GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Month Period Ended March 31, 2016

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

TABLE OF CONTENTS

Page

INTRODUCTION

Basis of Discussion and Analysis

This management's discussion and analysis ("MD&A") of the financial highlights, major developments, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other financial information of Great Canadian Gaming Corporation ("Great Canadian", the "Company", "we", "our") is dated as of May 9, 2016.

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended March 31, 2016 ("Condensed Interim Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2015 ("Annual Financial Statements"), our MD&A for the year ended December 31, 2015 and our Annual Information Form for the year ended December 31, 2015. The Condensed Interim Financial Statements are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, ("IAS 34"). Certain information and note disclosures normally included in the Annual Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. Unless expressly stated otherwise, all financial information is expressed in Canadian dollars.

This MD&A is presented on a property or, where appropriate, group of similar properties or consolidated basis as described (and defined) in the "Consolidated Results of Operations" section of this document. Capitalized terms are either defined when they first appear or are defined at the end of this MD&A in the section titled "Other Financial Information - Definitions of Other Terms Used in the MD&A".

Non-IFRS Measures

The following non-IFRS definitions are used in this MD&A because management believes that they provide useful information regarding our ongoing operations. Readers are cautioned that the definitions are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to revenues and net earnings determined in accordance with IFRS or as indicators of performance, liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities and accordingly our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

Except as otherwise noted in this MD&A, Adjusted EBITDA as defined by the Company means Earnings Before Interest and financing costs (net of interest income), Income Taxes, Depreciation and Amortization, share-based compensation, restructuring and other, and foreign exchange loss (gain) and other. Adjusted EBITDA is derived from the condensed interim consolidated statements of earnings, and can be computed as revenues less human resources expenses and property, marketing and administration expenses. We believe Adjusted EBITDA is a useful measure because it provides information to management about the operating and financial performance of the Company and its ability to generate operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures. Adjusted EBITDA is also used by the investors and analysts for the purpose of valuing the Company. A reconciliation of Adjusted EBITDA to shareholders' net earnings under IFRS is shown in the "Consolidated Results of Operations" section of this MD&A.

Adjusted shareholders' net earnings, as defined by the Company, means shareholders' net earnings plus or minus items of note that management may reasonably quantify and that it believes will provide the reader with a better understanding of the Company's underlying business performance. Items of note may vary from time to time and in this MD&A include pre-opening costs for Ontario East Gaming Bundle, restructuring severance costs, other, uneconomic lease provision due to Kent casino closure, jackpot and marketing fund liabilities reversed due to Kent casino closure and the related income taxes thereon. A reconciliation between shareholders' net earnings and adjusted shareholders' net earnings is presented in the "Financial Highlights" section of this MD&A. Adjusted shareholders' net earnings per common share is defined as adjusted shareholders' net earnings divided by the weighted average number of common shares outstanding.

The following non-IFRS measures have common definitions in the gaming industry and provide both investors and management with indications of its business' operating volumes and the volatility inherent in the Company's casino games:

- Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games, and is commonly computed as the aggregate amount of money counted in the table games' drop boxes. Generally, the table drop is an indicator of our gaming business; however over the short-term, the table drop is subject to shifts in customer behaviour around buying, retaining and cashing-in of casino chips.

- Table hold is calculated as the table drop plus or minus the net change in casino chip inventory.

- Table hold percentage is the ratio of table hold divided by table drop. Table hold percentage fluctuates with the statistical variations or volatility inherent in casino games, as well as with changes in customer behaviour around buying, retaining and cashing-in of casino chips.

- Poker rake is the commission we earn from poker games at our casinos, and is calculated as a fixed percentage of the amount wagered by customers on every hand of poker played.

- Slot coin-in is the aggregate amount of money customers have wagered on slots and other electronic gaming machines.

- Slot win is the slot coin-in less amounts cashed out and prizes won by customers.

- Slot win per machine per day ("Slot Win/Slot/Day") is the average daily slot win earned per slot machine, and is calculated as the slot win divided by the number of days in the period, divided by the average number of slot machines that operated during the period.

- Slot win percentage is the ratio of slot win divided by slot coin-in.

Forward-Looking Information

This MD&A contains certain "forward-looking information" or statements within the meaning of applicable securities legislation. Forward-looking information is based on the Company's current expectations, estimates, projections and assumptions that were made by the Company in light of its historical trends and other factors. All information or statements, other than statements of historical fact, are forward-looking information, including statements that address expectations, estimates or projections about the future, the Company's strategy for growth and objectives (including participation in Ontario's gaming modernization program and possible expansion of gaming in Greater Victoria), expected future expenditures, costs, operating and financial results, expected impact of future commitments, the future ability of the Company to operate the Georgian Downs and Flamboro Downs facilities beyond the terms of the signed Ontario Lease Agreements and Ontario Racing Agreements, the impact of new conditions imposed on certain VIP players in British Columbia, the impact of unionization activities, the Company's position on its claim against BCLC with respect to the collection of marketing contributions, the Company's beliefs about the outcome of its notices of objection and subsequent appeals challenging the Canada Revenue Agency's reassessments and its tax position on its facility development commission prevailing, the terms and expected benefits of the normal course issuer bid, and expectations and implications of changes in legislation and government policies. Forward-looking information may be identified by words such as "anticipate", "believe", "expect", or similar expressions. Such forward-looking information is not a guarantee of future performance and may involve a number of risks and uncertainties.

Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to unknown risks, uncertainties, and a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information. Such factors may include, but are not limited to: terms of operational services agreements with lottery corporations; changes to gaming laws that may impact the operational services agreements; pending, proposed or unanticipated regulatory or policy changes (including those that impact VIP play); the outcome of restructuring of gaming in Ontario; the Company's ability to obtain and renew required business licenses, leases, and operational services agreements; the future of horse racing in Ontario; unanticipated fines, sanctions and suspensions imposed on the Company by its regulators; impact of global liquidity and credit availability; 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 results of the Company's litigation with BCLC; the interpretation of the Company's rights under the Mayfair casino operating agreement and the BCLC relocation policy; the Company's tax position on its facility development commission prevailing; adverse tourism trends and further decreases in levels of travel, leisure and consumer spending; competition from established competitors and new entrants in the gaming business; dependence on key personnel; the timing and results of collective bargaining negotiations; adverse changes in the Company's labour relations; the Company's ability to manage its capital projects and its expanding operations; the risk that systems, procedures and controls may not be adequate to meet regulatory requirements or to support current and expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; First Nations rights with respect to some land on which we conduct our operations; future or current legal proceedings; construction disruptions; financial covenants associated with credit facilities and long-term debt; credit, liquidity and market risks associated with our financial instruments; interest and exchange rate fluctuations; non-realization of cost reductions and synergies; demand for new products and services; fluctuations in operating results; economic uncertainty and financial market volatility; technology dependence; and privacy breaches or data theft. The Company cautions that this list of factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors and other risks and uncertainties are discussed in the Company's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the "Risk Factors" section of the Company's Annual Information Form for fiscal 2015, and as identified in the Company's disclosure record on SEDAR at www.sedar.com.

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

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

FINANCIAL HIGHLIGHTS

	First Quarter		
	2016	2015	% Chg
Revenues	**$ 130.9**	$ 109.0	20%
Adjusted EBITDA [(1)]	**$ 43.5**	$ 41.1	6%
Adjusted EBITDA as a % of Revenues	**33.2%**	37.7%	
Shareholders' net earnings	**$ 10.4**	$ 16.1	(35%)
Shareholders' net earnings per common share			
Basic	**$ 0.16**	$ 0.23	(30%)
Diluted	**$ 0.16**	$ 0.23	(30%)
Adjusted shareholders' net earnings [(1)]	**$ 12.1**	$ 16.9	(28%)
	March 31, 2016	December 31, 2015	% Chg
Total assets	**$ 1,043.8**	$ 998.1	5%
Long-term debt	**$ 477.3**	$ 443.0	8%

[(1)] Adjusted EBITDA and Adjusted shareholders' net earnings are non-IFRS measures and are defined in the "Introduction - Non-IFRS Measures" section of this MD&A.

Revenues
For the three month period ended March 31, 2016 ("first quarter of 2016"), the Company recorded revenues of $130.9, a $21.9 or 20% increase from the first quarter of 2015. This increase was primarily due to the additions of $9.7 revenues attributable to the October 2015 acquisition of Casino New Brunswick and $11.9 revenues attributable to Shorelines Casino Thousand Islands and Shorelines Slots at Kawartha Downs (the "Shorelines Casinos") operated by the Company since the acquisition of the Ontario Lottery and Gaming Corporation's Gaming Bundle 2 (East) on January 11, 2016. Revenues increased at most of the Company's properties, most notably Hard Rock Casino Vancouver, Great American Casinos and Other Vancouver Area Casinos. These increases were offset in part by a decline in gaming revenues at River Rock Casino Resort ("River Rock"), which, despite increased slot revenues, experienced a 2.3 percentage point decrease in table hold percentage from the prior year first quarter, as well as a 16% decline in table drop mainly due to decreased high limit table play volume.

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

Adjusted EBITDA
The 6% increase in Adjusted EBITDA in the first quarter of 2016 compared to the first quarter of 2015 was primarily due to the previously mentioned additional revenues from Casino New Brunswick and Shorelines Casinos, as well as Adjusted EBITDA improvements at Hard Rock Casino Vancouver and Great American Casinos, which were partly reduced by a decline at River Rock. Adjusted EBITDA as a percentage of revenues for the first quarter of 2016 was 33.2%, a 4.5 percentage point decrease from the first quarter of 2015, due primarily to the decline in Adjusted EBITDA at River Rock. The percentage decline was also a result of different margins contributed by the newly acquired Ontario East Gaming Bundle.

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

Shareholders' net earnings

Great Canadian's shareholders' net earnings for the first quarter of 2016 were $10.4. After adjusting for the following items of note in the current and prior periods' shareholders' net earnings, the Company's adjusted shareholders' net earnings of $12.1 decreased by $4.8 or 28% in the first quarter of 2016, when compared to the same period in 2015. This decrease was primarily due to increases in amortization expense and restructuring and other costs, as well as a foreign exchange loss in the quarter when compared to the foreign exchange gain in the same period in 2015, all of which were partially offset by the above-mentioned increase in Adjusted EBITDA.

The current and prior periods' shareholders' net earnings included some items of note, which are summarized in the following adjusted shareholders' net earnings table:

	First Quarter		
	2016	2015	% Chg
Shareholders' net earnings	**$ 10.4**	$ 16.1	(35%)
Items of note			
Pre-opening costs for Ontario East Gaming Bundle	**0.7**	-	
Restructuring severance costs	**1.1**	0.7	
Other	**0.5**	-	
Uneconomic lease provision due to Kent casino closure [1]	**-**	0.8	
Jackpot and marketing fund liabilities reversed due to Kent casino closure [1]	**-**	(0.3)	
Income taxes on the above items of note	**(0.6)**	(0.4)	
Adjusted shareholders' net earnings [2]	**$ 12.1**	$ 16.9	(28%)
Adjusted shareholders' net earnings per common share [2]			
Basic	**$ 0.19**	$ 0.24	
Diluted	**$ 0.19**	$ 0.24	
Weighted average shares outstanding			
Basic	**64,402**	69,010	
Diluted	**65,401**	70,902	

(1) Refer to the description in the "Major Developments - Great American Casinos" section of this MD&A.

