

ANNUAL INFORMATION FORM
FISCAL PERIOD ENDED DECEMBER 31, 2002
OF



GREAT CANADIAN GAMING CORPORATION

350 – 13775 Commerce Parkway
Richmond, British Columbia
V6V 2V4
Telephone: (604) 303-1000
Facsimile: (604) 279-8605
www.greatcanadiancasino.com
www.gcgaming.com

Containing Information as at May 16, 2003.

TABLE OF CONTENTS

PRELIMINARY NOTES.....	
ARTICLE 1 - INCORPORATION.....	1
1.1 History.....	1
1.2 Offices.....	1
1.3 Subsidiaries.....	1
ARTICLE 2 - GENERAL DEVELOPMENT OF THE BUSINESS.....	3
2.1 Industry Overview.....	3
2.2 Canadian Regulatory Environment.....	4
2.3 Washington State Regulatory Environment.....	6
2.4 Restrictions on Share Ownership.....	7
ARTICLE 3 - SIGNIFICANT ACQUISITIONS AND SIGNIFICANT DISPOSITIONS.....	10
3.1 Bridgepoint Market.....	10
3.2 Acquisition of Big Al's Casino.....	10
3.3 Jack O'Clubs Gaming Hall Ltd.	10
ARTICLE 4 - NARRATIVE DESCRIPTION OF THE BUSINESS.....	11
4.1 Summary of Issuer's Operations.....	11
4.2 Issuance of Shares.....	16
4.3 Authorized and Issued Capital.....	16
4.4 Issuance of Shares Pursuant to Shares for Debt Transaction.....	16
4.5 Private Placement Transactions.....	16
4.6 Normal Course Issuer Bid.....	18
4.7 Profit Sharing Plan.....	19
4.8 Employee Share Purchase Plan.....	19
ARTICLE 5 - COMPETITION.....	20
ARTICLE 6 - ACTS OF DIRECTORS.....	20
ARTICLE 7 - MANAGEMENT EXPERIENCE.....	21
7.1 Board of Directors.....	22
7.2 Board of Advisors.....	23
ARTICLE 8 - SELECTED CONSOLIDATED FINANCIAL INFORMATION.....	24
ARTICLE 9 - SELECTED QUARTERLY INFORMATION.....	24
9.1 Dividends.....	24



ARTICLE 10 - MANAGEMENT DISCUSSION AND ANALYSIS.....	25
10.1 Future Capital Requirements.....	25
ARTICLE 11 - DIRECTORS AND OFFICERS.....	25
11.1 Directors, Officers and Promoters	26
11.2 Corporate Cease Trade Orders or Bankruptcies	27
11.3 Penalties or Sanctions.....	27
11.4 Personal Bankruptcies	28
11.5 Conflicts of Interest and Related Party Transactions	28
ARTICLE 12 - OPTIONS TO PURCHASE SHARES.....	28
12.1 Employee Share Purchase Plan	28
12.2 Stock Option Plan/Incentive Stock Options	29
ARTICLE 13 - RISK FACTORS	31
ARTICLE 14 - LEGAL PROCEEDINGS	34
ARTICLE 15 - MARKET FOR SECURITIES.....	35
ARTICLE 16 - ADDITIONAL INFORMATION.....	35



ANNUAL INFORMATION FORM

OF

Great Canadian Gaming Corporation

(the "Issuer")

This is the form prescribed by National Instrument 44-101.F1 of the Canadian Securities Administrators and is hereby filed with the British Columbia Securities Commission and Alberta Securities Commission.

PRELIMINARY NOTES

A. Incorporation of Financial Statements and Proxy Circular

The consolidated audited financial statements of the Issuer, and the notes and schedules thereon for the period ending December 31, 2002, are hereby incorporated by reference into this Annual Information Form ("AIF"). All financial information in this AIF has been prepared in accordance with generally accepted accounting principles in Canada and there have been no significant or material changes since the date of those financial statements.

B. Reporting Currency

All dollar amounts are expressed in Canadian dollars unless otherwise indicated. The Issuer's annual financial statements are presented in Canadian dollars.

C. Date of Information

All information contained in this AIF is as of May 16, 2003 unless otherwise stated.

D. Cautionary Statement

Certain of the information contained in this document constitutes "forward-looking statements" within the meaning of the *Private Securities Litigation Reform Act of 1995*. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, those factors disclosed in the Issuer's documents filed from time to time with the British Columbia and Alberta Securities Commissions.



ARTICLE 1 - INCORPORATION

1.1 History

Great Canadian Gaming Corporation (the "Issuer") was incorporated on June 13, 1990, under the laws of the Province of British Columbia, by the registration of its memorandum and articles with the Registrar of Companies for British Columbia. The original name of the Issuer was "Jetta Resources Ltd." which was changed to "Jettra Resources Ltd." on September 27, 1991, and changed again to its current name on March 12, 1997.

1.2 Offices

The address of the head office and principal office of the Issuer is 350-13775 Commerce Parkway, Richmond, British Columbia, Canada V6V 2V4. The registered and records office of the Issuer is located at 1500 - 1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 4N7.

1.3 Subsidiaries

The following is a list of the Issuer's subsidiaries:

Name and head office address	Jurisdiction of incorporation or organization	Percentage Owned	Nature of Business
Great Canadian Casinos Inc. Suite 350 - 13775 Commerce Parkway Richmond, BC V6V 2V4	British Columbia, Canada	100% (Direct)	operate B.C. casinos
Great American Gaming Corporation 4041 Ruston Way Tacoma, Washington 98402 USA	Washington, U.S.A.	100% (Direct)	holding company
Great Canadian Cruises Inc. c/o The Corporate Secretary Limited Whitepark House Whitepark Road Bridgetown, Barbados	Barbados	100% (Direct)	holding company
Great Canadian Gaming (Ontario) Ltd. PO Box 50, 61 st Floor - 1 st Canadian Place Toronto, Ontario M5X 1B8	Ontario, Canada	100% (Direct)	holding company
833167 Alberta Ltd. Suite 3300, 421 - 7 th Avenue S.W. Calgary, Alberta T2P 4K9	Alberta, Canada	100% (Direct)	holding company
Great Canadian Bingo Ltd. Suite 350 - 13775 Commerce Parkway Richmond, BC V6V 2V4	British Columbia, Canada	100% (Direct)	holding company
UAB Great Canadian Europa Jogailos 4, LT-2001, Vilnius, Lithuania	Lithuania	100% (Indirect) ⁽¹⁾	holding company
Rocky Mountain Casino Group Ltd. #400 - 111 - 11 th Avenue Calgary, Alberta T2R 0G5	Alberta, Canada	51% (Direct)	holding company



