure is included in the “Description of Capital Structure” section of this AIF.

### **Intercorporate Relationships**

The following chart sets out the Company’s material subsidiaries and operations as of December 31, 2020:



**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) A partnership.

(3) A limited partnership.

(4) LP Units are issued to Limited Partners. ---

(5) GP Units are issued to the General Partner. - - - -

# 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.

### 2020

- Prior to the end of 2020, the Company completed the construction of the casino portion of Pickering Casino Resort, with the remaining non-gaming amenities still under development.
- On November 27, 2020, the Company entered into amending agreements with its lenders to extend the initial waiver periods for all its credit facilities. The waiver periods were extended to September 29, 2021, except for the waiver for OTG which expires on June 30, 2021 unless extended by OTG at its option to September 29, 2021. In addition, the amendment to the Non-recourse Revolving Credit Facility of OGWGLP included a reduction in the available capacity from \$200.0 million to \$160.0 million.
- On November 10, 2020, the Company entered into a definitive agreement to be acquired by Apollo Funds, as amended December 20, 2020, pursuant to which Apollo Funds agreed to acquire all the outstanding common shares of the Company for \$45.00 per share. For more information on the Arrangement, please refer to the "Major Developments" section of the MD&A.
- In late April 2020, the Company entered into amending agreements with its lenders to temporarily waive certain financial and other covenants on the Senior Secured Credit Facilities, Non-recourse Revolving Credit and Capital Expenditures Facilities of OTG, Non-recourse Revolving Credit Facility of OGWGLP and the Non-recourse Revolving Credit Facility of OGELP, subject to certain waivers maintaining a minimum liquidity covenant during the waiver period. The waiver was in effect until January 1, 2021 for all credit facilities except for the Non-recourse Revolving Credit and Capital Expenditures Facilities of OTG, which was in effect until September 30, 2020.
- On April 4, 2020, the Government of Ontario mandated the closure of all non-critical construction projects which temporarily halted the remainder of the Company's Ontario capital projects under development. The Company has resumed certain Ontario capital projects after restrictions were lifted by the Government of Ontario on May 19, 2020.
- On March 16, 2020, the Company temporarily suspended the operations of all of its gaming facilities and ancillary amenities across the country in an effort to contribute to the containment of the Pandemic. In late 2020, the Company reopened its gaming properties in Ontario and Atlantic under restricted operating conditions but was required to close the majority of these properties again at various dates in the fourth quarter of 2020 due to localized health authority mandates. For more information on the temporary business interruption, please refer to the "Introduction – Temporary Business Interruption" section of the MD&A.
- On March 2, 2020, the Company amended its Senior Secured Credit Facilities agreement by increasing the capacity of its revolving facility by \$150.0 million to \$550.0 million.
- On March 2, 2020, the Company closed the Senior Unsecured Debentures for gross proceeds of \$180.0 million. The over-allotment option for additional gross proceeds of \$9.0 million was completed on April 30, 2020 for total gross proceeds of \$189.0 million.

## **2019**

- During the year ended December 31, 2019, the Company purchased for cancellation 4,408,962 common shares under its normal course issuer bids.
- On December 3, 2019, OGWGLP amended its non-recourse revolving credit facility, to a capacity of up to \$200.0 million maturing on November 1, 2024.
- On November 4, 2019, the Company completed the acquisition of Clairvest Group Inc.'s ("Clairvest") ownership interests in both OGWGLP and OTG. The total consideration paid was \$51.8 million. As a result, the Company owns 50% of OTG and 100% of OGWGLP.
- On October 11, 2019, the Company entered into an agreement to extend the maturity date of its Senior Secured Credit Facilities to November 6, 2023.
- On September 6, 2019, the Company amended the Credit and Guarantee Agreement of the Non-Recourse Revolving Credit Facility of OGELP, which provided a capacity of up to \$60.0 million maturing on January 11, 2020. The amended agreement provides a capacity of up to \$130.0 million and will mature September 6, 2023.
- On June 27, 2019, the Company sold all the shares of its wholly-owned subsidiary, GAGC, which represented the Company's U.S. region, for proceeds of US\$56.0 million (\$73.4 million in Canadian dollars), resulting in a gain of \$48.7 million in Canadian dollars, net of associated income taxes.
- On April 24, 2019, Great Canadian announced that it has completed agreements with OLG and the owners of Ajax Downs racetrack to continue operations at Casino Ajax beyond the opening of the Company's new casino resort property currently under development in Pickering, Ontario.
- During the first quarter of 2019, Elements Casino Mohawk and Elements Casino Grand River added approximately 290 slot machines and 190 slot machines, respectively.
- On January 23, 2019, Great Blue Heron Casino opened its new building addition to expand the gaming floor, which introduced over 200 new slot machines and new food and beverage offerings.

## **2018**

- During the year, the Company commenced construction of the Pickering Casino Resort, which was expected to open in two phases in 2020.
- During the year ended December 31, 2018, the Company purchased for cancellation 3,445,652 common shares under its normal course issuer bids.
- 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.
- On December 19, 2018, Shorelines Slots at Kawartha Downs re-opened under agreed terms after temporarily closing on October 14, 2018.
- 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 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 October 15, 2018, Shorelines Casino Peterborough opened.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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 January 23, 2018, OTG signed a minimum 22-year term COSA with OLG to operate the gaming facilities in the GTA Gaming Bundle.

# BUSINESS OF THE COMPANY

## Overview

The Company, founded in British Columbia, Canada, operates 26 gaming, entertainment, and hospitality facilities in Ontario, British Columbia, New Brunswick, and Nova Scotia.

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<b>Ontario</b>	<b>British Columbia</b>	<b>Atlantic</b>
<u>OTG</u> Casino Woodbine Pickering Casino Resort <sup>(1)</sup> Casino Ajax Great Blue Heron Casino	<u>GCCI</u> River Rock Casino Resort Hard Rock Casino Vancouver Elements Casino Victoria Casino Nanaimo Bingo Esquimalt	<u>GCGNB</u> Casino New Brunswick
<u>OGWGLP</u> Elements Casino Mohawk Elements Casino Brantford Elements Casino Flamboro <sup>(2)</sup> Elements Casino Grand River	<u>ORL</u> Elements Casino Surrey	<u>MEG</u> Casino Nova Scotia Halifax Casino Nova Scotia Sydney
<u>OGELP</u> Shorelines Casino Peterborough Shorelines Casino Belleville Shorelines Casino Thousand Islands Shorelines Slots at Kawartha Downs	<u>CGL</u> Elements Casino Chilliwack	
<u>FDL</u> Flamboro Downs Racetrack <sup>(2)</sup>	<u>GCEC</u> Chances Dawson Creek Chances Maple Ridge	
<u>GDL</u> Georgian Downs Racetrack	<u>HEI</u> Hastings Racecourse & Casino	

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<sup>(1)</sup> The construction of the casino portion of Pickering Casino Resort was completed by the end of 2020.