(2) Adjusted shareholders' net earnings and Adjusted shareholders' net earnings per common share are non-IFRS measures and are defined in the "Introduction - Non-IFRS Measures" section of this MD&A.

Total assets

Total assets increased by $45.7 in the first quarter of 2016, when compared to the total assets as at December 31, 2015. This increase was primarily due to the acquisition of OLG's East Gaming Bundle and cash generated by operations during the first quarter of 2016.

Long-term debt

Long-term debt increased by $34.3 in the first quarter of 2016, when compared to the long-term debt as at December 31, 2015. This was mainly due to $35.0 drawn on the Non-recourse Revolving Credit Facility as described in the "Capital Resources" section of this MD&A.

MAJOR DEVELOPMENTS

British Columbia

Elements Casino (formerly "Fraser Downs Racetrack and Casino")

In September 2014, the Company exercised its renewal option with the British Columbia Lottery Corporation ("BCLC") to extend the term of the Casino Operational Service Agreement ("COSA") under which the Company operates the casino at Elements Casino. Under the terms of the contract extension, the Company will have an additional 10 years of term certainty until March 31, 2024. As part of the requirements of the renewal, the Company renovated and rebranded the property to "Elements Casino" on December 17, 2015. The redevelopment included gaming, facility layout, food and beverage and entertainment enhancements throughout the property, including a buffet and entertainment lounge. Exterior changes to the facility provide more street presence to passing traffic. As at March 31, 2016, the Company had spent approximately $8.4 on the redevelopment.

Hard Rock Casino Vancouver

Throughout 2013, the Company renovated and rebranded its wholly owned and operated Boulevard Casino, located in Coquitlam, British Columbia, as "Hard Rock Casino Vancouver" under a trademark license from Hard Rock Hotel & Casino HRHH IP, LLC ("HRHH"). The initial term of the license agreement is for a period of 10 years and will renew for additional two periods of five years provided Hard Rock Casino Vancouver achieves specified increased revenue targets. The renovation and rebranding of the project was substantially completed in December 2013 and cost approximately $13.3.

The Company continues to assess its plans for the second phase of the property's redevelopment. It is contemplated that this second phase will feature a hotel, conference facilities, additional dining options, and further integration of Hard Rock Casino Vancouver's existing entertainment and dining amenities. Prior to the rebranding to Hard Rock Casino Vancouver, the property's performance experienced substantial erosion and the local marketplace has not recovered the way the Company had expected when plans were initially made for this second phase of development. After more than two years following the redevelopment, despite continued confidence in the brand, the Company still needs to gain greater certainty of the business's recovery before proceeding with the second phase investments. The timeline for the second phase will be announced at a later date. The related property redevelopments and modifications remain subject to approvals from BCLC and the City of Coquitlam. As at March 31, 2016, the Company had spent $3.0 of an estimated total of $50.0 on this second phase of the project.

On February 17, 2015, the Company opened the newly renovated VIP gaming area at the Hard Rock Casino Vancouver to capitalize on the high-end baccarat play that is continuing to grow in the marketplace. The layout of the facility was changed to better position the VIP gaming area. An enhanced high-limit table area was added, with two new private VIP gaming rooms. As at March 31, 2016, the Company had spent a total of $0.6 on the renovation.

As a part of the Company's efforts to increase traffic and improve results at the Hard Rock Casino Vancouver, the Company initiated plans to improve the food and beverage offerings by building a value-priced buffet option for guests. This project was completed ahead of schedule during the third quarter of 2015 and the Buffet at Unlisted opened on September 16, 2015 for a total cost of $0.3.

During the first quarter of 2016, the Company added two high-end baccarat tables to further enhance the VIP gaming room and added two mid-level baccarat tables to the main gaming floor.

River Rock Casino Resort

On February 12, 2015, the Company opened the renovated Salon Privé VIP gaming area at River Rock. An expansion of the VIP gaming area provided over 3,500 square feet of additional VIP gaming space, including one new private gaming room and two semi private rooms, which offer ten additional baccarat tables. In 2015, the Company had spent $2.4 on the renovation.

In the third quarter of 2015, the Company began a $0.4 project to expand River Rock's premium slot gaming area to provide players with a more private gaming space. As at March 31, 2016, the Company had spent $0.3 on the expansion, which was substantially completed in November 2015.

During the first quarter of 2016, two additional high limit blackjack tables were added to the Phoenix Room and two additional baccarat tables were added to the Maple Room. On the main gaming floor, eight stand-up baccarat tables have been replaced with eight sit-down tables to better service the mid-level premium mass market, bringing the total sit-down baccarat tables to twelve on the main gaming floor. Four other table games were also converted into stand-up baccarat tables.

Casino Nanaimo

Planning is underway for renovations to Casino Nanaimo with a budget of approximately $2.4, with work to begin in the second quarter of 2016. The Company plans to expand both gaming and non-gaming amenities to better service the community and increase revenue by adding a VIP slot area, building a new Poker/Racebook room, and adopting the successful Well Brand which will allow the property to offer greater entertainment options, including viewing parties for sporting events and comedy shows.

Chances Chilliwack

In January 2016, the Company added 50 slot machines at Chances Chilliwack in response to increased market demand bringing the total number of slot machines at this property to 240 at March 31, 2016.

BC Horse Racing

On February 14, 2014, the BC Horse Racing Industry Management Committee ("BCHRIMC") finalized a multi-year industry funding arrangement amongst both the province's Thoroughbred sector and the Standardbred sector and their respective track operators, Hastings Racecourse and Slots Facility ("Hastings") and Elements Casino. The BCHRIMC has indicated that this funding arrangement will be in place through to 2016 for the Thoroughbred sector and through to 2018 for Standardbreds.

The funding model is an extension of the arrangements in place since 2012 whereby pooled income from all the industry's revenue sources is allocated to the industry stakeholders. For 2016, the total of both Hastings' and Elements Casino's racing industry revenue share percentage is expected to be consistent with the prior year. The BCHRIMC also approved race days and season lengths for 2016, which have been ratified by the provincial Gaming Policy and Enforcement Branch. These days include 53 confirmed Thoroughbred race days at Hastings over a six-month season (2015 - six) and 61 confirmed Standardbred race days at Elements Casino over a six-month season (2015 - seven).

The Company continues to collaborate with industry stakeholders to achieve greater sustainability and certainty for the industry.

Union Drives at River Rock Casino Resort, Elements Casino and Hard Rock Casino Vancouver

In recent months, the BC Labour Relations Board ("BCLRB") certified a unit of employees at River Rock Casino Resort to be represented by the BC Government and Service Employees' Union ("BCGEU"). Since certification, the union has been attempting to increase the number of employees that it represents at the property. The number of hourly staff at River Rock that could potentially be represented by the bargaining unit currently proposed by BCGEU would comprise approximately 77% of the total 1,260 hourly employees at the property and represents approximately 68% of the property's human resources costs of $13.9 for the first quarter of 2016.

In February 2016, the Casino Employees Association was certified as one bargaining unit to represent approximately 22% of the total 320 hourly employees at Elements Casino. The unit also represents approximately 21% of the property's human resources costs of $3.4 for the first quarter of 2016.

During the first quarter of 2016, two votes have been held involving employees of Hard Rock Casino Vancouver applying for union certification with representation by BCGEU. Subsequent to the first quarter end, a third vote was held. Ballot boxes have been sealed on all three of these votes until the BCLRB can review the Company's objections to the appropriateness of the bargaining units. As such, the outcome of the votes may not be known for several months. The number of hourly employees at Hard Rock Casino Vancouver that could potentially be represented by these units is approximately 74% of the total 570 hourly employees at the property. The proposed units also represent approximately 60% of the property's human resources costs of $6.0 for the first quarter of 2016.

As at March 31, 2016, Great Canadian had approximately 740 unionized employees across its entire property portfolio (and up to 1,720 if all eligible employees are unionized at River Rock) out of a total of approximately 5,400 employees. As collective bargaining with River Rock's respective unit(s), Elements Casino's unit and Hard Rock Casino Vancouver's potential unit(s) have not commenced, the financial outcome of such efforts is not determinable at this time.

Possible Expansion of Gaming in Greater Victoria

On October 1, 2015, BCLC solicited expressions of interest from several prospective host local governments for the establishment of a new casino or community gaming facility. The prospective host local governments that were solicited were: Victoria, Esquimalt, Saanich, Oak Bay, and the Esquimalt and Songhees First Nations. In April 2016, BCLC announced that it had concluded the first phase of the expression of interest process and announced that the District of Saanich and the City of Victoria will proceed to the next stage. BCLC has indicated that an important factor in choosing a location for a new gaming facility would be the minimization of the impact on any existing gaming facilities, such as the View Royal Casino in View Royal which is geographically proximate to the District of Saanich and the City of Victoria.

Both the District of Saanich and the City of Victoria are geographically proximite to the Company's former Mayfair casino which was located in Victoria, BC and was closed in 2002. The casino operating agreement for Mayfair was placed in abeyance by BCLC in February 2002. BCLC, the Province of British Columbia and the Company are party to a casino relocation agreement regarding the Mayfair casino operating agreement pursuant to which the location covered by the Mayfair casino operating agreement could be relocated, subject to compliance with the prevailing BCLC relocation policy. The Mayfair casino operating agreement remains in force pending such relocation. Should it be determined that a new casino or community gaming facility will move forward in any of the communities identified by BCLC, the Company intends to request relocation of the Mayfair Casino operating agreement to the new location within one of the chosen host local governments.

The relocation of a casino or community gaming facility in any community is a complex process with many stakeholders to consider and many approvals required to be obtained. As such, there can be no assurance that a relocation of the Mayfair casino operating agreement will result, despite the Company's intention to relocate the Mayfair casino operating agreement and it is possible that the relocation of that agreement may not occur in connection with the process that has been initiated by BCLC.

BCLC Introduced Additional Conditions for Certain VIP Players in British Columbia

Late in the third quarter of 2015, BCLC introduced additional conditions for certain VIP players in British Columbia that include a requirement to demonstrate source of funds used to purchase gaming chips. The effect of these conditions is not currently known, but management believes they have caused and will likely lead to a reduction in the amount of gaming chips purchased, corresponding reduction in play and therefore reduced revenues at all BC casinos that have significant VIP play.