Name and head office address	Jurisdiction of incorporation or organization	Percentage Owned	Nature of Business
Weinlager & Amici Caffè (Coquitlam) Ltd. 2109 – 4710 Kingsway Burnaby, B.C. V5H 4M2	British Columbia, Canada	50% (Direct)	operate restaurant
Weinlager & Amici Caffè (Victoria) Ltd. 2109 – 4710 Kingsway Burnaby, B.C. V5H 4M2	British Columbia, Canada	50% (Direct)	operate restaurant
Evergreen Entertainment Corporation Suite 4200 - 999 Third Avenue Seattle, Washington 98104-4082	Washington State, U.S.A.	50% ⁽²⁾ (Indirect)	operate casino in Washington State
Grand Central Properties Algona, LLC Suite 4200 - 999 Third Avenue Seattle, Washington 98104-4082	Washington State, U.S.A.	50% ⁽²⁾ (Indirect)	owns land in Washington State
Grand Central Properties Tukwila, LLC Suite 4200 - 999 Third Avenue Seattle, Washington 98104-4082	Washington State, U.S.A.	50% ⁽²⁾ (Indirect)	owns land in Washington State
Grand Central Properties Everett, LLC Suite 4200 - 999 Third Avenue Seattle, Washington 98104-4082	Washington State, U.S.A.	80% ⁽³⁾ (Indirect)	owns land in Washington State
Grand Central Properties Tacoma, LLC Suite 4200 - 999 Third Avenue Seattle, Washington 98104-4082	Washington State, U.S.A.	80% ⁽³⁾ (Indirect)	owns land in Washington State
Pair O'Dice Investments LLC 1100 University St. #3D Seattle, WA 98101	Washington State, U.S.A.	90% ⁽⁴⁾ (Direct)	operate casino in Washington State
Jack O'Clubs Gaming Hall Ltd. ⁽⁵⁾ 614 1788 4th Avenue Prince George, B.C. V2L 4Y2	British Columbia, Canada	60% ⁽⁵⁾ (Direct)	operates casino in Wells, British Columbia
Great Canadian Restaurant and Marina Ltd. 1500 - 1055 West Georgia Street P.O. Box 11117 Vancouver, BC V6E 4N7	British Columbia, Canada	100% (Direct)	operates marina and restaurant
657845 B.C. Ltd. 1500 - 1055 W. Georgia St. P.O. Box 11117 Vancouver, BC V6E 4N7	British Columbia, Canada	100% (Direct)	holding company

(1) 100% owned by Great Canadian Bingo Ltd.

(2) 50% is owned by Great American Corporation and the remaining 50% is owned jointly by Steven Down, Terry Cosgrove and Russel Moore.

(3) 80% is owned by Great American Corporation and the remaining 20% is owned jointly by Steven Down, Terry Cosgrove and Russel Moore.

(4) 90% is owned by Great American Gaming Corporation and the remaining 10% is owned by John Vertrees.

(5) Scheduled to close at the end of May, 2003.



ARTICLE 2 - GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Industry Overview

Games of chance, where players wager to win money or rewards based on an uncertain or random outcome, is commonly referred to as “gaming”. The Issuer is principally engaged in the industry of gaming and provides gaming in a casino style environment and method of play.

Gaming has existed in a variety of forms and permutations for thousands of years and has been permissible in limited forms in Canada since 1892. The gaming industry in Canada, and British Columbia, where the Issuer’s primary operations are located, is inextricably linked to the Criminal Code of Canada R.S.C., 1985, chapter C-46 (“Criminal Code”) and the legislative amendments to the Criminal Code that have gradually increased the scope of legalized gaming in Canada.

Upon the confederation of Canada in 1867, many of the Criminal Code provisions with respect to gaming were imported from the then prevailing laws of the United Kingdom. At that time, gaming in virtually any form was prohibited in the United Kingdom and, as such, in 1867, an absolute prohibition against gaming existed under the Criminal Code. The first progress towards legalized gaming in Canada occurred in 1892 when the Criminal Code was amended to tolerate gaming under certain conditions. The types of gaming activities initially permitted were small charitable raffles and lotteries to aid benevolent societies seeking to generate revenues for “worthy” causes.

In 1910, further amendments to the Criminal Code allowed “games of chance” where profits were to be used for charitable or religious purposes. These amendments broadened the scope of the types of gaming activities charitable industries or persons could engage in. The first major milestone in legalized gaming in Canada came in 1969 when the provincial governments were granted the opportunity to utilize lotteries to fund worthwhile activities. Commencing in 1969, the federal government began reducing its involvement in gaming regulations and, at the insistence of the provincial and territorial governments, allowed the provincial government, or its agents, to conduct and manage “lottery schemes” including, inter alia, most types of traditional casino gaming, lotteries and raffle ticket lottery. Under these amendments and the subsequent provincial enactment, persons or corporations were also permitted to assist in gaming activities as agent or service provider for the provincial governments. Initially the types of lottery schemes conducted by the provincial and territorial governments was primarily lotteries. These lotteries became extremely successful and resulted in significant revenues to the provincial and territorial governments who participated in this form of gaming. As a result of the success of the province and territorial lotteries, the provincial governments sought further amendment to the Criminal Code in order to expand and diversify the type of gaming activities offered within the respective provinces. The first traditional casino in Canada opened in Edmonton, Alberta in 1975.

Traditional casino style gaming activities commenced in earnest subsequent to the 1985 amendments to the Criminal Code which permitted provincial and territorial governments to administer computer and video gaming devices (video lottery terminals and slot machines). The 1985 amendments to the Criminal Code resulted in the significant expansion of gaming activities in Canada. Casino style gaming in British Columbia is conducted by the British



Columbia Lottery Corporation (“BCLC”) who in turn, hires or engages operational service providers to operate casinos on behalf of BCLC. This structure regulates the provincial hegemony over legalized gaming in Canada.

There are 19 operating casinos in British Columbia, of which the Issuer operates six, and has negotiated the acquisition of a 60% interest in a seventh casino. Within the broad definition of gaming are also bingo halls, race tracks (including off-track betting facilities) and provincial lotteries. All of the foregoing comprise the gaming industry in British Columbia, however no consideration of the industry beyond casino gaming is given in this AIF, as a result of the Issuer’s principal focus being the operation of casinos.

As indicated above, in British Columbia, the provincial government through BCLC regulates casino gaming. Regulations that are designed to maintain the integrity of the games played and ensure that industry participants are of good character. The provincial government, through BCLC retains the majority of the casino “win” (loosely defined as being revenues from customers less customer payouts for winnings) which is in turn utilized to support charitable organizations and other government initiatives, including local healthcare, education and the local community.

In keeping with the foregoing structure, BCLC maintains a physical presence at each of the Issuer’s casinos and supplies equipment to the Issuer for use in gaming activities. The Issuer, under this system, is responsible for premises, labour, marketing, administration, and all other necessary expenditures and equipment necessary for gaming activities to take place. The Issuer retains its portion of the casino win from which it must pay all of the foregoing expenses. The revenue sharing model between BCLC and the Issuer is codified in the casino operational service agreements among BCLC and Great Canadian Casinos Inc., the Issuer’s operating subsidiary.

In Canada during 2000, approximately \$3.2 billion was generated from casino gaming, representing 32% of the total gaming revenues in Canada. The total gaming revenues and casino revenues have consistently increased for the past 10 years in Canada. The rationale for the increase is the growing social acceptability of gaming as a form of entertainment, increasing diversification of gaming forms and complimentary activities offered by gaming service providers. In British Columbia, it has become the stated mandate of the provincial government to increase gaming revenues, while at the same time maintaining a policy of limited expansion. As a result, the Issuer believes the gaming industry in British Columbia will continue to increase from a revenue generation perspective as new and more favourable regulations will likely assist casinos in British Columbia to increase revenues.

2.2 Canadian Regulatory Environment

As briefly described in this document, ticket lotteries, horse racing, and charitable gaming are currently available in all ten provinces and three territories. Casino style gaming is available in all provinces with the exception of New Brunswick, Prince Edward Island, Newfoundland and the region of Labrador. Slot machines are available in all provinces with the exception of New Brunswick, Prince Edward Island, Newfoundland and the region of Labrador.



Consideration of the regulatory framework pursuant to which the Issuer operates is critical to an understanding of the Issuer's operations. The following is a synopsis some of the pertinent regulations and legislative framework surrounding the Issuer's operations and is not meant to be construed as a definitive statement as to the applicable regulatory scheme.