<sup>(2)</sup> Elements Casino Flamboro and Flamboro Downs Racetrack operate in the same location, and together, they are considered one gaming facility.

## Environmental, Social and Governance Responsibility

Great Canadian is dedicated to operating business in a responsible and ethical manner. We stay true to our commitment by holding ourselves accountable to the highest standards, thoughtfully engaging with our community partners, charitable organizations, and team members, enforcing sound governance practices, supporting overall workplace wellness, while promoting a strong culture of compliance. Through a comprehensive policies and standards framework, we ensure our work environments are free from discrimination, bullying or harassment, we equip our site operations with responsible gaming resources, we maintain a highly rigorous anti money-laundering regime, and our environmental footprint is guided by our work with key environmental authorities. With these pivotal pillars in place, we are able to responsibly offer our products and services in various jurisdictions, and strive to empower the communities in which we operate. Below is a summary of policies and initiatives in these areas, as governed by our Board of Directors:

**Workplace Wellness:** The health, wellness and safety of our team members is our utmost priority. The following policies and resources help us to create a happy and healthy workplace: Equal Opportunity Employment Policy, Respectful Workplace Policy, Group Health and Welfare Benefits, Employee Recognition Program, Learning, Leadership and Growth Programs, Scholarship Program, and Joint Health and Safety Committee.

**Corporate Ethics and Conduct:** We believe that our success is built on a foundation of integrity – our primary corporate value – along with a commitment to excellence, and a culture of compliance. We maintain policies and protocols across the organization which are designed to ensure our actions always align to these principles by setting clear expectations, and ensuring accountability for instances where actions do not meet the standards we set for ourselves. At all times and at every level of the company our expectation is that our team members conduct themselves consistent with our principles of transparency, integrity and ethical behaviour, with clear and firm accountability for their actions.

**Responsible Gaming:** We work with local communities and provincial governments to educate and create awareness around responsible gaming. Responsible gaming initiatives that Great Canadian is deeply committed to include: a dedicated responsible gaming department, responsible gaming policies and procedures, RG Check Accreditation, responsible gaming staff training, responsible gaming literature, Problem Gambling Helpline Assistance, Voluntary Self-Exclusion Program, Responsible Gaming Information Centres, responsible marketing, and the No Minors policy.

**Customer Security:** We are committed to providing our guests with the best experience and being open and transparent about our practices. The following policies guide our interactions with guests: Privacy Statement, Collection and Use of Personal Information, Disclosure of Personal Information, Being Accountable, Retention of Personal Information, and Access. Access to personal data is controlled through physical security and IT security mechanisms.

The Company has strenuous data privacy and protection obligations and has implemented processes, procedures and controls to satisfy all obligations and to mitigate cybersecurity incident risks, especially those relating to personally identifiable information.

**Community PROUD:** We have a long history of community support. Through our PROUD program, we are able to encourage our team members to lend their time to meaningful volunteer projects that help strengthen the communities in which our team members serve and live, as well as provide direct support to the communities we are a part of.

**Environmental Stewardship:** We have developed a Project Sustainability Checklist that allows us to measure our environmental stewardship initiatives in major renovation and new build construction projects against established industry benchmarks. This helps to ensure that we are acting in an environmentally responsible manner per our corporate mandate.

**Governance Framework:** We believe that strong corporate governance practices provide the framework for achieving our vision, mission and values, which is essential for enhancing shareholder value. Our Company is governed by the following documents: Articles of Incorporation, Board of Directors' Charter,

Terms of Reference for the Chairman of the Board, Terms of Reference for the Lead Director, Audit Committee Charter, Corporate Governance Committee Charter, Compensation Committee Charter, Corporate Compliance & Security Committee Charter and Majority Voting Policy.

## Revenue

The following table summarizes the Company's consolidated revenues in millions of dollars for the years ended December 31, 2020, 2019, and 2018, which excludes revenues from discontinued operations, as discussed in the "Presentation of Financial Information" section of the MD&A:

	Twelve months ended December 31,		
	2020	2019	2018
Gross Gaming Revenues <sup>(1)</sup>	665.7	\$ 3,034.0	\$ 2,648.8
Less: amounts retained by Provincial Crown corporations and other	(267.0)	(1,851.2)	(1,628.6)
Gaming Revenues	398.7	1,182.8	1,020.2
Hospitality revenues	19.2	110.5	103.0
Racetrack, lease and other revenues	24.4	62.3	56.6
<b>Revenues</b>	<b>\$ 442.3</b>	<b>\$ 1,355.6</b>	<b>\$ 1,179.8</b>

As discussed in the "Temporary Business Interruption" section of the MD&A, the Company's operations were temporarily closed for the majority of 2020, resulting in a decrease in revenue across all properties when compared to previous years.

## Property Operations Summary

The Company's operating results are divided into three regions: Ontario, British Columbia, and Atlantic. Descriptions of the properties in each of these regions are discussed below, including the number of slot machines, table games, and other key attributes offered at each property. Property descriptions are based on normal operating conditions and do not reflect the actual offering under government mandated restrictions as at December 31, 2020, as discussed in the "Temporary Business Interruption" section of the MD&A.

The Company's properties operate under their respective Operating Agreements. The expiry dates of these Operating Agreements are provided in the "Business Description – Operations" section of the MD&A.

### Ontario

The Company operates 12 casinos and two racetracks in Ontario, which were temporarily closed for the majority of 2020. For the year ended December 31, 2020, the Company's Ontario properties generated revenues of \$348.8 million.

#### 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 operated by a third party that features live Thoroughbred horse racing. The casino features approximately 3,460 slot machines and 118 table games, including slot machines and table games catering to high limit 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.
- **Pickering Casino Resort** is a new greenfield development situated on leased land in Pickering, Ontario. The construction of the casino portion was completed by the end of 2020, but the casino has not opened yet due to public health mandates. The 208,000 square foot



casino features over 2,000 slot machines, 100 table games, and several food and beverage options. The casino will operate 24 hours per day once opened. When the remaining developments are complete, the resort will include a hotel with 275 guestrooms and a 2,500 seat arena.