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

Ontario

Request for Gaming Service Providers

In May 2012, OLG issued a request for information ("RFI") to obtain input from potential industry participants regarding the modernization of gaming in Ontario. OLG stated that as a result of the feedback from the RFI, and to enable OLG to more effectively manage the gaming market in Ontario, OLG has grouped all of the 28 Gaming Zones into a maximum of nine Gaming Bundles in the Province of Ontario, of which 27 Gaming Zones have been grouped into the eight Gaming Bundles which will undergo a procurement process for the modernization of land-based gaming, with each of such six bundles representing a separate bidding opportunity. Potential relocation of the existing Gaming Sites in Gaming Zones to other locations within such Gaming Zones are subject to municipal, OLG and Ontario Government approvals. In November 2012, OLG initiated the request for pre-qualifications ("RFPQ") process to pre-qualify service providers for eligibility to participate in the request for proposals process for the Gaming Bundles. The Company is seeking to participate in future opportunities that have arisen from the intention to modernize gaming in Ontario. To that end, the Company (alone and with proposed partners) has submitted several RFPQs to OLG.

On September 9, 2015, the Company announced that Ontario Gaming East Limited Partnership ("OGELP" or "the Partnership"), a partnership in which the Company now owns a 90.5% interest, was selected as the successful proponent by OLG to operate gaming facilities in OLG's Gaming Bundle 2 (East) (the "East Gaming Bundle"). OGELP signed a business transition and asset purchase agreement with OLG on September 8, 2015 and signed a 20-year casino operating and services agreement on January 11, 2016. Under the business transition and asset purchase agreement, OGELP acquired certain of OLG's gaming assets in the East Gaming Bundle, including OLG Casino Thousand Islands, the slot operations within leased space at Kawartha Downs near the City of Peterborough and a new build opportunity to service the City of Belleville and the municipality of Quinte West. The purchase price for such assets was $46.9 of cash consideration, including net working capital of $9.5. On acquisition, the Company rebranded the Kawartha Downs facility and Casino Thousand Islands to Shorelines Slots at Kawartha Downs and Shorelines Casino Thousand Islands, respectively. A third, new Shorelines Casino is being developed in Belleville with a targeted completion by the end of the first quarter of 2017.

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

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

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

On completion of the acquisition from OLG, OGELP had approximately $32.0 in partner capital contributions and a $60.0 revolving credit facility arranged on a non-recourse basis to Great Canadian and the minority partner's parent company. The acquisition was funded with $16.3 of cash from partners' capital and $35.0 of debt borrowed on the revolving credit facility. OGELP also issued a $15.0 letter of credit to OLG to secure performance under the COSA, which further reduced the available borrowing capacity on OGLEP's revolving credit facility.

Great Canadian will manage the property developments and operations of OGELP through a development services agreement and a management services agreement with OGELP. Great Canadian will earn associated fees from OGELP for providing these services.

OGELP has commenced a comprehensive development plan for the East Gaming Bundle, including a new full service casino and entertainment facility located in Belleville, Ontario to service that city and surrounding region, including the neighboring municipality of Quinte West. During the first quarter of 2016, OGELP acquired land in Belleville, Ontario and development of this property, which is already underway, is targeted to reach completion by the end of the first quarter of 2017. OGELP is also considering the possible relocation of the existing Kawartha Downs Slots facility to a location within the city limits of Peterborough. This move, which is targeted to reach completion by the end of the third quarter of 2017, would offer guests a wider array of gaming and entertainment options. OGELP is working to obtain the necessary approvals, including from the City of Peterborough, OLG and the Province of Ontario for the planned relocation. OGELP expects to complete the renovation of Shorelines Casino Thousand Islands by the end of the third quarter of 2018. In addition to the cash from initial partner capital contributions remaining subsequent to the acquisition and the last $10.0 of liquidity under OGELP's revolving credit facility, as well as cash generated by the acquired operations, the partners expect to increase their capital contributions as OGELP completes its development plans at each of its East Gaming Bundle properties. As at March 31, 2016, OGELP has spent $0.8 on these development plans.

The Company was notified by OLG during the fourth quarter of 2015 that it is pre-qualified to submit a Request for Proposal in respect of two more of its RFPQ submissions - Gaming Bundle 4 (Southwest) (the "Southwest Gaming Bundle") and Gaming Bundle 5 (GTA) (the "Greater Toronto Area Gaming Bundle"). The Southwest Gaming Bundle includes six gaming zones covering the following municipalities: Zone SW3 – City of Woodstock and Oxford County, currently serviced by OLG Slots at Woodstock Raceway; Zone SW4 – City of London and surrounding areas, currently serviced by OLG Slots at Western Fair District; Zone SW5 – Huron County, currently serviced by OLG Slots at Clinton Raceway; Zone SW6 – Chatham-Kent and surrounding areas, currently serviced by OLG Slots at Dresden Raceway; Zone SW7 – Bruce County and Grey County, currently serviced by OLG Slots at Hanover Raceway; and Zone SW8 – Point Edward and Sarnia, currently serviced by OLG Casino Point Edward.

The Greater Toronto Area Gaming Bundle is comprised of two gaming zones that cover the following municipalities: Zone C2 – the Rexdale area located west of the City of Toronto, currently serviced by OLG Slots at Woodbine Racetrack and Zone C3 – Ajax, Pickering and Whitby and surrounding areas, currently serviced by OLG Slots at Ajax Downs. The RFP for the Greater Toronto Area Gaming Bundle considers a future potential opportunity being, following a consultation process, the possible addition to the Greater Toronto Area Gaming Bundle of Zone C8 – Territory of Mississaugas of Scugog Island First Nation, currently serviced by Great Blue Heron Charity Casino. Second, a right of first opportunity for a new greenfield build to better service the Greater Toronto Area – subject to the appropriate government approvals and OLG's ability to secure a willing host municipality.

The Company is currently evaluating these RFP opportunities to determine its plans to bid on these gaming bundles with partners. For the Southwest Gaming Bundle, the Company intends to be the majority partner. For the Greater Toronto Area Gaming Bundle, the Company intends to be an equity partner. For both of these gaming bundles, the Company intends to enter into management and development services agreements with its respective partners to oversee the property development activities and operations of each zone. The OLG has publicly stated that they expect to announce a successful proponent for the Southwest Gaming Bundle by Winter 2016/2017 and for the Greater Toronto Area Gaming Bundle by late Summer 2017.

It is not certain at this time whether the Company or any proponent team of which it is a member will be a successful bidder on any other gaming bundles. While a partnership in which the Company holds a majority interest has been selected as the successful proponent for the East Gaming Bundle, the full extent of the impact that the continued modernization of gaming in Ontario will have on the Company is not yet known.

Casino Nova Scotia

In June 2014, the Company exercised its renewal option with the Nova Scotia Provincial Lotteries and Casino Corporation ("NSPLCC") to extend the term of the second Amended and Restated Casino Operating Contract ("AROC"), effective July 1, 2015. Under the terms of the contract option extension, the Company will have a minimum of 10 years of term certainty as the casino operator of the Nova Scotia casinos and has committed to make capital investments totalling $10.0 to the casino business, subject to a revitalization plan and schedule approved by NSPLCC. The Company has started to incur costs towards an estimated $1.0 of the capital cost commitments at Sydney, Nova Scotia on renovation projects that are expected to be completed by the end of the second quarter of 2016.

Casino New Brunswick

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

Great American Casinos

On March 14, 2015, the Company closed its Great American Casino located in Kent, Washington due to prolonged declining operating results. In connection with the closure, the Company incurred during the first quarter of 2015 restructuring costs of $1.0, which were primarily attributed to an uneconomic lease agreement and employee severance costs.

Normal Course Issuer Bid

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

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

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

Share Repurchase

On June 29, 2015, after receiving the required gaming and securities regulatory approvals, Great Canadian purchased 3,400,000 of the Company's common shares (the "Estate Shares") from a company controlled by the Estate of Ross J. McLeod, a former director and officer of the Company who passed away in 2011. The purchase price for the Estate Shares was, in compliance with applicable rules, based on the 20 day average price. The purchase price was $77.7, or $22.8545 dollars per share. The purchased Estate Shares represented approximately 4.87% of the number of outstanding common shares on that date and were subsequently cancelled.

Income Tax Treatment of Facility Development Commission

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

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

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

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

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

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

CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes the consolidated operating results for the three month period ended March 31, 2016 with comparatives for the prior period.

	First Quarter		
	2016	2015	% Chg
Gaming revenues	**$ 92.7**	$ 74.7	24%
Facility Development Commission	**9.2**	9.5	(3%)
Hospitality, lease and other revenues	**35.2**	27.6	28%
Racetrack revenues	**3.7**	3.3	12%
	140.8	115.1	22%
Less: Promotional allowances	**(9.9)**	(6.1)	62%
Revenues	**130.9**	109.0	20%
Human resources	**50.7**	41.5	22%
Property, marketing and administration	**36.7**	26.4	39%
	87.4	67.9	29%
Adjusted EBITDA	**43.5**	41.1	6%
Human resources as a % of Revenues before Promotional allowances	**36.0%**	36.1%	
Adjusted EBITDA as a % of Revenues	**33.2%**	37.7%	
Amortization	**13.3**	9.4	
Share-based compensation	**2.1**	2.2	
Interest and financing costs, net	**8.7**	7.8	
Restructuring and other	**3.4**	1.6	
Other expenses	**1.0**	(1.9)	
Income taxes	**4.6**	5.9	
Shareholders' net earnings	**$ 10.4**	$ 16.1	(35%)
Shareholders' net earnings per common share			
Basic	**$ 0.16**	$ 0.23	
Diluted	**$ 0.16**	$ 0.23	
Weighted average number of common shares (in thousands)			
Basic	**64,402**	69,010	
Diluted	**65,401**	70,902	

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

Discussion of Results

The Company's operating results are discussed in two sections: (1) Adjusted EBITDA, consisting of revenues, human resources expenses and property, marketing and administration expenses, which is discussed on a property or, where appropriate, group of similar properties basis, and (2) items excluded from Adjusted EBITDA, which are discussed on a consolidated basis. The following table reconciles the property results to the consolidated results of operations on the previous page.

REVENUES and ADJUSTED EBITDA

	First Quarter		
	2016	2015	% Chg
REVENUES			
River Rock Casino Resort	**$ 41.6**	$ 47.8	(13%)
Hard Rock Casino Vancouver	**15.7**	13.9	13%
Other Vancouver Area Casinos	**10.8**	9.3	16%
Vancouver Island Casinos	**9.6**	9.2	4%
Other BC Casinos	**5.7**	5.6	2%
Atlantic Casinos	**19.0**	8.4	126%
Great American Casinos	**10.2**	8.4	21%
Ontario Properties	**18.3**	6.4	186%
Total Revenues	**$ 130.9**	$ 109.0	20%
ADJUSTED EBITDA [(1)]			
River Rock Casino Resort	**$ 18.6**	$ 25.1	(26%)
Hard Rock Casino Vancouver	**5.9**	4.1	44%
Other Vancouver Area Casinos	**2.1**	1.8	17%
Vancouver Island Casinos	**5.3**	5.0	6%
Other BC Casinos	**2.7**	2.7	0%
Atlantic Casinos	**4.4**	1.2	267%
Great American Casinos	**3.8**	2.2	73%
Ontario Properties	**5.4**	3.5	54%
Corporate & Other	**(4.7)**	(4.5)	(4%)
Total Adjusted EBITDA	**$ 43.5**	$ 41.1	6%

[(1)] Adjusted EBITDA is a non-GAAP measure defined in the "Introduction - Non-GAAP Measures" section of this MD&A.