The principal Canadian legislation governing gaming is the Criminal Code. The Criminal Code provides for a general prohibition against a wide range of activities associated with gaming and, accordingly, it is otherwise illegal in Canada to engage in any way in gaming unless such gaming activity falls within one or the exemptions in Part VII of the Criminal Code. Subsections 207(1)(a), (b), (c) and (g) of the Criminal Code state in part as follows:

"207(1) Notwithstanding any of the provisions of this Part relating to gaming and betting, *it is lawful*

- (a) for the government of a province either alone or in conjunction with the government of another province to conduct and manage a lottery scheme in that province, or in that and the other province, in accordance with any law enacted by the legislature of that province;
- (b) for a charitable or religious organization, pursuant to a licence issued by the Lieutenant Governor in Council of a province or by such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof, to conduct and manage a lottery scheme in that province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose;
- (c) for the board of a fair or of an exhibition, or an operator of a concession leased by that board, to conduct and manage a lottery scheme in a province where the Lieutenant Governor in Council of the province or such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof has
 - (i) designated that fair or exhibition as a fair or exhibition where a lottery scheme may be conducted and managed, and
 - (ii) issued a licence for the conduct and management of a lottery scheme to that board or operator;"
- (g) for any person, for the purpose of a lottery scheme that is lawful in a province under any of paragraphs (a) to (f), to do anything in the province, in accordance with the applicable law or licence, that is required for the conduct, management or operation of the lottery scheme or for the person to participate in the scheme;"

For the purposes of subsections 207(1)(a) and (b) the definition of a "lottery scheme" includes both traditional casino table games and the operation of slot machines. It is therefore lawful for a province or government to engage in casino or other forms of gaming.

Pursuant to the provision of 207(1)(g), the legislative authority for legalized gaming in British Columbia by BCLC and the Issuer is also enabled.



The Issuer's operations are also subject, in addition to the Federal and Provincial regulatory framework, to local and municipal zoning and land use by-laws. Specifically, pursuant to its power to enact by-laws, the City of Vancouver passed a zoning by-law that divided traditional casinos into two separate classes. The first class permitted traditional casino table games while the second class permitted both table games and the operation of slot machines. The Vancouver City zoning by-law subsequently prohibited all casinos within the second class from any land use zone within Vancouver City boundaries. The by-law was challenged by BCLC, however the Supreme Court of British Columbia found that the by-law was validly enacted and, as such, enforceable. The decision of the Supreme Court in that case was appealed to the British Columbia Court of Appeal. However, the appeal was dismissed.

Gaming Policy and Enforcement Branch

In addition to the foregoing regulatory framework, the Gaming Control Act (SBC 2002 ch. 14) (the "Gaming Control Act") reforms the management structure that oversees gaming policy in British Columbia. As a result, the Gaming and Audit Investigation Office is eliminated and its powers and duties are transferred to the Gaming Policy and Enforcement Branch ("GPEB"), which is the control branch of the Attorney General's office of the Province of British Columbia. Under the new scheme, the General Manager of the GPEB is responsible for auditing the operation of all casinos within British Columbia and screening participants within the gaming industry. Of particular importance is the requirement for GPEB registration for any company engaged in the gaming industry, and in addition, registration of any director, officer or associate of such company. The definition of an "associate" under the Gaming Control Act is very broad and includes persons with a financial interest in a company or in the facility to which the registration relates. GPEB reserves the discretion to grant or refuse registration. Furthermore, a company engaged in the gaming industry must disclose any change in its Directors, Officers or associates.

2.3 Washington State Regulatory Environment

As the Issuer, through Great American Gaming Corporation ("GAG") operates gaming facilities in Washington State, information relating to the Washington State regulations is also required to fully understand the regulatory framework the Issuer operates under.

The Washington State Gambling Commission ("WSGC") is authorized under the Gambling Act, Chapter 9.46 of the Revised Code of Washington and Title 230 of the Washington Administrative Code to license charitable and commercial interests to conduct gaming activity. The WSGC was established as a regulatory agency with its major responsibility directed toward preventing individuals with undesirable criminal backgrounds from obtaining any kind of gambling license or working in a licensed establishment.

Gaming facilities in Washington fall into the three distinct categories of charitable, commercial and tribal. The regulations around each are significantly different, but oversight by WSGC is constant within those regulations. The Issuer is not involved in charitable or tribal gaming although it belongs to the Recreational Gaming Association ("RGA"), which is lobbying on behalf of charitable and commercial interests. One of the objectives of the RGA is to provide industry-wide access to electronic gambling devices like those operated at tribal casinos. Tribal casinos operate Tribal Lottery System machines that are similar to slot machines in appearance but are



not "random number generated" devices. Tribal casinos are also permitted to conduct games authorized for commercial or charitable gambling, but require authorization through a compact for any other games and/or higher bet limits.

The Issuer is involved in the operation of commercial gambling sites called "House Banked" Card Rooms. These are, in effect, mini-casinos limited to 15 tables with maximum bet limits of \$100.00. Games such as Blackjack and Caribbean Stud Poker are permitted and the facilities have player/house supported progressive jackpots. The facilities include licensed Punch Board/Pull Tab operations; licensed amusement games and are licensed to serve alcohol.

Gaming operations are subject to stringent scrutiny by WSGC in both the applicant and operational processes. Applicants for licensing must provide full disclosure of personal and financial information for owners, directors, senior staff and holders of 5% or greater interest in the applicant business. Licenses are granted for a one-year period and must be renewed annually. The WSGC is very strict about relationships between licensed and non-licensed companies and demands that any loans (other than financial institution loans) be approved prior to completion. This applies to Issuer loans outside, as well as inside, Washington State; and, includes in that definition a requirement that any indebtedness by the licensee, in excess of \$2,000.00, be reported.

2.4 Restrictions on Share Ownership

Under the Gaming Control Act, an entity engaged in the gaming industry must disclose the acquisition or disposition by a person or a group of persons acting in concert, of five percent or more interest in the company whether arising through the acquisition or disposition of voting shares or other securities having a value of 5% or greater of the paid up capital of the company. Any person holding a five percent or greater interest in any entity engaged in the gaming industry requires GPEB registration. Due to the requirement of GPEB registration, which registration may be refused, any person or entity or group of persons acting together who proposes to acquire common shares or other securities of the Issuer up to or in excess of five percent of the issued and outstanding common shares of the Issuer or other securities having the aggregate equivalent value of 5% or greater of the Issuer's paid up capital, must first obtain GPEB registration and approval. It is also a term of the Issuer's Subsidiaries Agreements with BCLC that any person or group of persons acting in concert obtain BCLC consent to the acquisition or disposition of a "significant interest" in the Issuer's voting shares. A "significant interest" is defined as an interest equal to or greater than 10% of the Issuer's common voting shares.

With a view to complying with the requirements of the Gaming Control Act, the BCLC and its Casino Operational Service Agreements, the Issuer has adopted two special resolutions to its Articles. These special resolutions are set out below:

"PART 7(A) – SHARE CONSTRAINT

7(A).1 No person, or group of persons acting in concert, shall acquire, agree to acquire, hold, beneficially own or control, either directly or indirectly, voting shares in the capital of the company to which are attached, in the aggregate, more than ten (10%) percent of the votes that may ordinarily be cast to elect



directors of the company at a meeting of the members (referred to as a "Significant Interest") unless the person obtains prior written consent of the BCLC, its successors, assigns or lawful representative (the "Lottery Corporation") to hold such Significant Interest in the company.

Any person, or group of persons acting in concert, holding or agreeing to acquire a Significant Interest, whether owned or controlled, or to be owned or controlled either directly or indirectly, without complying with the provisions of this article shall not:

- (a) acquire, in any manner whatsoever, any shares in the capital of the company;
- (b) dispose, in any manner whatsoever, any portion of the Significant Interest; or
- (c) acquire, in any manner whatsoever, any further shares of the company or otherwise increase the member's Significant Interest;

until such time as there has been compliance with this article and the consent of the Lottery Corporation as to ownership, control or agreement to acquire the Significant Interest has been approved.