- **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 operated by a third party that features live quarter horse racing. The casino features approximately 1,000 slot machines and one food and beverage option. The number of slot machines will decrease to approximately 500 upon opening of Pickering Casino Resort. The casino operates 24 hours per day.
- **Great Blue Heron Casino** is a 124,000 square foot casino building located in Port Perry, Ontario on leased land. The casino features approximately 670 slot machines and 49 table games as well as three food and beverage options. 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 operated by a third party that features live Standardbred racing. The casino features approximately 1,500 slot machines and 60 table games. Several food and beverage options are offered throughout the integrated property, including four food and beverage options located on the casino gaming floor (two of which are operated by a third party). The casino operates 24 hours per day.
- **Elements Casino Brantford** is a 102,000 square foot casino building under lease, located in Brantford, Ontario. The casino features approximately 600 slot machines and 57 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. The casino features approximately 1,030 slot machines and 20 table games, as well as five food and beverage options offered throughout the integrated property. The casino operates 24 hours per day.
- **Elements Casino Grand River** is a 52,000 square foot casino located in Elora, Ontario in leased premises within the grandstand building at the Grand River Raceway, a racetrack operated by a third party which features live Standardbred racing. The casino features approximately 520 slot machines as well as one food and beverage option. The casino operates 24 hours per day.

#### **East Gaming Bundle**

- **Shorelines Casino Peterborough** is a 52,000 square foot casino located in Peterborough, Ontario. The casino features approximately 500 slot machines and 22 table games, two food and beverage options, and an entertainment space. The casino operates 24 hours per day.
- **Shorelines Casino Belleville** is a 48,000 square foot casino located in Belleville, Ontario. The casino features approximately 480 slot machines and 18 table games, two food and beverage options, and an entertainment space. 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. The casino features approximately 490 slot machines and 21 table games as well as one food and beverage option. The casino operates 24 hours per day.
- **Shorelines Slots at Kawartha Downs** is a 14,700 square foot casino located in Fraserville, Ontario in leased premises in the grandstand building at Kawartha Downs and Speedway, a

racetrack operated by a third party that features live Standardbred racing. The casino offers approximately 150 slot machines and one food and beverage option operated by a third party. The slots facility operates 14 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 an 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 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 established annual gaming revenue threshold retained by OLG; and (iii) a fixed amount for permitted capital expenditures. The respective COSAs include specific mechanisms to allow for such adjustments to revenues based on certain rationale, including but not limited to, qualifying events or unforeseeable delays that may occur.

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.

As a result of the temporary business interruption, the Company entered into COSA amendments with OLG that allows the Company to operate pursuant to an interim compensation model that is intended to compensate the Company for its services during the Pandemic and a period of subsequent ramp

up of operations as the business returns to historical levels. Please refer to the “Major Developments – Ontario” section of the MD&A for more information.

### 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, has administered provincial funding provided by OLG for racing purses and provincial horse programs since 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”). The 19-year funding agreement consists of an initial term of seven years with two six-year extensions. Starting April 1, 2019, OLG will provide up to \$117 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 is conducted and managed by OLG. 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 and upon the opening of Pickering Casino Resort, the gaming zone at Casino Ajax.

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. OLG also conducts and manages electronic bingo and electronic break open ticket games at 36 charitable gaming centres across the province.

## **British Columbia**

The Company operates 10 gaming facilities in British Columbia, including two racetracks, which were all temporarily closed for the majority of 2020. For the year ended December 31, 2020, the Company’s British Columbia’s properties generated revenues of \$70.2 million.

### 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 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. The casino offers approximately 1,250 slot machines, 87 table games, 40

touch bet roulette terminals, 30 stadium baccarat terminals and five poker tables. 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 multiple parking garages, including the one 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. The casino features approximately 960 slot machines, 42 table games, 48 touch bet roulette terminals, a 1,051 seat show theatre, five food and beverage options 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. The casino features approximately 540 slot machines, 23 table games, 12 Touch Bet Roulette terminals, 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. The casino features approximately 770 slot machines, 21 table games, 10 touch bet roulette terminals, two poker tables, an entertainment venue, and three 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. The casino features approximately 430 slot machines, six table games, three poker tables, a premium casual restaurant under the Company's Well brand, and Racebook. The casino operates from 15 to 16 hours per day.
- **Elements Casino Chilliwack** is a 27,500 square foot gaming facility located in Chilliwack, British Columbia. The casino features approximately 300 slot machines, six table games, both conventional and electronic bingo operations, a premium casual restaurant under the Company's Well brand, a banquet room, entertainment space, and Racebook. The casino 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. The gaming facility features approximately 250 slot machines, both conventional and electronic bingo games, 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. The gaming facility features 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. The property offers live thoroughbred racing six months of the year on a 5/8 mile track. The property features approximately 460 slot machines, 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 leased 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 16 Racebooks across British Columbia, including the Racebooks at River Rock, HRCV, Casino Nanaimo, Chances Maple Ridge and Elements Casino 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.

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 through MIR as well as the delivery of annual business plans. The renewal term of the OSAs are at BCLC's discretion. Under the OSA, BCLC has the right to extend the current term of the OSAs for up to an additional five years, on the condition that BCLC and the service provider agree to an extension to the MIR program and the strategic business plan.

Under the OSAs, 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.

The Company also 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.

In late September 2020, the Company entered into amended OSAs for each B.C. property with BCLC. The amended OSAs introduce a new service provider fee effective March 16, 2020 for the Company's participation and promotion of BCLC's Encore Rewards loyalty program, which can be used at both land-based gaming properties and on PlayNow.com, an online gaming platform owned and operated by BCLC. Under the amended OSAs, the Company will receive a proportionate share of PlayNow.com revenues generated from its eligible patrons that wager on this online gaming platform.

### **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 September 27, 2019, the BCHRIMC finalized a five-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, 2024.

Under the financial allocations for 2020, HEI and ORL shared 43.2% 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 2021, 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 is conducted and managed by BCLC. BCLC contracts with service providers to administer the day-to-day operations of the gaming facilities pursuant to OSAs with service providers. In recent years, there have been a number of changes in the gaming environment and competitive marketplace in British Columbia. These changes include new facilities being developed, significant upgrades to existing facilities and increasingly diverse gaming offerings. Accordingly, BCLC is focused on evolving the gaming industry in order to sustain and grow revenues. In British Columbia, there are 15 casinos, two casinos with racetracks, 18 community gaming centres and five commercial bingo halls as at December 31, 2020. The OSAs reflect BCLC's conduct and manage mandate for gaming, 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, 2020, the Company's main competitors in the Lower Mainland were Gateway Casinos & Entertainment Limited ("Gateway") and Parq Vancouver Casino ULC. 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. Parq Vancouver Casino ULC 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 construction of the new gaming and entertainment facility, Cascades Casino Delta, is in progress.