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

Casinos

River Rock Casino Resort

	First Quarter		
	2016	2015	% Chg
Gaming revenues	**$ 28.4**	$ 33.8	(16%)
Facility Development Commission	**4.2**	4.9	(14%)
Hospitality and other revenues	**12.1**	11.7	3%
Revenues before Promotional allowances	**44.7**	50.4	(11%)
Less: Promotional allowances	**(3.1)**	(2.6)	19%
Revenues	**41.6**	47.8	(13%)
Human resources	**13.9**	13.9	0%
Property, marketing and administration	**9.1**	8.8	3%
Adjusted EBITDA	**$ 18.6**	$ 25.1	(26%)
Human resources as a % of Revenues before Promotional allowances	**31.1%**	27.6%	
Adjusted EBITDA as a % of Revenues	**44.7%**	52.5%	

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Average
Table Drop	$ 247.8	$ 251.5	$ 309.9	$ 282.0	$ 293.6	$ 286.7	$ 326.9	$ 338.5	$ 266.9	
Table Hold	$ 44.6	$ 49.5	$ 57.3	$ 57.0	$ 59.6	$ 71.8	$ 64.9	$ 72.0	$ 59.1	
Table Hold %	18.0%	19.7%	18.5%	20.2%	20.3%	25.0%	19.9%	21.3%	22.2%	20.6%
Poker Rake	$ 1.0	$ 1.0	$ 1.1	$ 0.9	$ 1.1	$ 0.9	$ 1.0	$ 1.1	$ 1.0	
Slot Coin-In	$ 609.5	$ 592.4	$ 629.6	$ 607.2	$ 580.0	$ 588.2	$ 583.8	$ 578.6	$ 498.1	
Slot Win	$ 40.2	$ 40.0	$ 41.0	$ 38.9	$ 37.3	$ 37.7	$ 39.3	$ 38.3	$ 34.5	
Slot Win/Slot/Day(1)	$ 395	$ 398	$ 405	$ 389	$ 378	$ 372	$ 389	$ 383	$ 350	
Slot Win %	6.6%	6.8%	6.5%	6.4%	6.4%	6.4%	6.7%	6.6%	6.9%	6.6%

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

Recent Developments

As discussed in the "Major Developments – British Columbia" section of this MD&A, late in the third quarter of 2015, BCLC introduced additional conditions for certain VIP players in British Columbia that include a requirement to demonstrate source of funds used to purchase gaming chips. The effect of these conditions is not currently known, but management believes they have caused and will likely lead to a reduction in the amount of gaming chips purchased, as well as a corresponding reduction in play and therefore reduced revenues, at our gaming facilities in British Columbia, in particular River Rock. The estimated portion of River Rock's revenues generated from the VIP players affected by these additional conditions over the 12 months ended September 30, 2015 was approximately $20.0. While table drop levels in a period may be affected by changes in player behaviour, such as frequency and duration of visits to the property and changed levels of wagering during such visits, management believes that a significant portion of the decline in River Rock's table drop and gaming revenues during the first quarter of 2016 was attributed to these additional conditions required for certain VIP players. In addition, a portion of the decline in gaming revenues relative to prior year was due to volatility inherent in table games as evidenced by the 2.3 percentage point decrease in table hold percentage in this year's first quarter when compared to the prior year's first quarter table hold percentage.

Revenues

Gaming revenues at River Rock decreased by 16% in the first quarter of 2016 when compared to the first quarter of 2015. This decline was primarily due to the 16% decrease in table drop and the 2.3 percentage point decrease in table hold percentage to a below-average 18.0% from the prior year period, resulting in a 25% decrease in table hold. The decrease in table drop was mainly attributed to a decrease in high limit table play volume. These decreases were partially offset by the 8% increase in slot win, due to a 5% increase in slot coin-in and a 0.2 percentage point increase in slot win percentage.

Hospitality and other revenues increased by 3% in the first quarter of 2016, when compared to the same period in 2015. This increase was primarily due to growth in both food and beverage and hotel revenues.

River Rock's hotel capacity includes the "River Rock Casino Resort Suites", which has 202 rooms, and "The Hotel at River Rock" with 193 rooms offered at a lower price point. On a combined basis, including the effect of interdepartmental sales to the casino that are deducted as promotional allowances to arrive at facility revenues, River Rock's average daily hotel revenue per available room ("REVPAR") was $113 dollars in the first quarter of 2016, compared to $102 dollars in the first quarter of 2015. This increase was due to a three percentage point increase in the average hotel occupancy rate to 68% and an increase in the average daily room rate ("ADR") from $157 to $168 dollars for the first quarter of 2016.

Expenses
Human resources expenses were relatively consistent in the first quarter of 2016 when compared to the same period in 2015.

Property, marketing and administration expenses increased by 3% in the first quarter of 2016, when compared to the same period in 2015. This increase was mainly due to an increase in marketing expenses.

Adjusted EBITDA
Adjusted EBITDA decreased by 26% in the first quarter of 2016, when compared to the same period in 2015. This decline was primarily attributed to the previously noted decreases in gaming revenues, partially offset by increases in hospitality and other revenues.

Labour Relations
Refer to the "Major Developments" section of this MD&A for the status of a recent union certification at River Rock.

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

Hard Rock Casino Vancouver

	First Quarter		
	2016	2015	% Chg
Gaming revenues	**$ 11.6**	$ 10.0	16%
Facility Development Commission	**1.8**	1.6	13%
Hospitality and other revenues	**3.4**	3.1	10%
Revenues before Promotional allowances	**16.8**	14.7	14%
Less: Promotional allowances	**(1.1)**	(0.8)	38%
Revenues	**15.7**	13.9	13%
Human resources	**6.0**	5.8	3%
Property, marketing and administration	**3.8**	4.0	(5%)
Adjusted EBITDA	**$ 5.9**	$ 4.1	44%
Human resources as a % of Revenues before Promotional allowances	**35.7%**	39.5%	
Adjusted EBITDA as a % of Revenues	**37.6%**	29.5%	

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Average
Table Drop	$ 56.6	$ 54.6	$ 51.1	$ 44.3	$ 44.0	$ 38.9	$ 38.5	$ 40.6	$ 51.3	
Table Hold	$ 11.9	$ 10.1	$ 8.7	$ 8.9	$ 8.8	$ 7.3	$ 7.3	$ 7.5	$ 7.1	
Table Hold %	20.8%	18.5%	17.0%	20.0%	20.0%	18.8%	19.0%	18.6%	13.8%	18.5%
Poker Rake	$ 0.8	$ 1.0	$ 1.1	$ 0.9	$ 1.0	$ 1.0	$ 1.0	$ 1.4	$ 1.2	
Slot Coin-In	$ 356.6	$ 365.4	$ 331.1	$ 315.5	$ 311.8	$ 324.3	$ 319.3	$ 321.1	$ 318.9	
Slot Win	$ 25.1	$ 25.9	$ 24.2	$ 23.9	$ 22.9	$ 23.4	$ 23.1	$ 23.4	$ 23.2	
Slot Win/Slot/Day(1,2)	$ 301	$ 310	$ 287	$ 288	$ 291	$ 275	$ 265	$ 275	$ 270	
Slot Win %	7.0%	7.1%	7.3%	7.6%	7.3%	7.2%	7.2%	7.3%	7.3%	7.3%

(1) Slot Win/Slot/Day is an average, presented in dollars.
(2) During December 2014, the Company removed 99 slot machines resulting in 850 slot machines at December 31, 2014.
During December 2015, the Company added 72 slot machines resulting in 922 slot machines at December 31, 2015.

Revenues
Gaming revenues increased by 16% in the first quarter of 2016 when compared to the same period in 2015. The growth was primarily due to the 29% increase in table drop and 0.8 percentage point increase in table hold percentage, resulting in a 35% increase in table hold. This table growth was mainly attributed to increased play in the VIP gaming area that was opened in February 2015. Slot win increased by 10% due primarily to a 14% increase in slot coin-in, which was a result of focussed marketing efforts.

Hospitality and other revenues increased by 10% in the first quarter of 2016, when compared to the same period in 2015. This increase was primarily due to the opening of the new "Buffet at Unlisted" in September 2015 and increased business volumes.

Expenses
Human resources expenses increased by 3% in the first quarter of 2016 when compared to the same period in 2015, primarily due to higher staffing levels required for the increased business volumes.

Property, marketing and administration expenses decreased 5% in the first quarter of 2016, when compared to the prior year period, primarily due to decreased marketing and promotions expenses.

Adjusted EBITDA
Adjusted EBITDA increased by 44% in the first quarter of 2016, when compared to the same period of 2015. This increase was primarily due to the improvement in gaming revenues.

Labour Relations
Refer to the "Major Developments" section of this MD&A for the status of a recent union drive at Hard Rock Casino Vancouver.

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

Other Vancouver Area Casinos (Elements Casino (formerly "Fraser Downs Racetrack and Casino") and Hastings Racecourse and Slots Facility)

	First Quarter		
	2016	2015	% Chg
Gaming revenues	**$ 6.2**	$ 5.2	19%
Facility Development Commission	**1.2**	1.0	20%
Racetrack revenues	**2.5**	2.1	19%
Hospitality and other revenues	**2.0**	1.4	43%
Revenues before Promotional allowances	**11.9**	9.7	23%
Less: Promotional allowances	**(1.1)**	(0.4)	175%
Revenues	**10.8**	9.3	16%
Human resources	**4.9**	4.3	14%
Property, marketing and administration	**3.8**	3.2	19%
Adjusted EBITDA	**$ 2.1**	$ 1.8	17%
Human resources as a % of Revenues before Promotional allowances	**41.2%**	44.3%	
Adjusted EBITDA as a % of Revenues	**19.4%**	19.4%	

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Average
Table Drop	$ 13.3	$ 7.7	$ 7.4	$ 6.7	$ 6.6	$ 5.9	$ 5.9	$ 6.0	$ 5.7	
Table Hold	$ 2.6	$ 1.8	$ 1.6	$ 1.4	$ 1.6	$ 1.5	$ 1.4	$ 1.5	$ 1.4	
Table Hold %	19.8%	23.8%	21.7%	20.9%	24.2%	25.4%	23.7%	24.7%	25.3%	22.8%
Poker Rake	$ 0.1	$ 0.2	$ 0.4	$ 0.3	$ 0.5	$ 0.4	$ 0.4	$ 0.4	$ 0.3	
Slot Coin-In	$ 295.2	$ 241.0	$ 232.2	$ 231.4	$ 227.9	$ 223.7	$ 228.1	$ 225.2	$ 209.5	
Slot Win	$ 21.1	$ 18.2	$ 17.6	$ 17.0	$ 16.9	$ 16.2	$ 17.2	$ 17.3	$ 15.3	
Slot Win/Slot/Day[(1)]	$ 220	$ 214	$ 191	$ 187	$ 183	$ 167	$ 177	$ 180	$ 160	
Slot Win %	7.2%	7.4%	7.5%	7.3%	7.4%	7.2%	7.5%	7.7%	7.3%	7.4%

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

Live race days	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Elements Casino	30	28	-	7	27	27	8	8	25
Hastings	-	7	26	20	-	8	27	19	-

Recent Developments
As described in the "Major Developments" section of this MD&A, the Company completed the renovation and rebranding of Fraser Downs to Elements Casino on December 17, 2015. Since the rebranding, Elements Casino has seen improvements in its gaming volumes and food and beverage revenues.