7(A).2 Any person, or group of persons acting in concert having ownership or control of a Significant Interest, either directly or indirectly, shall not:

- (a) dispose, in any manner whatsoever, any portion of the Significant Interest; or
- (b) acquire, in any manner whatsoever, any additional shares of the company which would increase that person's Significant Interest;

if such disposition of acquisition would result in a change of control of the company, unless the person or member obtains the prior written consent of the Lottery Corporation to the intended disposition or acquisition of that portion of that person's Significant Interest.

7(A).3 In the event that a person, or group of persons acting in concert, fails to comply with the provisions of Article 7(A), the company may:

- (a) Place a stop transfer on any and all shares of the person or group of persons it reasonably believes is violating this article 7(A);
- (b) Apply to the Supreme Court of British Columbia, or such other court of competent jurisdiction seeking an injunction to prevent a breach or continuing breach of this article; or
- (c) Make application to the British Columbia Securities Commission, its successors, assigns or such other governmental regulatory agency having jurisdiction over the affairs of the company, to effect a cease



trading order or such similar restriction against such person or member until such time as the person or member complies with Articles 7(A)."

"PART 7(B) – ADVANCE NOTICE AND APPROVAL

7(B).1 No person or group of persons acting in concert, shall, directly or indirectly, acquire or dispose of, in one transaction or series of transactions:

- (A) 5% or more of the outstanding voting shares of the company, or
- (B) securities of any kind issued by the company where the value of those securities is equal to or greater than 5% of the aggregate paid up capital of the company on the date the securities are issued.

without first providing notice in writing to the company of the intention to acquire or dispose of the shares or other securities of the company, and receiving prior approval by the applicable regulatory authority to the proposed acquisition or disposition.

7(B).2 The notice required to be given pursuant to article 7(B).1 shall be given to the company and the company shall use its best efforts to seek the required approval of the applicable regulatory authority to the proposed acquisition or disposition.

7(B).3 In the event that a person or group of persons acting in concert, fails to comply with the notice and approval requirement contained in article 7(B).1, the company may:

- (A) place a stop transfer on any and all shares or securities legally or beneficially owned or controlled by the person or group of persons acting in concert, which in the opinion of the company, acting reasonably, believes is violating this Part 7(B);
- (B) apply to the Supreme Court of British Columbia, or such other court of competent jurisdiction seeking an injunction to prevent a breach or continuing breach of this Part 7(B);
- (C) make application to the British Columbia Securities Commission, its successors, assigns or such other regulatory agency having jurisdiction over the affairs of the company, to effect a cease trade order or such similar restriction against such person or member until such time as the person or member complied with this Part 7(B); or
- (D) take such reasonable action as may be required by the company as against any person or member or group of persons or members acting in concert in order to ensure compliance with the requirements of this Part 7(B)."



The foregoing provisions of the Issuer's activities are annually brought to shareholders' attention by way of inclusion in the Issuer's AIF and proxy material.

ARTICLE 3 - SIGNIFICANT ACQUISITIONS AND SIGNIFICANT DISPOSITIONS

3.1 Bridgepoint Market

The Issuer entered into a Purchase and Sale Agreement dated October 8, 2002 among Park Georgia Properties Ltd., Bridgepoint Marinas Ltd. and Bridgepoint Restaurants Ltd. for the acquisition of the improvements and leasehold interest of Park Georgia Properties Ltd. to the Bridgepoint Market located at 8671, 8811, 8840 River Road, 2420 No. 3 Road, Duck Island 18625 and adjacent water lot in Richmond, British Columbia. The acquisition has been approved by TSX Venture Exchange ("TSX-V") and was completed on April 15, 2003. As consideration, the Issuer paid \$3,300,000 cash and \$5,500,000 by way of the issuance of a five year, 3.5% convertible debenture convertible into common shares of the Issuer at \$7.25 per share in years one and two, \$7.75 in year three, \$8.25 in year four and \$8.75 in year five, plus 75,000 common share purchase warrants exercisable into 75,000 common shares at an exercise price of \$7.25 per share for a two year period payable to Bridgepoint Restaurants Ltd. as consideration for the assets of Dock Marlins Pub. A bonus of \$2.5 million in cash is payable to Park Georgia Properties Ltd. in the event that the Issuer's common shares do not trade for ten consecutive days at a price of \$12.00 per share within two years from April 15, 2003. A finder's fee of 40,000 common shares was paid in connection with this transaction. Presuming full conversion and exercise of the share purchase warrant within 24 months of April 15, 2003, a maximum number of 833,621 common shares may be payable to the vendors. It is anticipated that this property will be the new location of the Issuer's Richmond, British Columbia, casino, subject to BCLC approval to such relocation. In connection with the acquisition, the Issuer has obtained the assignment of the sublease of the Bridgepoint Market property which term extends for 37 years from the closing date.

3.2 Acquisition of Big Al's Casino

The Issuer, through a 90% subsidiary of GAG recently acquired all of the business assets of Big Al's Casino LLC, which operated "Big Al's Casino" in Everett, Washington. Big Al's Casino is an established gaming facility which opened on November 1998 in Everett Washington. The facility features 15 table games, a nightclub with live entertainment, a 50-seat restaurant and banquet facilities for 100 people. GAG acquired freehold to the land upon which the Big Al's Casino operates.

3.3 Jack O'Clubs Gaming Hall Ltd.

The Issuer reached an agreement to acquire a sixty-percent interest in Jack O'Clubs Gaming Hall Ltd. ("JGH"). JGH provides operational services under contract to BCLC for a destination casino facility in Wells, British Columbia. The Issuer will invest up to \$1.6 million in JGH as consideration for its sixty-percent interest, of which \$600,000 has already been advanced. Under the purchase agreement, the Issuer can increase its equity interest to sixty-seven percent by investing an additional \$177,000 in JGH. Closing of this transaction is anticipated to take place late in May, 2003. JGH operates seasonally with 80 slot machines, 4 gaming tables and a 90 seat licensed performance lounge featuring 1930's style live entertainment.



ARTICLE 4 - NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 Summary of Issuer's Operations

The Issuer, through its operating subsidiaries, operates casinos on behalf of BCLC to the public of legal age in the respective casino jurisdiction. The Issuer, through its wholly-owned subsidiary Great Canadian Casinos Inc. ("Casinos"), currently operates a total of six casinos, one in each of the British Columbia cities of Nanaimo, View Royal, Richmond, Coquitlam and two within the City of Vancouver. The Issuer, through its wholly-owned subsidiary GAG and jointly with Evergreen Entertainment Corporation ("Evergreen"), operates a single casino in Tukwila, Washington, pursuant to GAG's Service Supplier Licence Agreement with the Washington State Gambling Commission.

The Issuer, through a 90% subsidiary of GAG has recently acquired all of the business assets of Big Al's Casino LLC, which operated "Big Al's Casino" in Everett, Washington. (See Section 3.2).

The Issuer has entered into an agreement dated for reference the 16th day of April 2003 to acquire 60% of the shares of Jack O'Clubs Gaming Hall Ltd. which operates a destination casino in Wells, British Columbia. The closing of this acquisition is anticipated to close on or before May 30, 2003. (See Section 3.3).

The games currently permitted in British Columbia fall into two categories: table games (the majority of which employ playing cards) and slot machines. The variety of table games currently permitted are Blackjack, Red Dog, Multi-Action Blackjack, Poker, Caribbean Stud Poker, Let It Ride, Mini-Baccarat, Fortune Pai Gow Poker, Electronic Sic Bo, Roulette, Progressive Blackjack, Three Card Poker and Rapid Roulette. Existing gaming regulations in British Columbia limit the number of table games in any one casino to 30, plus six poker tables, and the number of slot machines to 300. Additional games permitted and the number of tables and slot machines per casino is under the discretion of the Government of British Columbia. With respect to its operations in Washington State, those games of chance are permitted by Washington State and U.S. Federal legislation applicable therein. Details of the Issuer's and its subsidiaries' specific operations and business activities are set forth below.