In addition to competition from land-based casinos, BCLC offers a web-based gaming website called PlayNow.com to provide British Columbia residents with the ability to wager on casino-style games online. As discussed in the “Operating Agreements with BCLC” section above, service providers of land-based gaming properties receive a proportionate share of revenues generated from its eligible patrons that wager on PlayNow.com.

## ***Atlantic***

The Company operates three gaming facilities in this region: Casino New Brunswick, Casino Nova Scotia Halifax, and Casino Nova Scotia Sydney, which were temporarily closed for the majority of 2020. For the year ended December 31, 2020, the Company’s Atlantic properties generated revenues of \$23.3 million.

### ***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. The casino features 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. 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.

The current CSPA under which the Company operates in the Province of New Brunswick has a term that extends until December 31, 2030. Pursuant to an amended term to the CSPA effective April 1, 2018, Casino New Brunswick earns gaming revenues equal to 51% of gross gaming revenues. The CSPA provides the Company with the exclusive right to provide casino operational services in the area within 80 kilometres of Casino New Brunswick for the entire term of the CSPA and an exclusive right to provide casino operational services 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 conducted and managed by NBLGC. NBLGC oversees four lines of business, which are casinos, traditional lottery, VLTs, and a new online gaming platform. Atlantic Lottery Corporation operates traditional lottery, VLTs and the newly launched online gaming platform available in the province of New Brunswick. 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 400 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. 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. The casino features approximately 610 slot machines and 28 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. The casino features 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 \$10 million in capital investments 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 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. 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 ("MFC").

For the most recent fiscal period ended March 31, 2020, the annual CR contribution was \$4.8 million (\$4.5 million annually adjusted for inflation). The annual CR contribution for the current fiscal period ending March 31, 2021 has been waived by NSGC due to the temporary business interruption.

The Company was required to make the annual MFC until March 31, 2020. For the most recent fiscal period ended March 31, 2020, the annual MFC was \$0.8 million. The 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 MFC 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 (some of which operate approximately 24 hours per day). 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.

## 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, 2020, excluding any extension terms that have not yet been exercised:

<b>Property</b>	<b>Expiry Date of Current Lease Term</b>
<b>Ontario</b>	
Casino Woodbine	2039 <sup>(1)</sup>
Casino Ajax	2026
Great Blue Heron Casino	2039
Pickering Casino Resort	2022 <sup>(2)</sup>
Elements Casino Mohawk	2038
Elements Casino Brantford	2038 <sup>(3)</sup>
Elements Casino Grand River	2038
Shorelines Slots at Kawartha Downs	2026
<b>British Columbia</b>	
River Rock Casino Resort	2041 <sup>(3)(4)</sup>
Elements Casino Surrey	2024
Hastings Racecourse & Casino	2024
Bingo Esquimalt	2021
<b>Atlantic</b>	
Casino Nova Scotia Sydney	2025

<sup>(1)</sup> OTG has an agreement to lease a parcel of land adjacent to the current Woodbine Casino facility for the development of its expanded casino resort. The lease will become effective upon the opening of the expanded facility, and the associated lease obligations will commence for a term that aligns with the expiry of OTG's COSA.

<sup>(2)</sup> OTG has an agreement to lease a parcel of land for the greenfield development of Pickering Casino Resort. The lease will become effective upon the opening of the completed casino, and the associated lease obligations will commence with a 20-year initial term, with extension options at the discretion of OTG.

<sup>(3)</sup> Payments for the entire lease term were fully prepaid at commencement of the lease.

<sup>(4)</sup> 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 16 of its properties. As at December 31, 2020, the Company had approximately 4,000 unionized employees at certain of its facilities out of a total of approximately 7,900 employees Company-wide. As a result of the temporary suspension of operations, as discussed in the “Temporary Business Interruption” section of the MD&A, approximately 6,800 of the 7,900 Company-wide employees were on temporary suspension as at December 31, 2020, of which 3,700 represent unionized employees.

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.

### *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 and notices of appeal to the Tax Court of Canada.

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

## Regulation and Licensing

- 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)(a), 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 revocation 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, or 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.

## **Anti-Money Laundering ("AML") in the Gaming Sector**

Certain industries in Canada, like the gaming sector, are subject to the PCMLTFA. 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 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. In addition, casinos comply with AML requirements established by provincial gaming regulators.

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 enforcement 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 safeguarded 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 please visit: <http://www.fintrac-canafe.gc.ca>.

### **Recent Developments to Enhance Anti-Money Laundering Efforts**

On June 27, 2018, the British Columbia (B.C.) provincial government publicly released Dr. Peter German's report (the "Report") on his independent review of B.C.'s AML policies and practices in B.C.'s 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.

The Company continues to support the significant work being dedicated by casino service providers, BCLC, GPEB, and the Ministry of the Attorney General, on the implementation of the recommendations to effectively enhance measures to prevent money laundering and prevent other crimes.

Following the release of the Report, the B.C. Government commissioned two additional reviews in September 2018. The reports were received by the Government in April 2019. The first report from the Expert Panel on Money Laundering recommended changes that would improve anti-money laundering efforts in the real estate market. The second report was Dr. Peter German's second review into money laundering, focusing on real estate, luxury cars and horseracing.

On May 15, 2019, the B.C. Government announced a public inquiry into money laundering (the "Inquiry").

B.C. Supreme Court Justice Austin F. Cullen was appointed to head the Inquiry, to review money laundering in British Columbia, including real estate, gaming, financial institutions and the corporate and professional sectors.

The Cullen Commission also examines regulatory authorities and barriers to effective law enforcement of money laundering activities. Together with 21 other individuals and organizations (including other gaming service providers), the Company was granted official standing as a participant in the Inquiry. The Company has been and will continue to focus on proactively supporting the Inquiry's work.

The Company has been working collaboratively with other gaming service providers, BCLC, GPEB, and the Ministry of the Attorney General, to identify and address any opportunities to further enhance robust anti-money laundering policies and practices within the gaming sector.

For more information on Cullen Commission Inquiry, please visit: <https://cullencommission.ca>

## **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. The following risk factors are not comprehensive, and additional risks not presently known or that the Company currently deems immaterial may also impair its business operations. Readers should consider carefully the risks described below.