Revenues
Revenues at the Other Vancouver Area Casinos increased by 16% in the first quarter of 2016, when compared to the same period in 2015. This increase was primarily due to the renovation and rebranding of Elements Casino that increased its gaming offerings and led to increases in the table drop and slot coin-in by 102% and 30%, respectively, partially offset by a 4.4 percentage point decline in table hold and a 0.2 percentage point decline in slot win percentage.

The increase of $0.7 in promotional allowances in the first quarter of 2016, when compared to the first quarter of 2015, primarily resulted from focussed marketing efforts.

Expenses
Human resources expenses increased by 14% in the first quarter of 2016, when compared to the same

period in 2015, due to higher staffing levels required for increased business volumes.

Property, marketing and administration expenses increased by 19% in the first quarter of 2016, when compared to the same period in 2015, due primarily to increased marketing expenses and food and beverage expenses required for the increased business volumes.

Adjusted EBITDA
Adjusted EBITDA at the Other Vancouver Area Casinos increased by 17% in the first quarter of 2016, when compared with the same period of 2015. This improvement was primarily due to the growth in revenues, partially offset by the increase in expenses.

Labour Relations
A collective agreement with MoveUp (formerly known as Canadian Office and Professional Employees Union, Local 378) with a term covering August 1, 2012 through December 31, 2014, is applicable to employees of Hastings Racecourse, excluding food and beverage workers. Notice to commence collective bargaining has not been initiated, but by virtue of that fact that the parties are deemed to have given notice to commence bargaining pursuant to section 46(4) of the BC Labour Relations Code, proposed dates will be determined in the coming months. In addition, the current term of the Collective Agreement with Unite Here, Local 40, which represents the Food and Beverage employees of Hastings Racecourse, will expire on June 30, 2016. Notice to commence collective bargaining has not been initiated by either party; proposed dates will be determined in the coming months.

Refer to the "Major Developments" section of this MD&A for the status of a recent union certification at Elements Casino.

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

Vancouver Island Casinos (View Royal Casino and Casino Nanaimo)

	First Quarter		
	2016	2015	% Chg
Gaming revenues	**$ 7.8**	$ 7.4	5%
Facility Development Commission	**1.2**	1.2	0%
Hospitality and other revenues	**1.2**	1.1	9%
Revenues before Promotional allowances	**10.2**	9.7	5%
Less: Promotional allowances	**(0.6)**	(0.5)	20%
Revenues	**9.6**	9.2	4%
Human resources	**2.9**	3.0	(3%)
Property, marketing and administration	**1.4**	1.2	17%
Adjusted EBITDA	**$ 5.3**	$ 5.0	6%
Human resources as a % of Revenues before Promotional allowances	**28.4%**	30.9%	
Adjusted EBITDA as a % of Revenues	**55.2%**	54.3%	

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Average
Table Drop	$ 14.6	$ 12.3	$ 12.5	$ 12.3	$ 12.9	$ 12.6	$ 11.3	$ 11.9	$ 11.4	
Table Hold	$ 3.2	$ 3.0	$ 2.6	$ 2.8	$ 3.1	$ 2.9	$ 2.7	$ 2.7	$ 2.8	
Table Hold %	22.4%	24.8%	21.4%	22.8%	24.5%	23.0%	23.9%	22.7%	24.8%	23.1%
Slot Coin-In	$ 381.4	$ 380.6	$ 383.5	$ 354.8	$ 364.9	$ 353.5	$ 367.2	$ 364.1	$ 365.9	
Slot Win	$ 26.4	$ 27.1	$ 26.8	$ 25.7	$ 25.4	$ 25.7	$ 25.9	$ 26.6	$ 25.2	
Slot Win/Slot/Day(1)	$ 310	$ 315	$ 311	$ 302	$ 302	$ 298	$ 302	$ 313	$ 306	
Slot Win %	6.9%	7.0%	6.9%	7.2%	7.0%	7.3%	7.0%	7.3%	6.9%	7.1%

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

Recent Developments
As described in the "Major Developments" section of this MD&A, the Company is planning to renovate Casino Nanaimo to expand the gaming and non-gaming amenities to better service the community and increase revenues at this property.

Revenues
Revenues at the Vancouver Island Casinos increased by 4% in the first quarter of 2016, when compared to the same period in 2015. This increase was mainly attributable to the increases in both table drop and slot coin-in.

Expenses
Human resource expenses were relatively consistent in the first quarter of 2016, when compared to the same period of 2015.

Property, marketing and administration expenses increased by 17% in the first quarter of 2016, when compared to the same period of 2015, mainly due to an increase in promotions expenses.

Adjusted EBITDA
Adjusted EBITDA at the Vancouver Island Casinos increased by 6% in the first quarter of 2016, when compared to the same period of 2015. This increase was primarily due to the improvement in gaming revenues.

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

Other BC Casinos (Chances Dawson Creek, Chances Maple Ridge and Chances Chilliwack)

	First Quarter		
	2016	2015	% Chg
Gaming revenues	**$ 4.1**	$ 3.9	5%
Facility Development Commission	**0.8**	0.8	0%
Hospitality and other revenues	**1.2**	1.1	9%
Revenues before Promotional allowances	**6.1**	5.8	5%
Less: Promotional allowances	**(0.4)**	(0.2)	100%
Revenues	**5.7**	5.6	2%
Human resources	**1.7**	1.7	0%
Property, marketing and administration	**1.3**	1.2	8%
Adjusted EBITDA	**$ 2.7**	$ 2.7	0%
Human resources as a % of Revenues before Promotional allowances	**27.9%**	29.3%	
Adjusted EBITDA as a % of Revenues	**47.4%**	48.2%	

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Average
Slot Coin-In	$ 213.4	$ 205.8	$ 199.3	$ 198.4	$ 207.1	$ 208.2	$ 201.1	$ 200.1	$ 196.3	
Slot Win	$ 15.0	$ 14.1	$ 14.7	$ 14.2	$ 14.6	$ 14.3	$ 14.1	$ 13.9	$ 13.3	
Slot Win/Slot/Day(1,2)	$ 288	$ 286	$ 298	$ 292	$ 307	$ 295	$ 291	$ 291	$ 281	
Slot Win %	7.0%	7.0%	7.5%	7.2%	7.0%	6.9%	7.0%	7.0%	6.8%	7.0%

(1) Slot Win/Slot/Day is an average, presented in dollars.
(2) During the twelve months of 2014, the Company added 18 slot machines at Chances Maple Ridge, resulting in 511 slot machines at the Other BC Casinos at December 31, 2014. During the twelve months of 2015, 14 slot machines were added, resulting in 525 slot machines at December 31, 2015. During the first three months of 2016, 50 slot machines were added, resulting in 575 slot machines at March 31, 2016.

Revenues, Expenses and Adjusted EBITDA

Revenues, Expenses and Adjusted EBITDA at the Other BC Casinos were relatively consistent in the first quarter of 2016, when compared to the same period of 2015.

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

Atlantic Casinos (Casino Nova Scotia Halifax, Casino Nova Scotia Sydney and Casino New Brunswick)

	First Quarter		
	2016	2015	% Chg
Gaming revenues	**$ 14.8**	$ 7.4	100%
Hospitality and other revenues	**6.4**	1.7	276%
Revenues before Promotional allowances	**21.2**	9.1	133%
Less: Promotional allowances	**(2.2)**	(0.7)	214%
Revenues	**19.0**	8.4	126%
Human resources	**7.2**	4.0	80%
Property, marketing and administration	**7.4**	3.2	131%
Adjusted EBITDA	**$ 4.4**	$ 1.2	267%
Human resources as a % of Revenues before Promotional allowances	**34.0%**	44.0%	
Adjusted EBITDA as a % of Revenues	**23.2%**	14.3%	

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Average
Table Drop	$ 20.5	$ 21.4	$ 13.0	$ 11.9	$ 10.8	$ 11.5	$ 11.7	$ 10.0	$ 9.8	
Table Hold	$ 5.0	$ 4.9	$ 3.1	$ 2.4	$ 1.9	$ 2.0	$ 2.3	$ 2.0	$ 2.2	
Table Hold %	24.6%	22.7%	23.4%	20.2%	17.6%	17.4%	19.7%	19.7%	21.9%	21.3%
Poker Rake	$ 0.6	$ 0.6	$ 0.4	$ 0.4	$ 0.4	$ 0.5	$ 0.4	$ 0.4	$ 0.5	
Slot Coin-In	$ 294.9	$ 320.0	$ 213.9	$ 197.3	$ 158.5	$ 194.0	$ 226.7	$ 197.3	$ 179.2	
Slot Win	$ 23.7	$ 26.0	$ 16.6	$ 14.5	$ 12.1	$ 14.7	$ 16.6	$ 14.9	$ 13.5	
Slot Win/Slot/Day(1)	$ 373	$ 403	$ 218	$ 191	$ 164	$ 199	$ 219	$ 204	$ 184	
Slot Win %	8.0%	8.1%	7.8%	7.3%	7.6%	7.6%	7.3%	7.6%	7.6%	7.7%

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

Recent Developments

On October 1, 2015, the Company acquired the assets and operations of Casino New Brunswick, as described in the "Major Developments" section of this MD&A.

As described in the "Major Developments" section of this MD&A, in June 2014, the Company exercised its renewal option with NSPLCC to extend the term of the AROC, effective July 1, 2015. Under the terms of the contract option extension, the Company will have a minimum of 10 years certainty as the casino operator of the Nova Scotia casinos and has committed to make capital investments totalling $10.0 to the casino business, subject to a revitalization plan and schedule approved by NSPLCC.

Revenues

Revenues at the Atlantic Casinos increased by 126% in the first quarter of 2016, when compared to the same period in 2015, primarily due to the acquisition of Casino New Brunswick on October 1, 2015.

Excluding the effect of the $9.7 of revenues from Casino New Brunswick, revenues at the Atlantic Casinos increased by 11% in the first quarter of 2016 when compared to the same period in 2015. This increase was primarily due to increases in gaming revenues at the Nova Scotia casinos.

Expenses

Human resources expenses increased by 80% in the first quarter of 2016, when compared to the same period in 2015, primarily due to the acquisition of Casino New Brunswick.

Property, marketing and administration expenses increased by 131% in the first quarter of 2016, when compared to the same period in 2015. This increase was primarily due to the acquisition of Casino New

Brunswick and an increase in promotions expenses at the Nova Scotia casinos.