Great Canadian Casinos Inc. and Great Canadian Gaming Corporation

As stated above, Casinos operates six land-based community casinos within the Province of British Columbia and, in addition, holds one casino operational services agreement pending development and regulatory approval. Additionally, the Issuer has entered into an agreement to acquire a 60% interest in the shares of a gaming service provider operating in Wells, British Columbia. This investment is held directly by the Issuer. Each of Casinos' gaming facilities are operated pursuant to operational agreements between Casinos and BCLC. All of the operational agreements expire February 28, 2011 and have ten-year renewal options, thereafter. Details of Casinos' and the Issuer operating gaming facilities as at March 31, 2003 are set out below.



Coquitlam, British Columbia

Location: 2080 United Boulevard, Coquitlam, British Columbia
Title: Freehold
Gaming Facility: 300 slot machines
32 table games
Staff Onsite: 342
Amenities: Concession
restaurant
ATM
Opened: October 2001

View Royal, British Columbia

Location: 1708 Island Highway, Victoria, British Columbia
Title: Freehold
Gaming Facility: 300 slot machines
30 table games
Staff Onsite: 230
Amenities: Concession
restaurant
ATM
Opened: December 2001

Richmond, British Columbia

Location: 8440 Bridgeport Road (at No. 3 Road), Richmond, British Columbia
Title: Leasehold
Gaming Facility: 33 table games
Staff Onsite: 210
Amenities: Concession
ATM
Opened: June 1987

Vancouver, British Columbia (Downtown)

Location: 1133 West Hastings Street, Vancouver, British Columbia (Renaissance Hotel,
Vancouver)
Title: Leasehold
Gaming Facility: 24 table games
Staff Onsite: 119
Amenities: Concession
ATM
Opened: June 1993



Vancouver, British Columbia (South)

Location: 709 West Broadway Avenue, Vancouver, British Columbia (Holiday Inn, Vancouver)
Title: Leasehold
Gaming Facility: 35 table games
Staff Onsite: 206
Amenities: Concession
ATM
Opened: Feb. 1986

Nanaimo, British Columbia

Location: 620 Terminal Avenue, Nanaimo, British Columbia
Title: Freehold – owned by Great Canadian Gaming Corporation
Gaming Facility: 300 slot machines
18 table games
Staff Onsite: 147
Amenities: Concession
ATM
Opened: July 1998

Jack O'Clubs Gaming Hall Ltd. Wells, British Columbia (*This transaction is anticipated to close at the end of May, 2003)

Location: 12383 Barkerville Highway, Wells, British Columbia
Gaming Facility: 80 slot machines
4 table games
Staff Onsite: 25 (approximately)
Opened: June 2002

Weinlager & Amici Caffè

The Issuer, during fiscal 2001, acquired a 50% interest in each of Weinlager & Amici Caffè (Coquitlam) Ltd. ("Weinlager Coquitlam") and Weinlager & Amici Caffè (Victoria) Ltd. ("Weinlager Victoria"). Weinlager Coquitlam operates the concession at Casinos' Coquitlam location and operates a full menu restaurant adjacent to Casinos' Coquitlam location pursuant to a lease agreement with Casinos. Weinlager Victoria operates the concession at Casinos' View Royal Casino and operates a full menu restaurant located adjacent to Casinos' View Royal Casino pursuant to a lease agreement with Casinos.

Both Weinlager Coquitlam and Weinlager Victoria have management agreements with Tiara Food & Beverage Concepts Ltd., in respect of the operation of both the Weinlager Coquitlam and Weinlager Victoria establishments and concessions. The Issuer has no interest in Tiara Food & Beverage Concepts Ltd.



Great Canadian Marina and Restaurant Ltd.

During fiscal 2003, the Issuer, through Great Canadian Marina and Restaurant Ltd., purchased all of the assets and undertaking of Bridgepoint Restaurants Ltd.; being the entities formerly operating the marina and restaurant at the Bridgepoint Market property acquired by the Issuer on April 15, 2003.

Great Canadian Cruises Inc.

During fiscal 2000 and 2001, the Issuer acquired a 26.8% interest in Emerald Cruises Inc. (which subsequently changed its name to China Sea Cruises Inc.) through its subsidiary Great Canadian Cruises Inc. ("Cruises"). The principal asset of China Sea Cruises Inc. was the cruise vessel TSS China Sea Discovery.

During fiscal 2001, the Issuer wrote off its investment in China Sea Cruises Inc. and on November 8, 2001 the Issuer discontinued all operations and funding commitments relating to the operation of the TSS China Sea Discovery.

Great American Gaming Corporation

GAG has a 50% interest in Grand Central Properties Algona, LLC, a 50% interest in Grand Central Properties Tukwila, LLC, an 80% interest in Grand Central Properties Everett LLC, an 80% interest in Grand Central Properties Tacoma LLC, a 50% interest in Evergreen Entertainment Corporation, and a 90% interest in Pair O'Dice Investments LLC. Details of the foregoing operations are set out below.

Grand Central Properties Algona, LLC and Grand Central Properties Tukwila, LLC

Grand Central Properties Algona, LLC ("GCP Algona") purchased approximately 3 acres of land in Algona, Washington for US\$1,614,262.75 on October 19, 2001.

It is the intention of GCP Algona and Grand Central Properties Tukwila, LLC ("GCP Tukwila") that they will construct casino facilities and lease same back to Evergreen or owner related parties. Accordingly, in January 2002, Evergreen entered into lease and construction agreements with GCP Algona and GCP Tukwila.

Grand Central Properties Everett, LLC and Grand Central Properties Tacoma, LLC

During the year ended December 31, 2002, the owners of Evergreen finalized the formation of Grand Central Properties, Everett, LLC ("GCP Everett") and Grand Central Properties, Tacoma, LLC ("GCP Tacoma"), both limited liability companies formed pursuant to the laws of Washington State. GCP Everett and GCP Tacoma acquired land for US\$2,405,036.07. It is the intention of Evergreen to enter into lease and construction agreements with GCP Tacoma and GCP Everett to construct casinos and lease them to Evergreen.



Evergreen Entertainment Corporation

Evergreen operates a land-based casino in Tukwila, Washington known as "Grand Central Casino Tukwila". In connection with this casino facility, GAG has been issued a Service Supplier Licence by the Washington State Gambling Commission which expires on February 13, 2004 and is normally renewed automatically by the Washington State Gambling Commission.