### **COVID-19 Pandemic**

As a result of the COVID-19 pandemic, the Company's current operating environment, which the Company expects to continue for the foreseeable future, is one of decreased revenues, a largely furloughed workforce, increased costs to adapt its gaming facilities to operate more safely during a pandemic, and uncertainty as to when its gaming facilities might open and, if open, when they might be ordered to close again by public health officials in response to COVID-19 outbreaks.

The Company will continue to face challenges in the medium and long-term as the economy emerges from the impacts of the COVID-19 pandemic and the Company begins to reopen its facilities. The Company believes that it will take significant time and capital expenditures for revenues to grow to a level or at the pace required to maintain pre-pandemic profitability and there is no certainty that those levels of revenue will be achieved given the impact of the pandemic and changing competitive dynamics, particularly in Ontario.

There is no certainty that customers will return in pre-COVID-19 pandemic numbers, whether because of changes in customer behaviour or the emergence of gaming alternatives, which may accelerate because of the pandemic.

For a more detailed discussion of risks relating to COVID-19 pandemic and its impact on other key risks to the ongoing business of the Company, please refer to the "Risk Factors – Risks Associated with the Ongoing Business of the Company" section of the Company's Management Information Circular dated November 25, 2020.

### **Risks Relating to the Arrangement with Apollo Funds**

There can be no certainty that all conditions precedent to the Arrangement will be satisfied. The completion of the Arrangement is subject to a number of conditions which are outside the control of the Company, particularly including regulatory and other approvals. To date, the Company has received approval of the Arrangement by its shareholders and from the Supreme Court of British Columbia. A substantial delay in obtaining the remaining approvals and/or the imposition of unfavourable terms or conditions in the approvals to be obtained could have an adverse effect on the business, financial condition or results of operations of the Company and could result in the termination of the Arrangement.

If the Arrangement is not completed, the market price of the Common Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. The Company could be subject to various adverse consequences, including that the Company would remain liable for significant costs relating to the Arrangement, including, among others, legal, accounting, financial advisory, proxy solicitation and printing expenses.

For a more detailed discussion of risks relating to the Arrangement, please refer to the "Risk Factors – Risks Relating to the Arrangement" section of the Company's Management Information Circular dated November 25, 2020.

### **Competition**

The Company competes with numerous gaming establishments of varying quality and size in market areas where its properties are located. 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. The Company also faces competition from VLTs and similar technologies, as well as 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. These gaming alternatives may also adversely impact the Company's market share and ability to grow revenues.

The Company 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 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.

## **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 Crown 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(s)". A cybersecurity incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability of the Company's information technology resources. It may arise from an intentional attack or an unintentional event. Attacks may come through malicious software or attempts to gain unauthorized access to data or information systems (electronically or otherwise) resulting in electronic or physical security breaches or incidents that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, or data corruption or loss (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.

The Company has significant data privacy and protection obligations and has implemented processes, procedures and controls to satisfy all obligations and to mitigate cybersecurity incident 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.

### **Dependence on Key Personnel**

The Company's success depends upon the continued services of its senior management team and its operations, technical, marketing, and finance 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.

### **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 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.

### **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 Company's business.

At any time, the gaming regulators may conduct inspections to monitor the Company's compliance with legislation regulations, rules and conditions of registration and our Operating Agreements. The Company may be subject to sanction if it is found that a person is unsuitable to have a relationship with the Company and the Company fails to pursue all lawful efforts to require compliance with gaming control legislation or its Operating Agreements. Additionally, if the Company is unable to comply with any current or future reporting or registration requirement, its registrations as a gaming service provider may be suspended or revoked, which would adversely affect the Company's business.

## **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. Recent media coverage regarding money laundering and anti-money laundering activities has likely further impacted perceptions. Negative publicity related to gaming integrity or cheat at play could also have an adverse effect on the Company's reputation. The negative perception towards gambling as a result of any of these factors 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.

## **Government Regulations**

### *Government Restrictions or Expansion Policies*

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. Gaming 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 land-based or online casino operators could increase competition in the Company's markets. Such legislation or policies could significantly harm the Company's business and results.

### *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.

### *Anti-money Laundering*

The Company is subject to strict anti-money laundering policies and procedures which are prescribed by government regulators and Crown corporations. 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 high limit 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.

Although the Company has a compliance program that addresses anti-money laundering, and its facilities are subject to anti-money laundering programs, there is no guarantee that the Company's operations are protected from being used to launder illicit funds or that its program will be effective in detecting all such activities. Incidents of money laundering, accusations of money laundering or regulatory investigations into possible money laundering activities involving the Company, its employees or its customers, could have a material adverse impact on the Company's reputation, relationship with its regulators, business, cash flows, financial condition, prospects and results of operations.

Refer to the “Anti-money Laundering in the Gaming Sector” section of this AIF for more information.

#### *Liquor laws and liquor licenses*

The use and sale of alcohol in gaming facilities is highly regulated in the jurisdictions in which the Company operates through the issuance, monitoring and enforcement of liquor license requirements and related liquor license conditions. There is no assurance that the regulation of the use and sale of alcohol in gaming facilities will not change in the future. Changes to the regulations regarding the issuance, monitoring and enforcement of liquor license requirements and related liquor license conditions could adversely affect the Company’s operations and casino gaming revenue.

#### **Unions and Labour Relations**

The Company has 16 properties where certain employees are represented by unions as at December 31, 2020. 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.

#### **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.

#### **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.

#### **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 facilities. Such disruptions may negatively affect the Company's revenues.

### **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.

### **Disease Outbreaks**

A local, regional, national or international outbreak of a contagious disease, including new more infectious variants of the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, could decrease the willingness of customers to patronize the Company's facilities, cause shortages of employees to staff the Company's facilities, interrupt supplies from third parties upon which the Company relies, result in governmental regulation adversely impacting the Company's business and otherwise have a material adverse effect on the Company's business, financial condition and results of operations. Such adverse effect could be rapid and unexpected.

### **First Nations' Treaties**

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.

### **Unusual Weather or Natural Disasters**

Extreme weather conditions in the areas in which the Company's properties are located could adversely affect the Company's business. Frequent or unusually heavy snowfall, ice storms, rainstorms, forest fires or other extreme weather conditions over a prolonged period could make it difficult for the Company's customers to travel to its properties and thereby reduce its revenue or otherwise adversely affect its business. In addition, natural disasters such as hurricanes, tornadoes and earthquakes, or a combination of these or other factors, could severely damage or destroy one or more of the Company's properties located in the affected areas, thereby disrupting its business operations and adversely affecting the Company's financial results.