Adjusted EBITDA
Adjusted EBITDA increased by $3.2 in the first quarter of 2016, when compared to the same period in 2015. This increase was due to the acquisition of Casino New Brunswick at the start of the fourth quarter of 2015 as well as the previously mentioned increase in revenues at the Nova Scotia casinos.

Labour Relations
A collective agreement with Service Employees International Union (SEIU), Local 902, with a term covering February 1, 2012 through January 31, 2015, was applicable to employees (excluding security) at Casino Nova Scotia Halifax. A new collective agreement, with a term covering February 1, 2015 through January 31, 2018, was ratified on June 26, 2015.

A collective agreement with Service Employees International Union (SEIU), Local 902, with a term covering February 1, 2012 through January 31, 2015, was applicable to only security employees at Casino Nova Scotia Halifax. A new collective agreement, with a term covering February 1, 2015 through January 31, 2018, was ratified on July 10, 2015.

Great American Casinos

Results in U.S. Dollars (in millions)

	First Quarter 2016	First Quarter 2015	% Chg
Gaming revenues	**$ 6.3**	$ 5.6	13%
Hospitality and other revenues	**1.8**	1.8	0%
Revenues before Promotional allowances	**8.1**	7.4	9%
Less: Promotional allowances	**(0.7)**	(0.7)	0%
Revenues	**7.4**	6.7	10%
Human resources	**3.1**	3.4	(9%)
Property, marketing and administration	**1.6**	1.6	0%
Adjusted EBITDA	**$ 2.7**	$ 1.7	59%
Human resources as a % of Revenues before Promotional allowances	**38.3%**	45.9%	
Adjusted EBITDA as a % of Revenues	**36.5%**	25.4%	

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Average
Table Drop	$ 35.9	$ 37.1	$ 35.6	$ 36.0	$ 36.0	$ 36.5	$ 35.3	$ 36.5	$ 36.6	
Table Hold	$ 7.2	$ 6.0	$ 5.9	$ 6.1	$ 6.3	$ 6.7	$ 5.7	$ 6.2	$ 5.9	
Table Hold %	19.8%	16.2%	16.4%	16.9%	17.5%	18.4%	16.1%	16.9%	16.1%	17.2%

Results in Canadian Dollars

	First Quarter 2016	First Quarter 2015	% Chg
Revenues	**$ 10.2**	$ 8.4	21%
Adjusted EBITDA	**$ 3.8**	$ 2.2	73%

Discussion in U.S. Dollars

Recent Developments

The value of the Great American Casinos' functional currency, the U.S. dollar, in comparison to the Company's reporting currency, the Canadian dollar, affects the reported results of the Great American Casinos. The average value of the U.S. dollar was 11% higher in the first quarter of 2016, when compared to the same period in 2015. A higher average value of the U.S. dollar results in an increase in the Canadian dollar translation of the operating results.

On March 14, 2015, the Company closed its Great American Casino located in Kent, as described in the "Major Developments" section of this MD&A. Revenues and Adjusted EBITDA associated with the Kent casino in the first quarter of 2015 were as follows:

	First Quarter 2015
Revenues	$ 0.7
Adjusted EBITDA	$ 0.2

Revenues
Revenues at Great American Casinos increased by 10% in the first quarter of 2016, when compared to the same period in 2015. The decline in revenues resulting from the closure of the Kent casino on March 14, 2015 was more than offset by improvements at the remaining three casino locations. Excluding the results of the Kent casino closed in March 2015 from the prior year's results, revenues at the Great American Casinos increased by 23% over the prior year first quarter. This was mainly attributable to a 2.3 percentage point increase in table hold, which led to an increase in gaming revenues.

Expenses
Human resources expenses decreased by 9% in the first quarter of 2016, when compared to the same period in 2015, primarily due to the closure of the Kent casino in the first quarter of 2015.

Property, marketing and administration expenses were relatively consistent in the first quarter of 2016, when compared to the same period in 2015, as reduced expenses from the closure of Kent casino were offset by an increase in promotions expenses at the remaining three casino locations.

Adjusted EBITDA
Great American Casinos' Adjusted EBITDA increased by 59% in the first quarter of 2016, when compared to the same period in 2015, mainly due to the increase in revenues and decrease in expenses. Excluding the results of the Kent casino from the prior year's results, Adjusted EBITDA at the Great American Casinos in 2016 increased by 80% when compared with the prior year's first quarter.

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

Ontario Properties (Georgian Downs, Flamboro Downs and Shorelines Casinos)

	First Quarter		
	2016	2015	% Chg
Gaming revenues	**$ 11.1**	$ -	
Racetrack revenues	**1.2**	1.2	0%
Hospitality, lease and other revenues	**6.4**	5.2	23%
Revenues before Promotional allowances	**18.7**	6.4	192%
Less: Promotional allowances	**(0.4)**	-	
Revenues	**18.3**	6.4	186%
Human resources	**6.6**	1.3	408%
Property, marketing and administration	**6.3**	1.6	294%
Adjusted EBITDA	**$ 5.4**	$ 3.5	54%
Human resources as a % of Revenues before Promotional allowances	**35.3%**	20.3%	
Adjusted EBITDA as a % of Revenues	**29.5%**	54.7%	

Live race days	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Georgian	-	-	26	13	-	-	27	13	-
Flamboro	36	50	17	27	37	52	17	26	48

Recent Developments
As described in the "Major Developments" section of this MD&A, the Company completed the acquisition of the East Gaming Bundle from OLG on January 11, 2016.

Revenues
Please refer to "Casino gaming in Ontario" under the "Definitions of Other Terms Used in the MD&A" section of this MD&A for discussion of the calculation of gaming revenues in Ontario.

Revenues at the Ontario Properties increased by $11.9 in the first quarter of 2016, when compared to the same period of 2015, due to the additional revenues from the Shorelines Casinos since the acquisition of OLG's East Gaming Bundle on January 11, 2016 as described in the "Major Developments" section of this MD&A.

Expenses
Human resources expenses increased by $5.3 in the first quarter of 2016, when compared to the same period in 2015, primarily due to the acquisition of OLG's East Gaming Bundle.

Property, marketing and administration expenses increased by $4.7 in the first quarter of 2016, when compared to the same period in 2015. This increase was primarily due to the acquisition of OLG's East Gaming Bundle and includes $0.7 of pre-opening costs.

Adjusted EBITDA
Adjusted EBITDA increased by $1.9 in the first quarter of 2016, when compared to the same period in 2015, mainly as a result of the acquisition of OLG's East Gaming Bundle.

Labour Relations
A collective agreement with Public Service Alliance of Canada, Local 00500, with a term covering September 18, 2013 through September 17, 2015, is applicable to employees at Georgian Downs.

Notice to commence collective bargaining was served and received on August 28, 2015 and negotiations commenced on October 27, 2015. Collective bargaining concluded on February 18, 2016 and the collective agreement was ratified on March 2, 2016. The term of the new collective agreement is September 18, 2015 through December 31, 2017.

A collective agreement with Service Employees International Union ("SEIU"), Local 2, with a term covering January 1, 2015 through December 31, 2016, is applicable to employees of Flamboro Downs.
A collective agreement is in place with Teamsters, local 91, with a term covering November 1, 2014 through October 31, 2017. The agreement covers all hourly Security Officers at Shorelines Casino Thousand Islands.

A collective agreement is in place with Service Employees International Union (SEIU), local 2 with a term covering May 16, 2014 through May 15, 2017. The agreement covers all hourly non-supervisory employees at Shorelines Slots at Kawartha Downs except those in the Security and Surveillance departments.

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

Corporate & Other

	First Quarter		
	2016	2015	% Chg
Human resources	**$ 3.3**	$ 3.3	0%
Property, marketing and administration	**1.4**	1.2	17%
Adjusted EBITDA	**$ (4.7)**	$ (4.5)	(4%)

Recent Developments
In June 2015, the Company moved its corporate office resources to its property locations in order to improve operational efficiency and achieve greater effectiveness in supporting operations.

Adjusted EBITDA
Corporate and other costs increased by 4% in the first quarter of 2016, when compared to the same period in 2015. The increase was primarily due to increased legal fees and bonus accruals, which offset the operational efficiency achieved from the corporate office closure in 2015.

Discussion of Items Excluded from Adjusted EBITDA

Amortization
Amortization increased by $3.9 in the first quarter of 2016, when compared to the same period of 2015, primarily due to the acquisition of Casino New Brunswick on October 1, 2015 and OLG's East Gaming Bundle on January 11, 2016, as well as the amortization of the property, plant and equipment related to the rebranding of Elements Casino in the fourth quarter of 2015.

Share-Based Compensation
Share-based compensation was relatively consistent in the first quarter of 2016, when compared to the same period in 2015. The share-based compensation of $2.1 in the first quarter of 2016 comprises equity-settled share-based compensation expense of $1.3 and cash-settled share-based compensation expense of $0.8.

Interest and Financing Costs, net
Interest and financing costs, net of interest income increased by $0.9 in the first quarter of 2016, when compared to the same period in 2015, due to a decline in interest income due to lower cash balances and increased interest paid as the amount of borrowings increased during 2016 for the acquisition of the Ontario East Gaming Bundle.

Restructuring and other
Restructuring and other expenses in the first quarter of 2016 included a $1.1 increase in the provision for contingent future trailing payments, $1.1 of staff severance costs and $1.2 of business development and other costs. Business development and other costs included $0.4 associated with the relocation of the Company's corporate office resources to its property locations and $0.4 of property transfer tax associated with the acquisition of OLG's East Gaming Bundle.

Other expenses (includes "foreign exchange loss (gain) and other" and "non-controlling interests")
Other expenses increased by $2.9 in the first quarter of 2016, when compared to the same period in 2015. This balance includes foreign exchange loss of $1.1 compared to a foreign exchange gain of $1.9 in the same period of 2015.

Income Taxes
Income taxes decreased by $1.3 in the first quarter of 2016, when compared to the same period in 2015. This decrease was primarily due to lower earnings before income taxes in 2016, compared to the same period in 2015.