Details of the Tukwila gaming facility are as follows:

Name of Casino: Grand Central Casino
Location: 14040, Interurban Avenue South, Tukwila, Washington, USA
Title: Freehold
Gaming Facility: 15 table games
Staff Onsite: Approximately 200
Amenities: Restaurant
bar
gift shop
banquet facilities
ATM
Opened: July 26, 2002

In addition to the casino in Tukwila, Evergreen has the following casinos under development:

Name of Casino: Grand Central Casino Everett
Title: Freehold – Grand Central Properties Everett
Location: 11804 Highway 99, Everett, Washington, USA

Name of Casino: Grand Central Casino Tacoma
Title: Freehold – owned by Grand Central Properties Tacoma
Location: 10117 S. Tacoma Way, Lakewood, Washington, USA

Name of Casino: Grand Central Casino Algona
Title: Freehold – owned by Grand Central Properties Algona
Location: 1600 West Valley Highway South, Algona, Washington, USA

Pair O'Dice Investments LLC

GAG entered into a Limited Liability Company Agreement/ Management Operating Agreement to acquire a 90% interest in Pair O'Dice Investments LLC ("Dice"). Dice was formed on December 5, 2001. Dice acquired all of the business assets of Big Al's Casino ("Big Al's"), a casino located in Everett, Washington, for consideration of \$6,364,000 (US\$4,034,000) and the issue of 75,000 share purchase warrants. Each warrant is convertible into one common share of the Issuer at an exercise price of \$8.75 up to two years from issuance. Big Al's is an established gaming facility which opened in November 1998 in Everett Washington. On January 29, 2003, GAG acquired the land, building and leaseholds, where the existing Big Al's is located, for consideration of \$3,037,000 (US\$1,925,000) plus adjustments at the closing date. Details of the casino are set out below:

Big Al's Casino

Location: 12715 Fourth Avenue West, Everett, Snohomish County, Washington, USA
Title: Freehold
Gaming Facility: 15 table games plus pull tabs
Staff Onsite: 130
Amenities: Restaurant
pool tables
nightclub
ATM machines
Opened: November 1998

4.2 Issuance of Shares

Fiscal Year Ended December 31	Number of Common Shares Issued⁽¹⁾	Dollar Amount Raised
2002	2,780,400	\$10,693,859

(1) Pursuant to private placement transactions, exercise of stock options and exercise of warrants.

4.3 Authorized and Issued Capital

The Issuer is authorized to issue 100,000,000 common voting shares without par value. As of December 31, 2002, there were 20,397,206 Common Shares outstanding. As of May 16, 2003, there were 20,893,856 Common Shares outstanding.

4.4 Issuance of Shares Pursuant to Shares for Debt Transaction

The Issuer did not issue any Common Shares from its treasury for the settlement of debt during fiscal 2002.

4.5 Private Placement Transactions

During fiscal 2002 and up to the date of this AIF during 2003, the Issuer undertook two private placement transactions, detailed as follows:

During the year ended December 31, 2002, the Issuer raised gross proceeds of \$7,200 through two non-brokered private placements. The first private placement was completed on January 29, 2002 for 1,000,000 units at a price of \$4.25 per unit. Each unit consists of one common share and one share purchase warrant. Two warrants, once exercised, entitles the holder thereof to purchase one additional common share in the capital stock of the Issuer at \$4.50 per share for twelve month period. Commissions and fees relating to this issue totalled \$43,000.

The second placement was completed on April 19, 2002 for 500,000 common shares in the capital stock of the Issuer at a price of \$5.90 per share. Commissions and fees relating to this issued totalled \$37,000.



Also accepted for filing and also under cover of TSX-V letter dated January 17, 2003, as amended on January 23, 2003, is an Asset Purchase and Sale Agreement dated August 23, 2002 between Pair O'Dice Investments LLC, a subsidiary of the Issuer, and Big Al's Casino LLP whereby Pair O'Dice Investments LLC acquired all of the assets, undertaking, intellectual property and goodwill of Big Al's Casino LLC in Everett, Snohomish County, Washington, U.S.A. The consideration is Cdn.\$6,152,800 plus the cost of inventory as at the closing date, and 75,000 share purchase warrants, to exercise up to a total of 75,000 common shares in the capital stock of the Issuer, at a price of Cdn.\$8.75 for two years, exercisable up to and including January 20, 2005.

Subsequent to the Issuer's 2002 year end, the Issuer entered into the following private placement transactions, detailed as follows:

Purchase of Big Al's Casino, Everett, Washington

The TSX-V approved under cover of letter dated January 17, 2003, as amended on January 23, 2003, the filing of an Asset Purchase and Sale Agreement dated November 20, 2002 between GAG, a subsidiary of the Issuer and Mariner Square Partnership pursuant to which GAG acquired the real property associated with the business of Big Al's Casino LLC located in Everett, Snohomish County, Washington, U.S.A. The consideration is Cdn.\$2,941,977.50 cash plus adjustments of Cdn.\$1,562.08.

All warrants remain outstanding at the date of this AIF.

Acquisition of Bridgepoint site, Richmond, British Columbia

The TSX-V approved under cover of its letter dated April 7, 2003, the acquisition of the Bridgepoint Market site and approved the Purchase and Sale Agreement (the "Agreement") dated October 8, 2002 between the Issuer and Park Georgia Properties Ltd., Bridgepoint Marinas Ltd. and Bridgepoint Restaurants Ltd. whereby the Issuer acquired the leasehold interests and improvements known as the Bridgepoint Market located at 8671, 8811, 8840 River Road, 2420 No. 3 Road, Duck Island 18625 and adjacent water lot in Richmond, British Columbia in consideration of the following:

- (i) \$3,300,000 cash;
- (ii) \$5,500,000 by way of a five year, 3.5% convertible debenture convertible into common shares of the Issuer at \$7.25 per share in years one and two, commencing April 15, 2003 to and including April 15, 2005, at \$7.75 in year three, commencing April 16, 2005 to and including April 15, 2006, at \$8.25 in year four, commencing April 16, 2006 to and including April 15, 2007, and at \$8.75 in year five; commencing April 16, 2007 to and including April 15, 2008;
- (iii) 75,000 common share purchase warrants exercisable into 75,000 common shares at an exercise price of \$7.25 per share for a two year period payable to Bridgepoint Restaurants Ltd., commencing April 15, 2003 to and including April 15, 2005, as consideration for the assets of Dock Marlins Pub;
- (iv) a bonus of \$2.5 million in cash payable to Park Georgia Properties Ltd. in the event that certain conditions subsequent are not met; and



(v) a finder's fee of up to 40,000 common shares of the Issuer.

The transaction closed on April 15, 2003. All warrants remain outstanding at the date of this AIF and no shares have been issued pursuant to the conversion of the debenture referred to above.

4.6 Normal Course Issuer Bid

Under a normal course issuer bid approved on May 14, 1999 and amended on December 23, 1999, the normal course issuer bid allowed the Issuer to repurchase, for cancellation, up to 999,785 shares during the period from May 21, 1999 to May 21, 2000. The Issuer repurchased, cancelled and returned to the Issuer's Treasury, 999,700 shares, with 85 shares left unacquired.

Under a normal course issuer bid approved on May 19, 2000, the normal course issuer bid allowed the Issuer to repurchase, for cancellation, up to 955,000 shares during the period from May 24, 2000 to May 23, 2001. The Issuer repurchased, cancelled and returned to the Issuer's Treasury, 527,100 shares were repurchased and cancelled, with 427,900 shares left unacquired.

Under a normal course issuer bid approved on October 17, 2001, the normal course issuer bid allowed the Issuer to repurchase, for cancellation, up to 934,000 shares during the period from October 16, 2001 to October 15, 2002. The Issuer repurchased, cancelled and returned to the Issuer's Treasury 934,000 shares.

Under a normal course issuer bid approved on October 16, 2002, the TSX-V approved the Issuer's intention to repurchase, under a normal course issuer bid, up to 1,000,000 of its outstanding shares, representing 5% of the current issued and outstanding shares of the Issuer, as stipulated pursuant to the policies of the TSX-V. The purchases are to be made through the facilities of the TSX-V during the period October 16, 2002 to October 15, 2003. The Issuer intends to return the shares to treasury for cancellation. As at April 30, 2003, the Issuer repurchased, cancelled and returned to the Issuer's Treasury 151,000 shares, and 20,000 shares have subsequently been cancelled on May 9, 2003.