### **Additional Risk Considerations**

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; fraud or cheating commonly faced by the gaming business; deleterious changes in the horse racing business model; 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**

### **Long-term Debt**

As at December 31, 2020, the Company's long-term debt facilities consisted of \$900.0 million Senior Secured Credit Facilities of the Company, \$1,100.0 million Non-recourse Revolving and Capital Expenditure Credit Facilities of OTG, \$160.0 million Non-recourse Revolving Credit Facility of OGWGLP, and \$130.0 million Non-recourse Revolving Credit Facility of OGELP. The Company's long-term debt also included \$189.0 million of Senior Unsecured Debentures.

For additional information on the Company's credit facilities and its Senior Unsecured Debentures, 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 Bids**

### *Common Shares*

On June 27, 2019, the Company received approval from the TSX to renew a normal course issuer bid for up to 3,971,976 of its common shares. The bid commenced on July 3, 2019 and expired July 2, 2020. All purchases under this issuer bid ended in January 2020 when the Company purchased for cancellation the remaining 172,724 common shares available under the bid at a weighted-average price per share of \$42.29.

On June 29, 2020, the Company announced receiving approval from the TSX to renew a normal course issuer bid for up to 3,674,077 of its common shares, representing approximately 10% of the Company's common shares in the public float. The bid commenced on July 3, 2020 and will end on July 2, 2021, or earlier if the number of shares sought in the issuer bid has been obtained. The Company will not purchase shares during its self-imposed blackout periods and reserves the right to terminate the bid earlier. Purchases will be made by way of open market purchases through the facilities of the TSX, and other Canadian market places, and payment for the shares will be in accordance with the TSX's rules. All shares purchased by the Company will be subsequently cancelled. Under the current issuer bid, the Company purchased for cancellation 300,471 common shares during the year period ended December 31, 2020 at a weighted-average price per share of \$26.55. The Company did not repurchase any common shares subsequent to December 31, 2020. Any future repurchases of shares under the normal course issuer bid require approval from Apollo Funds under the Arrangement described in the "Major Developments" section of the MD&A.

### *Senior Unsecured Debentures*

On June 2, 2020, the Company received approval from the TSX to commence a normal course issuer bid to purchase up to \$18.9 of its debentures, representing approximately 10% of the \$189.0 aggregate principal. The bid commenced on June 5, 2020 and will expire on June 4, 2021. All debentures purchased by the Company will be subsequently cancelled. The Company did not purchase any debentures for cancellation under this issuer bid. Any future repurchases of debentures under the normal course issuer bid require approval from Apollo Funds under the Arrangement described in the "Major Developments" section of the MD&A.

## **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 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:

- 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 GLSB 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, NBLGC and NSGC Operating Agreements, this threshold is an interest equal to or greater than 10% of the Company's common shares. For purposes of BCLC OSA's this threshold is an interest equal to or greater than 5% 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, either 5% or more (with respect to BCLC) or 10% or more (with respect to OLG, NBLGC and NSGC) 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 and applicable gaming authorities to acquire more than 5% of the outstanding common shares of the Company. The Articles are filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Share Constraints provide that a person who acquires, agrees to acquire, holds, or beneficially owns or controls either 5% or more (with respect to BCLC) or 10% or more (with respect to OLG, NBLGC and NSGC) 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 and Senior Unsecured Debentures on the TSX at the year ended December 31, 2020:

<b>Common Shares (Symbol "GC")</b>				
<b>Year 2020</b>				
<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Close (\$)</b>	<b>Volume</b>
January	43.76	39.29	39.85	2,147,865
February	45.80	38.84	39.33	4,391,623
March	43.93	18.05	24.98	9,887,111
April	28.57	21.93	27.11	4,514,054
May	28.43	22.20	27.59	3,901,520
June	32.55	26.81	27.03	5,563,740
July	28.63	25.60	26.58	2,714,392
August	30.27	25.60	26.70	3,066,547
September	27.48	22.51	24.11	3,180,154
October	25.45	22.35	22.75	2,820,654
November	39.25	22.83	38.60	16,107,915
December	43.83	35.00	43.48	12,949,096

<b>Senior Unsecured Debentures (Symbol "GC.DB")</b>				
<b>Year 2020</b>				
<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Close (\$)</b>	<b>Volume</b>
January	N/A	N/A	N/A	N/A
February	N/A	N/A	N/A	N/A
March	99.99	89.25	92.00	323,160
April	96.00	90.00	95.00	34,350
May	96.00	81.50	90.90	22,130
June	95.00	86.00	92.80	23,850
July	94.40	86.75	91.00	20,300
August	92.79	90.05	91.00	7,960
September	97.00	90.10	91.00	29,610
October	94.00	89.11	90.00	32,310
November	99.99	89.99	98.39	417,540
December	100.50	93.98	100.50	94,680

## 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 as at December 31, 2020, 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
<b>Directors</b>				
<b>PETER G. MEREDITH</b> <sup>(1,2,5)</sup> British Columbia, Canada	77	Chairman	Director of Ivanhoe Mines Ltd. (formerly Ivanplats Limited, a Canadian mining development and exploration company listed on the TSX) since May 1998; Director of Capstone Mining Corp. since April 2019; 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 Institute of Chartered Accountants of Ontario since 1968.	June 9, 2000
<b>ROD N. BAKER</b> <sup>(6)</sup> British Columbia, Canada	55	President, Chief Executive Officer, 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
<b>LARRY W. CAMPBELL</b> <sup>(3,4,5,7)</sup> British Columbia, Canada	73	Director	Senator, Senate of Canada since August 2005; President, Mortis Consulting Ltd., from 1997 to 2017.	June 20, 2008
<b>MARK A. DAVIS</b> <sup>(2,3,4)</sup> Ontario, Canada	62	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
<b>Directors</b>				
<b>THOMAS W. GAFFNEY</b> <sup>(3,5)</sup> British Columbia, Canada	71	Director	President, Thomas Gaffney Architect Inc. since July 1986; Registered Professional member of the Architectural Institute of British Columbia.	June 30, 2006
<b>KAREN A. KEILTY</b> <sup>(2,3,4)</sup> British Columbia, Canada	61	Director	Commissioner, BC Utilities Commission since June 2014; Member, Auditor General Committee, City of Vancouver, since December 2020; Trustee, The Saint Thomas More Collegiate (2002) Trust since November 2018; Director, Quest Guardian Properties Ltd., a subsidiary of Quest University, from February 2018 to January 2020; 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.
- (6) Rod N. Baker resigned as a director on January 24, 2021.
- (7) Larry W. Campbell will be retiring on June 1, 2021.