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

CONSOLIDATED QUARTERLY RESULTS TREND

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Revenues	$ 130.9	$ 124.3	$ 116.3	$ 112.1	$ 109.0	$ 117.0	$ 114.0	$ 116.1
Adjusted EBITDA	$ 43.5	$ 45.1	$ 47.5	$ 46.9	$ 41.1	$ 47.0	$ 45.5	$ 49.5
Adjusted EBITDA as a % of Revenues	33.2%	36.3%	40.8%	41.8%	37.7%	40.2%	39.9%	42.6%
Shareholders' net earnings	$ 10.4	$ 17.6	$ 21.8	$ 19.1	$ 16.1	$ 21.6	$ 19.9	$ 19.9
Shareholders' net earnings per common share								
Basic	$ 0.16	$ 0.27	$ 0.33	$ 0.27	$ 0.23	$ 0.32	$ 0.29	$ 0.29
Diluted	$ 0.16	$ 0.26	$ 0.32	$ 0.27	$ 0.23	$ 0.31	$ 0.28	$ 0.29

Revenues over the past eight quarters have generally trended positively over the prior year comparable periods. The revenue increase in the first quarter of 2016 compared to the fourth quarter of 2015 was primarily due to the additional revenues contributed by Casino New Brunswick that was acquired on October 1, 2015 and Shorelines Casinos since the acquisition of OLG's Gaming East Bundle on January 11, 2016. Gaming revenue growth at Hard Rock Casino Vancouver and Great American Casinos also contributed to the improvement in revenues. The increase in revenues in the fourth quarter of 2015 compared to the third quarter of 2015 was primarily due to the additional revenues contributed by Casino New Brunswick. These increases were partly offset by lower table gaming revenues at River Rock, which management believes was significantly due to a decline in table drop, as a result of additional conditions that BCLC introduced late in the third quarter of 2015 for certain VIP players (refer to the "Major Developments - British Columbia" section of this MD&A). The revenue increase in the third quarter of 2015 compared to the second quarter of 2015 was primarily due to the growth in gaming revenues across most of the Company's properties. The revenue growth in the second quarter of 2015 compared to the first quarter of 2015 was mainly a result of the revenue increase from Great American Casinos which benefited from an increase in the value of the U.S. dollar when translating its revenues into Canadian dollars. The revenue decline in the first quarter of 2015 compared to the fourth quarter of 2014 was mainly a result of both the exceptional 25.0% table hold percentage at River Rock in the fourth quarter of 2014 and revenue declines at the Nova Scotia Casinos in the first quarter of 2015 due in part to inclement weather in that period. The decline in revenues during the third quarter of 2014 compared to the second quarter of 2014 was mainly due decreases in table drop and table hold percentage at River Rock.

Changes in Adjusted EBITDA over the past eight quarters were mainly attributable to changes in revenues, as discussed above, as well as decreased expenses as a result of the Company's continued focus on operating efficiencies. Adjusted EBITDA in the first quarter of 2016 and fourth quarter of 2015 was affected by pre-opening costs totalling $0.7 and $0.5, respectively.

The shareholders' net earnings trend reflects the items noted above, as well as amortization expense, share-based compensation expense, business development expenses, restructuring expenses and the related income tax effects of these items. Amortization expense increased over the past eight quarters due to the additions of Casino New Brunswick and the Shorelines Casinos, as well as the effect of the renovation and rebranding of Elements Casino.

LIQUIDITY AND CAPITAL RESOURCES

The Company manages liquidity risks by closely monitoring its capital structure and operating costs, regularly monitoring forecast and actual cash flows, taking a conservative approach to capital investment, managing the maturity profiles of financial assets and financial liabilities and maintaining credit capacity within its Revolving Credit Facility.

As at March 31, 2016, the Company had:

- Relatively low levels of receivables of which the majority are due from: sales tax rebates from the federal government, racetrack operators, other provincial gaming corporations, and financial institutions;
- Low exposure to foreign currency exchange rate movements and low exposure to floating interest rate changes since it has relatively low levels of foreign denominated assets and liabilities, has fixed interest rates with its Canadian dollar denominated Senior Unsecured Notes and has an interest rate swap that effectively converted the floating interest rate on the debt borrowed from OGELP's Non-recourse Revolving Credit Facility into fixed interest rate debt;
- $322.9 of available credit on its Revolving Credit Facility, subject to compliance with the related financial covenants
- $10.0 of available credit under OGELP's Non-recourse Revolving Credit Facility, subject to compliance with the related financial covenants; and
- Counterparties to its existing debt and credit facilities that are primarily major financial institutions that have minimum grade "A" credit ratings.

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

Financial Position

		March 31, 2016		December 31, 2015	% Chg
Cash and cash equivalents	**$**	**214.8**	$	207.5	4%
Other current assets		**25.5**		15.8	61%
Property, plant and equipment		**660.6**		638.2	4%
Cash on deposit with Canada Revenue Agency		**20.2**		20.2	
Other long-term assets		**122.7**		116.4	5%
Total Assets	**$**	**1,043.8**	$	998.1	5%
Current liabilities	**$**	**66.5**	$	69.5	(4%)
Long-term debt		**477.3**		443.0	8%
Other long-term liabilities		**107.7**		106.0	2%
Total Liabilities		**651.5**		618.5	5%
Equity attributable to shareholders of the company		**389.4**		379.2	3%
Non-controlling interests		**2.9**		0.4	625%
Total Equity		**392.3**		379.6	3%
Total Liabilities and Equity	**$**	**1,043.8**	$	998.1	5%

Total Assets
Total assets increased by $45.7 in the three months of 2016, when compared to the total assets as at December 31, 2015. This increase was primarily due to the acquisition of OLG's East Gaming Bundle and cash generated by operations during the first quarter of 2016.

Total Liabilities
Total liabilities increased by $33.0 in the three months of 2016, when compared to the balance as at December 31, 2015. This increase was mainly due to $35.0 drawn on the Non-recourse Revolving Credit Facility as described in the "Capital Resources" section of this MD&A.

Equity
Total equity increased by $12.7 in the first quarter of 2016, when compared to the total equity as at December 31, 2015. This increase was primarily due to net earnings of $10.3, share options exercised of $1.6, equity-settled share-based compensation of $1.3 and $2.6 of contributions from non-controlling interests associated with the Company's OGELP subsidiary as described in the "Major Developments - Ontario" section of this MD&A, which were slightly offset by $2.1 purchase and subsequent cancellation of 138,250 common shares in the first quarter of 2016.

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

Cash Flows

	First Quarter		
	2016	2015	% Chg
Cash generated by operating activities	**$ 39.1**	$ 26.0	50%
Cash used in investing activities	**(50.7)**	(3.5)	(1349%)
Cash generated by (used in) financing activities	**20.0**	(8.4)	
Effect of foreign exchange on cash and cash equivalents	**(1.1)**	1.4	
Cash inflow	**$ 7.3**	$ 15.5	(53%)

Cash generated by operating activities was higher in the first quarter of 2016, when compared to the same period in 2015. The increase was primarily due to changes in non-cash working capital and lower income taxes paid during the first quarter of 2016 compared to the prior year period.

Cash used in investing activities was higher in the first quarter of 2016, when compared to the same period in 2015. This was primarily due to the acquisition of the Ontario East Gaming Bundle, which was completed on January 11, 2016 as well as increased investment in property, plant and equipment.

The cash generated by financing activities in the first quarter of 2016 was mainly attributable to the $35.0 drawn on the Non-recourse Revolving Credit Facility of OGELP, partially offset by finance charges paid.

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

Capital Resources

Long-Term Debt and Equity

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

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

a) Senior Unsecured Notes

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

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

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

b) Senior Secured Revolving Credit Facility

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

On May 25, 2015, the Company extended the maturity of its Credit and Guarantee Agreement ("Credit Agreement"), which covers the terms of its $350.0 Senior Secured Revolving Credit Facility by five years to May 25, 2020. The interest rate on advanced amounts and the commitment fee on the unused facility are based on the Company's Total Debt to Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio (as defined in the underlying Credit Agreement), which is calculated quarterly on a trailing twelve month basis.

Transaction costs associated with the past extensions of the Senior Secured Revolving Credit Facility totalling $1.5 are included in the "other assets" line of the condensed interim consolidated statements of financial position and are amortized through the "interest and financing costs, net" line of the condensed interim consolidated statements of earnings over the term of the Senior Secured Revolving Credit Facility using the straight-line method.

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

c) Non-recourse Revolving Credit Facility of OGELP subsidiary

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

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

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

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

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

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

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

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

Financial Covenants and Credit Ratings

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

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

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

The Company and its debt facilities had independent credit ratings as at March 31, 2016 as follows:

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

Outstanding Share Data

As at March 31, 2016 there were 64,443,800 common shares issued and outstanding compared to 64,413,374 as at December 31, 2015. This increase was primarily due to the exercise of employee stock options during the first quarter of 2016 and was partially offset by the repurchase and cancellation of common shares in 2016 as described in the "Major Developments" section of this MD&A.

As at March 31, 2016, there were 5,381,761 share options outstanding at a weighted-average exercise price of $14.47.

As at May 9, 2016, there were 63,550,398 common shares outstanding and 5,183,096 share options outstanding.

Capital Spending and Development

The majority of the Company's capital expenditures on gaming operations in Nova Scotia and in British Columbia are eligible for reimbursement by the provincial gaming authorities.

In Nova Scotia, under the terms of the casino operating agreement with NSPLCC, the Company deposits to a Capital Reserve Account ("CR Account") $4.5 annually (adjusted for inflation annually). Prior to April 1, 2015, the Company deposited to the CR Account the greater of 5% of total revenues generated by the Nova Scotia Casinos and $5.0 annually (adjusted for inflation since 2010). When the Company undertakes qualifying capital expenditures, refurbishments, maintenance, upgrades and enhancements to the Casino Nova Scotia Halifax and Casino Nova Scotia Sydney, the provincial gaming authority approves the Company's reimbursement of such expenditures from the CR Account. For accounting purposes, the purchases made using funds from the CR Account are considered to be on behalf of the NSPLCC since on the eventual termination of the casino operating agreement, the NSPLCC has the right to repurchase for nominal consideration all of the equipment, land and buildings that were purchased using funds from the CR Account. Similarly, NSPLCC records such CR Account purchases as long-lived fixed assets on its statement of financial position. If there are insufficient funds in the CR Account to reimburse the Company for a qualifying expenditure, the Company records a receivable from NSPLCC and earns interest income on that balance at the Canadian bank prime lending rate less 0.5% per annum until it is reimbursed.

In British Columbia, through the FDC program, BCLC pre-approves and subsequently approves and reimburses "Approved Amounts" (a term defined in the Company's and its subsidiaries' operating services agreements with BCLC) of qualified, gaming-related expenditures, primarily capital in nature, that have been incurred by the Company and its subsidiaries. Reimbursement of the Approved Amounts under the terms of BCLC's FDC policy requires that the Company and its subsidiaries' operating agreements with BCLC remain in good standing and that sufficient Gross Gaming Revenues are generated. The FDC amounts that BCLC reimburses for Approved Amounts are calculated as a fixed percentage of Gross Gaming Revenues generated by the Company's and its subsidiaries' B.C. properties. The FDC reimbursement percentage that BCLC provides is currently 3% of the Gross Gaming Revenues from gaming activities. BCLC provides for an additional accelerated FDC reimbursement equal to 2% of the Gross Gaming Revenues that is intended to be a one-time reimbursement of the timely development or redevelopment of gaming facilities and additional entertainment amenities of significant value which may be completed through phases. BCLC considers accelerated FDC submissions for approval on a project-by-project basis.

BCLC has permitted the Company and certain of its BC subsidiaries to be considered a group for FDC purposes. That FDC group includes the Company and its subsidiaries that operate the River Rock Casino Resort, Hard Rock Casino Vancouver, Vancouver Island Casinos and Other BC Casinos. As a result, when one facility has been fully reimbursed for its BCLC approved, FDC eligible expenditures ("Approved Amounts"), the FDC received from BCLC that would have previously been applied to reimburse Approved Amounts of that gaming facility is instead applied as a reimbursement of Approved Amounts incurred by another gaming facility in the FDC group. BCLC accomplishes this in its records by transferring Approved Amounts from one facility to another within the BCLC approved FDC group. The Company, however, does not transfer these Approved Amounts between its facilities. For the financial reporting presentation of the property's or, where appropriate, groups of similar properties' results in the "Discussion of Results" section of this MD&A, the FDC received from BCLC is reflected as a component of revenues at the gaming facility that generated the Gross Gaming Revenues on which the FDC reimbursement percentage was applied.