During the year 1999, the average price to repurchase 759,000 shares under the normal course issuer bid was \$3.27 per share. For 2000, the Issuer repurchased 767,800 shares at an average price of \$3.06 per share. In 2001, \$111,050 was spent to repurchase 28,900 shares for an average price of \$3.84 per share. The average price per share increased to \$7.16 for shares repurchased in 2002. For the 107,700 shares repurchased from February to April, 2003, the average price per share was \$8.53. From 1999 to 2003, 2,631,800 shares were repurchased under the normal course issuer bid for an average price per share of \$4.86, more particularly detailed in the following chart:

Year	Number of Shares Repurchased	Price per Share	Average Price per Share
1999	759,000	\$2,481,180.93	\$3.27
2000	767,800	\$2,348,552.88	\$3.06
2001	28,900	\$ 111,050.00	\$3.84
2002	968,400	\$6,937,414.10	\$7.16
2003	107,700	\$918,396.14	\$8.53
Totals	2,631,800	\$12,796,594.05	\$4.86



During the year 2002, the Issuer also acquired and cancelled 100,000 shares for \$600,000 through a private purchase, which was exempt from the normal course issuer bid under section 99(d) of the Securities Act. The total number of shares cancelled since 1999 and up to April 30, 2003 is 2,711,800.

4.7 Profit Sharing Plan

A Profit Sharing Plan was introduced by Casinos in 1999 as another means of encouraging and rewarding superior employee performance. In April 2001, Casinos paid \$596,532.49 to its employees. Payment by Casinos to this Profit Sharing Plan is based upon net income before taxes, on a consolidated basis. The calculation of the profit sharing was \$700,000 on the first \$13,000,000 before tax plus any excess over \$13,000,000 at 7%. The percentage payout to employees ranged from 0.939% to 12.60% of gross earnings, excluding taxable benefits and income on exercise of options.

Profit sharing for the year 2001 was paid in April 2002 in the amount of \$1,030,322. The percentage payout to employees ranged from 2.634% to 13.94% of gross earnings, excluding taxable benefits and income on exercise of options.

Profit sharing for the year 2002 was paid in April 2003 in the amount of \$1,505,778. The payment is based on \$29,893,802 representing consolidated earnings before income tax, adjusted for profit sharing accruals. The percentage payout to employees ranged from 3.25% to 14.56% of gross earnings, excluding taxable benefits and income on exercise of options.

All employees of the Issuer and Casinos are eligible to participate under this Profit Sharing Plan, with the exclusion of Ross J. McLeod, CEO of Casinos, Adrian R. Thomas, President and COO of Casinos and Michael C. Scholz, Vice Chair, President and Legal Counsel to the Issuer.

4.8 Employee Share Purchase Plan

The Issuer adopted an Employee Share Purchase Plan (the "ESPP") for the benefit of the employees of the Issuer and its wholly owned subsidiary, Casinos to align the interests of its employees with the shareholders of the Issuer. Eligible employees of the Issuer may elect to participate in the ESPP by contributing up to 5% of their gross pay, as defined in the ESPP. The Issuer will contribute \$1.00 for every \$4.00 contributed by employees. The funds so provided will be used to purchase shares of the Issuer on the open market at prevailing market prices. The shareholders of the Issuer approved of the ESPP at its Annual General Meeting held on June 29, 1999. The TSX-V approved the ESPP on September 16, 1999.

To be eligible to participate in the ESPP, the participant must have completed three months of continuous service with the Issuer or its associated companies. The purchase price of the stock is within 10% of the previous trading day's closing price. Approximately 15% of eligible employees have participated in the ESPP as at December 31, 2002. Under the ESPP, the Issuer purchased 76,512 shares for the ESPP in 2002. The Plan is administered by the Trust Company of Bank of Montreal.

All Employees of Casinos are eligible to contribute under this ESPP by way of payroll deductions to a registered or non registered account.



Ross J. McLeod, Michael C. Scholz, and Adrian R. Thomas are not permitted to participate the ESPP.

ARTICLE 5 - COMPETITION

As indicated above, the gaming industry in British Columbia is highly regulated. The regulatory nature of the Issuer's industry limits the amount of direct competition within the industry and as such, limits the Issuer's competition. The Province of British Columbia adopted a policy prohibiting the expansion of gaming. There are competing casinos in Burnaby and New Westminister, which are within easy driving distance of the Issuer's facilities and which will compete with the Issuer's operations in the City of Vancouver and the City of Coquitlam. These casinos have slot machines while the Issuer's Vancouver and Richmond casinos do not. As a result of this situation, the Issuer has experienced a certain migration of its Vancouver and Richmond clientele to the Burnaby and New Westminister casinos. It is anticipated that a significant percentage of this clientele would return if the Issuer were able to install slot machines in its Vancouver casinos, however there appears to be no immediate prospect of this happening. With respect to the Issuer's Washington State operation, though its subsidiary, GAG, new entrants includes, but are not limited to, aboriginal casinos and other gaming operators. It is difficult to assess the effect of new entrants in these sectors, *vis-a-vis*, the operations of the Issuer.

An additional barrier to entry into the industry and therefore a limit to competition, is the significant capital resources and expertise required to build a casino in British Columbia. As a result of the provincial government's mandate to increase gaming revenue twofold, while at the same time not expanding gaming, management of the Issuer believes that the increase in revenue from gaming operations will arise from the amelioration and expansion of existing casino facilities. The result of the foregoing is that new or proposed casino facilities will require significant investment to develop to the level of potential revenue generation sought by the provincial government; which the Issuer believes to be the new standard for gaming in British Columbia. As a result, the Issuer believes there is a significant barrier to entry arising from the financial resources required to establish a new or existing casino.

Another source of competition which could grow in popularity is online gaming over the Internet. These online casinos offer a variety of games including slot machines, roulette, poker and blackjack. With online gaming, an individual can play a variety of casino games in the privacy and comfort of his own home. Web enabled technologies allow for individuals to play using a variety of credit or debit cards.

The Issuer does not believe that other forms of legal gaming, including lotteries, compete directly with the Issuer's current business.

ARTICLE 6 - ACTS OF DIRECTORS

In accordance with the laws of British Columbia, the Directors of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer. In determining whether or not the Issuer will participate in a particular program and the interests therein to be acquired by it, the Directors will primarily consider the degree of risk to which the Issuer may be exposed and its financial position at that time.



ARTICLE 7 - MANAGEMENT EXPERIENCE

The management team of the Issuer collectively have significant experience in relation to private companies and Directors are experienced in matters relating to public companies. Information on the Issuer's management team and the Issuer's Directors as of May 16, 2003, is as follows:

Ross J. McLeod, Executive Chairman and Director. Ross McLeod has 29 years of experience in the hospitality industry and served as a Divisional Director of Operations for the Pacific National Exhibition. Mr. McLeod is an expert in community charity gaming and a major contributor to British Columbia's current regulatory framework for casino gaming. In 1999, Mr. McLeod was recognized by his peers for his industry leadership and awarded the *Outstanding Contribution to the Canadian Gaming Industry Award*. Mr. McLeod is a director of Transac Enterprises Ltd. (formerly Logix Enterprises Inc.)

Michael C. Scholz, President, Vice Chairman, Legal Counsel and Director. Michael Scholz is a member of the Law Society of British Columbia and was a partner in the Vancouver law firm of Alexander Holburn Beaudin & Lang from 1980 to 2001 and was an associate of that firm from 1978 – 1979. Mr. Scholz has occupied numerous executive and director positions with a number of corporations publicly listed in Canada. Mr. Scholz oversees the operations of the Issuer and its legal affairs. Mr. Scholz is a member of the Law Society of British Columbia and has a B.A. and LLB designation. Mr. Scholz was the former Chairman of the Board and is now a director of Avcorp Industries Inc., a Toronto Stock Exchange listed company. Mr. Scholz is a director of ASC Industries Ltd., a TSX-V listed company and is the owner of in excess of 10% of the voting securities of ASC Industries Ltd.