<b>Name and Place of Residence</b>	<b>Age</b>	<b>Current Position with Company</b>	<b>Principal Occupation</b>
<b>Officers &amp; Senior Management</b>			
<b>ROD N. BAKER<sup>(1)</sup></b> British Columbia, Canada	55	President, Chief Executive Officer, and Director	Reference details above under subheading "Directors".
<b>TERRANCE M. DOYLE<sup>(2)</sup></b> British Columbia, Canada	48	President, Strategic Growth, and Chief Compliance Officer	President, Strategic Growth, and Chief Compliance Officer since March 2019, Chief Operating Officer of the Company from August 2015 to March 2019; 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.
<b>DARREN J. GWOZD</b> British Columbia, Canada	42	Executive Vice President, Finance	Executive Vice President, Finance of the Company since February 2020; Vice President, Operations Finance of the Company from February 2018 to February 2020; Executive Director, Financial Operations of the Company from September 2017 to February 2018; Audit Senior Manager, KPMG LLP from September 2016 to August 2017; Audit Senior Manager, Deloitte LLP from 2009 to September 2016.
<b>JOHN D. RUSSO</b> Ontario, Canada	52	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; Vice-President, Legal Counsel, Equifax – International Workforce Solutions from January 2017 to February 2018; Vice-President, Legal Counsel, Corporate Secretary & Chief Privacy Officer, Equifax Canada Co. from July 2007 to December 2016.
<b>RON D. URQUHART</b> Ontario, Canada	42	Vice President, Operations – Ontario	Vice President, Operations – Ontario from December 2018 to December 2020; Executive Director, Ontario Gaming East Limited Partnership and General Manager, Shorelines Casino Belleville from November 2016 to December 2018, Casino Operations Manager, Casino Nova Scotia from August 2015 to October 2016.

<sup>(1)</sup> Rod N. Baker resigned as President and Chief Executive Officer on January 24, 2021.

<sup>(2)</sup> Terrance M. Doyle was appointed Interim Chief Executive Officer on January 24, 2021.

The following sets out the principal occupation as at December 31, 2020 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:

<b>Name</b>	<b>Company</b>	<b>Official Title</b>	<b>Principal Business of Company</b>
Larry W. Campbell <sup>(1)</sup>	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.
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.
	Capstone Mining Corp.	Director	A TSX listed mining development company.

<sup>(1)</sup> Larry W. Campbell will be retiring on June 1, 2021.

## 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, 2020, the directors and officers of the Company as a group own, or exercise control or direction over a total of 153,931 common shares of the Company, representing 0.27% of the outstanding common shares.

## 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, 2020:

- (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. 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:
    - (i) 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.

## 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, 2020 fiscal year end and for the subsequent interim quarterly period ending March 31, 2021, 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 Mr. 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:

<b>Name of Audit Committee Member</b>	<b>Relevant Experience and Qualifications</b>
Karen A. Keilty (Chair)	<ul style="list-style-type: none"> <li>• Member of the Institute of Chartered Professional Accountants of British Columbia since 1986</li> <li>• President, Institute of Chartered Accountants of British Columbia from June 2009 to June 2010</li> <li>• Fellow of CPABC and Fellow of the Institute of Chartered Accountants of British Columbia and US CPA (Illinois)</li> <li>• 30 years' audit and accounting experience</li> <li>• Deloitte LLP Partner, Audit and Advisory, from 1994 to 2014</li> <li>• Member of the Institute of Corporate Directors (ICD.D) since September 2015</li> <li>• Chair of the Company's Audit Committee since May 2016</li> <li>• Member of Audit Advisory Committee of Public Guardian and Trustee since August 2017</li> </ul>
Mark A. Davis	<ul style="list-style-type: none"> <li>• President and Chief Executive Officer of Chemtrade Logistics Income Fund</li> <li>• Trustee of Chemtrade Logistics Income Fund since May 2013</li> <li>• Lawyer called to the bar in Ontario in 1984</li> <li>• Partner at Borden &amp; Elliot LLP in Toronto, Ontario from 1992 to 1996</li> <li>• Chairman of the Board of Trustees of ACS Media Income Fund from 2003 to 2006               <ul style="list-style-type: none"> <li>• Audit Committee Member</li> </ul> </li> <li>• Trustee of ACS Media Income Fund from May 2003 to November 2006</li> <li>• 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"> <li>• Member of Special Committee</li> </ul> </li> <li>• Trustee of EnerCare Inc. (also known as Trustee of Consumers' Waterheater Income Fund) from December 2002 to 2004</li> <li>• Member of the Institute of Corporate Directors</li> <li>• Member of the Company's Audit Committee since May 2016 (except for the period from March 4 to November 4, 2019)</li> </ul>

<b>Name of Audit Committee Member</b>	<b>Relevant Experience and Qualifications</b>
Peter G. Meredith	<ul style="list-style-type: none"> <li>• Member of the Institute of Chartered Professional Accountants of Ontario since 1968</li> <li>• Member of the Institute of Chartered Professional Accountants of British Columbia since 1982</li> <li>• 50 years' experience as a Chartered Accountant and Certified Management Accountant</li> <li>• Deloitte &amp; Touche LLP for 30 years (20 years as Partner) – Resigned in 1996 as a Senior Partner and Board Member</li> <li>• Chief Financial Officer of Ivanhoe Mines Ltd. from May 2004 to May 2006</li> <li>• Chief Financial Officer of Ivanhoe Capital Corporation from June 2001 to March 2009</li> <li>• Deputy Chairman, Ivanhoe Mines Ltd. from May 2006 to April 2012</li> <li>• Chairman, SouthGobi Resources Ltd. from October 2009 to September 2012</li> <li>• Chair, Audit Committee of Entrée Gold Inc. (a mineral exploration company listed on the TSX and NYSE AMEX) from 2005 to 2013</li> <li>• Member of Audit Committee of TSX listed companies: Peregrine Diamonds Ltd. and Trevali Mining Corp. from 2013 to 2016</li> <li>• Member of the Company's Audit Committee since June 2000</li> <li>• Chair of Audit Committee, Ivanhoe Mines since December 4, 2018</li> <li>• Member of Audit Committee of Capstone Mining Corp. since April 2019</li> </ul>

### ***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 2020 fiscal year were \$1,988.

#### ***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 \$250 in the Company's 2020 fiscal year, 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 2020 fiscal year for these services.