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

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

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

The difference between the FDC Additional Approved Amounts indicated above and the additions to property, plant and equipment during the same periods is partly due to the Company's non-gaming related (and therefore non-FDC qualified) expenditures as well as the timing differences between when an FDC eligible expenditure is incurred, when the related invoices are received, and when they are submitted to BCLC for approval.

The following table summarizes the Company's consolidated maintenance and development capital expenditures net of accounts payable for the first quarter of 2016:

	First Quarter	
	2016	2015
Maintenance capital expenditures net of related accounts payable	**$ 1.0**	$ 1.6
Development capital expenditures net of related accounts payable	**7.2**	2.4
Total capital expenditures net of related accounts payable	**$ 8.2**	$ 4.0

Maintenance capital expenditures were primarily related to various property and infrastructure upgrades. Development capital expenditures during the first quarter of 2016 were primarily related to the purchase of land in Belleville, Ontario and the renovation and rebranding of Elements Casino. For the upcoming nine months of 2016, the Company estimates that maintenance capital expenditures and development capital expenditures net of related accounts payable will total approximately $3.8 and $35.3, respectively.

Contingencies

The Company has issued letters of credit to guarantee performance primarily under gaming cash floats, construction contracts, and provincial gaming corporation payables in the aggregate amount of $27.1 as at March 31, 2016 (December 31, 2015 - $27.4).

Litigation

The Company is subject to legal proceedings, claims and investigations in the ordinary course of business. Liabilities related to such matters are recorded when it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. All legal costs associated with litigation are expensed as incurred.

On March 26, 2015, the Company commenced a legal action against BCLC in relation to a dispute over the collection of marketing contributions by BCLC from the Company since 2010. The Company takes the position that BCLC is not entitled to collect the marketing contributions and alleges the total of such amounts collected from it to December 31, 2014 is $18.0 (March 31, 2016 - $23.0). The Company is seeking for an order that BCLC cease collecting such marketing contributions as well as damages from BCLC in an amount equal to the total of such marketing contributions collected by BCLC up to the date of judgment. BCLC has filed a statement of defense denying the claims by the Company. No trial date has been set for the determination of the claims made by the Company.

Guarantees and Indemnifications

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

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

Commitments

There are no material changes outside of the Company's ordinary course of business that affected the Company's contractual obligations for the first quarter of 2016.

Future Cash Requirements

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

In January 2016, the Company's OGELP subsidiary obtained a $60.0 revolving credit facility on a non-recourse basis to the Company or its operating subsidiaries. Subsequent to the acquisition of the East Gaming Bundle assets by OGELP as described in the "Major Developments" section of this MD&A, the remaining capacity on this credit facility, as well as cash generated by the acquired operations and increased capital contributions from its partners, will be used by OGELP to finance the planned property developments of the East Gaming Bundle Assets as described in the "Major Developments" section of this MD&A.

OTHER FINANCIAL INFORMATION

Accounting standards, amendments and interpretations effective and applied

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

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

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

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

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

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

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

Accounting standards, amendments and interpretations not yet effective and not applied

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

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

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

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

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

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

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

Critical Accounting Estimates and Judgments

The Company's reported financial position and results of operations are dependent on the selection of accounting policies that are based on IFRS and accounting estimates that underlie the preparation of the Company's Condensed Interim Financial Statements. The Company's Annual Financial Statements contain a summary of the Company's significant accounting policies and accounting estimates. The Company's Condensed Interim Financial Statements highlight additional new significant accounting policies and estimates, if any, that are not already described in the Annual Financial Statements. Estimates by their nature are subject to risks, uncertainties and assumptions, which could cause the Company's financial position and operating results to differ materially from those presented in the Company's Annual Financial Statements. Future changes in accounting estimates will be applied on a prospective basis.

The critical accounting estimates and judgments that are the most judgmental or material to the Company's Annual Financial Statements are those relating to the impairment of long-lived assets and goodwill, estimated useful lives of long-lived assets, equity-settled and cash-settled share-based compensation, income taxes, contingencies, determination of CGUs and segment reporting. The Company's critical accounting estimates and judgments are further detailed in Note 3 of the Company's Annual Financial Statements.

Financial Instruments and Other Instruments

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

Definitions of Other Terms Used in the MD&A

Gross Gaming Revenues – the amounts wagered on gaming activities, less the payout or prizes to winning customers.

Racebook – an off-racetrack betting facility for pari-mutuel wagering on live horse races displayed by television broadcasts operated by the Company or TBC.

Revenues – the sum of the following:

- Casino gaming in BC – gaming revenues are net of amounts paid to BCLC (provincial government portion is 60% of the win on most table games and 75% of the slot machine win) and are net of accruals for anticipated payouts of progressive slot machine jackpots and progressive table game payouts.

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

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

- Horse racing in Ontario – effective April 1, 2014, racetrack revenues includes the Company's share of pari-mutuel wagering revenue as a result of signing the Standardbred Alliance agreements. From April 1, 2013 to March 31, 2014, racetrack revenues included transition funding for horse racing received from the Government of Ontario.

- Casino gaming in Ontario – OGELP receives an annual service provider fee comprised of (i) a guaranteed base fixed fee component, (ii) a variable component equal to 70% of gross gaming revenue above the applicable pre-established annual gaming revenue threshold retained by OLG, and (iii) an amount for permitted capital expenditures.

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

- Casino gaming in Nova Scotia – gaming revenues are approximately equal to 52.24% of total revenues, plus an additional 47.76% of non-gaming revenues after deduction of the capital reserve contribution ("CRC") and Marketing Fund Contribution. The CRC is $4.5 per year and was $5.0 per year prior to April 1, 2015 (adjusted for inflation in each year since 2010). In addition, the Company is entitled to receive additional Operator Fees equal to the lesser of $1.3, or 10% of leased slot machine revenues. Effective April 1, 2015, the Company is also entitled to receive additional Operator's Fee equal to an annual Marketing Fund Contribution provided the Company satisfies certain criteria related to its marketing spend or revenues growth.

- Casino gaming in New Brunswick – gaming revenues are equal to 50% of the first $50.0 of gross gaming revenues, an additional 35% of the next $10.0 in gross gaming revenues and an additional 25% of gross gaming revenues in excess of $60.0, adjusted for inflation annually since 2010.

- Facility Development Commission ("FDC") – BCLC reimburses Approved Amounts (a term defined in the Company's operating services agreements with BCLC) of qualified gaming-related expenditures, primarily capital in nature, that have been incurred by the Company. The FDC amounts that BCLC reimburses for Approved Amounts are calculated as a fixed percentage of

Gross Gaming Revenues generated by the BC properties. The FDC reimbursement percentage is currently 3% of the Gross Gaming Revenues from gaming activities. Subject to approval, BCLC may also provide for an additional accelerated FDC reimbursement equal to 2% of the Gross Gaming Revenues that is intended to be a one-time reimbursement of the timely development or redevelopment of gaming facilities and additional entertainment amenities of significant value which may be completed through phases. BCLC considers accelerated FDC submissions for approval on a project-by-project basis.

- Hospitality, lease and other revenues – food and beverage revenues, hotel revenues, and other revenues such as: ATM commissions, lease revenues and other income from ancillary services.

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

Additional Information

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

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

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

SUPPLEMENTAL FINANCIAL INFORMATION

Consolidated Quarterly Results Trend

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Gaming Revenues					
River Rock Casino Resort	$ 28.4	$ 30.4	$ 33.7	$ 32.9	$ 33.8
Hard Rock Casino Vancouver	11.6	11.3	10.4	10.2	10.0
Other Vancouver Area Casinos	6.2	5.2	5.2	5.0	5.2
Vancouver Island Casinos	7.8	7.8	7.6	7.4	7.4
Other BC Casinos	4.1	3.8	4.0	3.8	3.9
Atlantic Casinos	14.8	16.4	10.6	9.3	7.4
Great American Casinos	8.7	7.1	6.9	6.6	7.0
Ontario Properties	11.1	-	-	-	-
	92.7	**82.0**	**78.4**	**75.2**	**74.7**
Facility Development Commission					
River Rock Casino Resort	4.2	4.4	4.8	4.8	4.9
Hard Rock Casino Vancouver	1.8	1.8	1.7	1.6	1.6
Other Vancouver Area Casinos	1.2	0.8	0.9	0.9	1.0
Vancouver Island Casinos	1.2	1.2	1.2	1.2	1.2
Other BC Casinos	0.8	0.7	0.8	0.7	0.8
	9.2	**8.9**	**9.4**	**9.2**	**9.5**
Hospitality, Lease and Other Revenues					
River Rock Casino Resort	12.1	14.1	14.6	13.7	11.7
Hard Rock Casino Vancouver	3.4	4.6	3.4	3.1	3.1
Other Vancouver Area Casinos	2.0	1.6	2.1	1.8	1.4
Vancouver Island Casinos	1.2	1.3	1.2	1.1	1.1
Other BC Casinos	1.2	1.2	1.1	1.1	1.1
Atlantic Casinos	6.4	8.0	2.1	1.8	1.7
Great American Casinos	2.5	2.4	2.2	2.1	2.3
Ontario Properties	6.4	5.2	5.2	5.1	5.2
Corporate & Other	-	-	-	-	-
	35.2	**38.4**	**31.9**	**29.8**	**27.6**
Racetrack Revenues					
Other Vancouver Area Casinos	2.5	2.3	2.6	2.6	2.1
Ontario Properties	1.2	1.2	1.2	1.2	1.2
	3.7	**3.5**	**3.8**	**3.8**	**3.3**
Promotional Allowances	(9.9)	(8.5)	(7.2)	(5.9)	(6.1)
Revenues	**$ 130.9**	**$ 124.3**	**$ 116.3**	**$ 112.1**	**$ 109.0**
Adjusted EBITDA					
River Rock Casino Resort	$ 18.6	$ 22.3	$ 27.4	$ 28.2	$ 25.1
Hard Rock Casino Vancouver	5.9	5.9	4.1	4.8	4.1
Other Vancouver Area Casinos	2.1	1.1	2.5	2.2	1.8
Vancouver Island Casinos	5.3	5.3	5.4	5.2	5.0
Other BC Casinos	2.7	2.4	2.7	2.5	2.7
Atlantic Casinos	4.4	5.9	4.1	2.9	1.2
Great American Casinos	3.8	2.2	1.9	2.1	2.2
Ontario Properties	5.4	3.3	3.4	3.5	3.5
Corporate & Other	(4.7)	(3.3)	(4.0)	(4.5)	(4.5)
	$ 43.5	**$ 45.1**	**$ 47.5**	**$ 46.9**	**$ 41.1**