### **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" section 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**

All of the directors and certain of the executive officers (being Rod N. Baker, Terrance Doyle, John Russo and Darren Gwozd) of the Company entered into the Voting Agreements, pursuant to which each of them agreed to vote all of their Common Shares and Options in favour of the Arrangement.

In the past three years, the Company had no other 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:

- Arrangement Agreement dated as of November 10, 2020 and amended on December 20, 2020 between the Company and Apollo Funds, under which Apollo Funds agreed to acquire all issued and outstanding common shares of the Company for \$45.00 per share.
- 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, as amended and extended on October 11, 2019, and amended on March 2, 2020, April 27, 2020, and November 27, 2020.
- Indenture Agreement between the Company and Computershare Trust Company of Canada as Trustee entered into in connection with a \$180.0 million debenture offering completed on March 2, 2020.

## 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, 2020, and the Management's Discussion and Analysis of the Company for the year ended December 31, 2020. Any interim unaudited financial statements of the Company subsequent to December 31, 2020, are available on the Company's website at [www.gcgaming.com](http://www.gcgaming.com), or on SEDAR at [www.sedar.com](http://www.sedar.com).

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

Great Canadian Gaming Corporation  
39 Wynford Drive  
North York, Ontario, Canada M3C 3K5  
Telephone: (604) 303-1000 / Facsimile: (604) 516-7155

or on the Company's website at [www.gcgaming.com](http://www.gcgaming.com)

# APPENDIX I

## AUDIT COMMITTEE CHARTER

### I. PURPOSE

- A. 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:
- (i) reviewing, considering and reporting on the Company's financial information for disclosure purposes, its system of internal control as established by Senior Management and the Board, and the audit process;
  - (ii) identifying the principal financial risks faced by the Company and confirming that Senior Management has implemented appropriate systems to manage and minimize identified risks;
  - (iii) reviewing significant accounting and financial reporting matters, and considering the Company's adherence to accounting principles and compliance with applicable disclosure requirements;
  - (iv) reviewing, considering, reporting and recommending on all significant matters relating to finance for the Company; and
  - (v) reviewing the performance of the external and internal auditors of the Company.

### 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 (1) year. In making the appointments, the Board requires that: (i) all appointees are Independent Directors who have 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 Company's financial statements; and (ii) that at least one appointee has a recognized professional accounting designation. The Board will interpret these qualifications in its business judgment and will conclude whether a Director meets these qualifications.

- B.** The Chair of the Audit Committee will be appointed by the Board.
- C.** The CFO (or appointed designate) will act as the Senior 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 (4) 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, audited annual financial statements, MD&A, reports to shareholders and related financial press releases).
- B.** Review, consider and recommend approval by the Board of the quarterly financial reports (unaudited interim financial statements, MD&A, and related financial press releases).
- C.** Be satisfied that in respect of the Company's disclosure record, and in particular, its financial disclosure, Senior Management has procedures in place to review such information, and that Senior Management periodically assesses, and revises as needed, the adequacy of such procedures.
- D.** Review changes to the Company's significant accounting policies.

- E.** 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 Company's policies at least annually with respect to financial risk assessment and financial risk management.
- B.** Oversee Senior Management's policies and procedures for the prevention and deterrence of fraud related to financial matters, including financial reporting and misappropriation of assets; and ensure appropriate investigations are undertaken if potential fraud is detected.
- C.** Review with Senior Management the Company's capital structure, dividend policy, and share repurchase programs, and make recommendations to the Board for approval, as required.
- D.** Review with Senior Management material changes to the Company's commercial and banking arrangements, including Discretionary Authorities and material terms of the Company's credit facilities in light of the Company's operating strategy, risk exposures, financial policies and changes in the applicable law or accounting requirements.
- E.** Oversee the Company's significant foreign exchange activities, and swaps and hedging transactions.

#### **OTHER PROCEDURES**

- A.** Review with Senior Management the financial risks inherent in the business and the effectiveness of the controls thereon, including risk mitigation and management strategies.
- B.** Oversee and manage any risk areas designated by the Board to the Committee, as such designated risk area is outlined in the Company's enterprise risk management

plan, including implementing appropriate and reasonable plans to mitigate the risks in the Committee's designated risk area.

- C.** Oversee Senior Management's reporting and review of the adequacy of internal controls as designed and implemented by Senior Management.
- D.** Oversee Senior Management's remediation plans to address significant control deficiencies.
- E.** Gain reasonable assurance that the Company complies with the Securities Laws and the requirements of government, regulatory agencies and stock exchange financial reporting and disclosure requirements.
- F.** Oversee the Related Party Transactions Policy.
- G.** Review and consider significant actual or potential liabilities of the Company, whether contingent or otherwise, that are reported to it.
- H.** Review, on a quarterly basis, the reasonableness of the expenses of the Senior Officers.

#### **IV. 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 Company's accounting policies and principles, and the adequacy and effectiveness of the Company'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 Senior 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; and
- (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 the Company's shareholders.

## **V. INTERNAL AUDIT**

- A.** The Vice President, Internal Audit (or appointed designate), has an independent relationship with the Audit Committee with unrestricted access to its members. The Vice President, Internal Audit (or appointed designate), will meet at least quarterly with the Audit Committee. Matters discussed will include the annual audit plan, internal audit reports, the quality of the Company's accounting policies and principles, the adequacy and effectiveness of the Company's internal control and management information systems and if requested by the Audit Committee, in-

camera sessions with the Vice President, Internal Audit (or appointed designate), will be held quarterly or as determined by the Audit Committee.

- B.** The Audit Committee will approve the appointment of the Vice President, Internal Audit.
- C.** The Audit Committee will:
  - (i)** Review annually the Internal Audit Charter;
  - (ii)** Review internal audit strategy and audit plan for the year;
  - (iii)** Review quarterly internal audit reports;
  - (iv)** Review any difficulties which may arise during the course of the internal audit and the ongoing relationship with Senior Management and other departments; and
  - (v)** Annually assess the performance and effectiveness of the internal audit function.

## **VI. 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 review of anonymous submissions by employees in accordance with the 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 to members, minutes for each meeting of the Audit Committee, for approval at the following Audit Committee meeting.



- D.** Review and, as needed, amend the Audit Committee Charter annually, and recommend it for approval by the Board.
- E.** Review the Company's Director & Officer liability insurance policies (in advance of renewal) and property & liability insurance policies, including the credit quality of its insurance carriers and re-insurers.
- F.** Confirm annually to the Board that all responsibilities outlined in this Charter have been carried out.