Adrian R. Thomas, Director (President and Chief Operating Officer of Casinos). Mr. Thomas is the founder and President of the provincially approved and registered Canadian Gaming Institute. Mr. Thomas became Executive Vice President of Casinos in 1998 and President in 2000. Mr. Thomas is a graduate of the University of Nevada's Executive Development Program. In April 2002, Mr. Thomas was awarded the *Outstanding Contribution to the Canadian Gaming Industry Award*.

Elmer H. Hintz, Director. Mr. Hintz is a 25-year veteran of the Royal Canadian Mounted Police with direct experience in commercial crime and security services, Mr. Hintz was Director, Investigations and Inspections with British Columbia's Public Gaming Branch for over 12 years. Mr. Hintz was hired as Director of Security for 3490394 Canada Ltd. (formerly: Great Canadian Casino Company Ltd.) on Jan. 1, 1994. He was directly accountable to the Board of Directors for all matters related to corporate security including setting and maintaining standards and giving overall direction to the more than 50 staff engaged in surveillance and security. Responsibilities extended to maintaining effective working relations with provincial law enforcement agencies and regulators in other jurisdictions. Mr. Hintz holds a B.A. and LLB designation.

Earnest C. Beaudin, Director. Mr. Beaudin is a member of the Law Society of British Columbia and holds a B.A. and LLB designation. He was one of the founding partners of the Vancouver based law firm of Alexander Holburn Beaudin & Lang. Mr. Beaudin left Alexander Holburn as well as his private law practice in 1986 to become the President, Chief Executive Officer and General Counsel of Decker Management Ltd. Decker Management Ltd.'s primary



focus is healthcare issues while Decker Construction Ltd. is principally involved in residential development and construction. Mr. Beaudin continues to hold the position of President and CEO of both divisions.

R. Ronald Sheppard, Director. Mr. Sheppard has been actively involved in gaming for over 35 years. He served as the R.C.M.P. National Gaming Specialist for Canada. He was also Director of Canada's first Gaming Control regulatory agency where he developed systems for the licensing, audit and enforcement of gaming activities. Mr. Sheppard was responsible for opening Canada's first commercial casino, and later for planning and opening other major Canadian and Greek casino properties. In 1998, Mr. Sheppard won the "Display of Excellence" award for commercial casino operations in Canada. For the past 11 years, Mr. Sheppard has been a member of the Advisory Board of the Institute for the study of Gambling and Commercial Gaming at the University of Nevada.

Peter G. Meredith, Director. Mr. Meredith has been a director of Pacific Minerals Inc. since June 2002 and the Chief Financial Officer of Vancouver based Ivanhoe Capital Corporation since June 1999. Holding a chartered accountant designation. Mr. Meredith spent thirty years with the accounting firm of Deloitte and Touche serving as both a senior partner and Board member. Mr. Meredith has extensive experience in regulatory compliance and corporate finance.

William P. Work, Director. Mr. Work holds both a Bachelor of Commerce and Bachelor of Law degree from the University of British Columbia. Mr. Work was called to the bar in 1982 and practiced at the Vancouver firm of Alexander Holburn Beaudin & Lang from the period of 1982 until 1999. Mr. Work was the corporate solicitor for Casinos until his retirement in 1999.

Joanna E. Brierley, Secretary. Ms. Brierley joined Great Canadian Casinos Inc. in February of 1997 and currently acts as corporate secretary for the Issuer. Ms. Brierley also serves as the executive assistant to both the Chairman and President of GCG. Prior to joining the Issuer, Ms. Brierley held the position of Executive Assistant to Senior Executives in both publicly traded and privately owned corporations.

Grace Soo, Controller, Treasurer and Interim Chief Financial Officer (Secretary of Casinos). Grace is a designated Certified General Accountant since 1987. Ms. Soo obtained the Canadian Securities certificate in 1994. Prior to joining the Issuer, she spent seven years as an Auditor and Senior Accountant with the Bank of Montreal and the Canadian Western Bank. Ms. Soo oversees the integrity and effective operation and management of the Issuer's accounting, payroll, financing, financial management and reporting systems.

7.1 Board of Directors

A brief synopsis of the qualifications of the Issuer's Directors is set forth above in Article 7. The Board of Directors of the Issuer has appointed two committees, each of which is comprised of a majority of Directors who are both unrelated Directors and outside Directors as defined in the Guidelines of the Toronto Stock Exchange.

The Corporate Governance and Compensation Committee is responsible for reviewing and making recommendations to the Board of Directors with respect to the remuneration of senior management of the Issuer and the remuneration of each member of the Board of Directors, and has the authority to grant stock options to directors, officers and employees. The Corporate



Governance and Compensation Committee is also responsible for developing and recommending to the Board the Issuer's approach to corporate governance. The Corporate Governance and Compensation Committee also reviews with management all rules and policies applicable to governance of the Issuer to assure that the Issuer remains in full compliance with such requirements. The Corporate Governance and Compensation Committee of the Issuer is comprised of Ross J. McLeod, William P. Work, Earnest C. Beaudin, Adrian R. Thomas and Peter G. Meredith.

The Audit Committee of the Issuer is comprised of Michael C. Scholz, Peter G. Meredith and William P. Work. The Audit Committee is responsible for reviewing the Issuer's annual financial statements and making recommendations as to approval of the annual financial statements by the Board of Directors. Material issues related to the audit of the Issuer's internal control and management information systems are discussed with the Audit Committee as they arise. The Audit Committee also approves the quarterly financial statements of the Issuer before publication. The Audit Committee has direct access to the Issuer's external auditor.

7.2 Board of Advisors

In May 2002 the Issuer created a Board of Advisors to assist the Issuer's Board of Directors and management with the overall direction of the Issuer. The Advisory Board is currently comprised of Messrs. Samuel Belzberg, Gordon Flatt and Jacob Brouwer.

Mr. Samuel Belzberg. Mr. Belzberg is President and Chief Executive Officer of Gibralt Capital Corporation, a private Canadian real estate and capital investment firm with operations throughout North America.

Mr. Gordon Flatt. Mr. Flatt is the President and Chief Executive Officer of the Coastal Group, a Winnipeg based, privately owned organization focused on providing equity capital and management services to Canadian Businesses.

Mr. Jacob Brouwer. Mr. Brouwer is Chairman and Chief Executive Officer of Brouwer Claims Canada Co. Ltd. He serves on the Boards of Doman Industries Ltd., Microvision, Inc. (USA), Family Insurance Solutions Inc., West Vancouver Police Board and is a Governor on the Board for the YMCA Endowment Fund, Vancouver Aquarium Marine Science Centre and the Vancouver Bach Choir. Mr. Brouwer was a director of the Issuer during fiscal 2001.



ARTICLE 8 - SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial data has been derived from the audited consolidated financial statements of the Issuer for the years ended December 31, 2002, 2001 and 2000 and are reported in Canadian dollars. The selected financial data should be read in conjunction with those financial statements and the notes thereto which are incorporated by reference herein.

	Year Ended Dec.31, 2002	Year Ended Dec.31, 2001	Year Ended Dec.31/2000
Revenues	\$91,428	\$66,666	\$52,858
Net Profit from Continuing Operations	\$16,557	\$8,930	\$6,172
Profit (Loss) per share	\$0.82	(\$0.20) ⁽¹⁾	\$0.33
Profit (Loss) Per Share fully diluted basis	\$0.77	(\$0.20) ⁽¹⁾	\$0.31
Dividends declared	0	0	0
Total Assets	\$84,735	\$64,547	\$35,441
Total Long Term Debt	\$26,060	\$18,847	\$6,031

(1) The loss is derived mainly from the loss from discontinued operations of \$12,752,406 relating to the operation of the cruise vessel more particularly described in the Issuer's consolidated financial statements for the year ended December 31, 2001.

ARTICLE 9 - SELECTED QUARTERLY INFORMATION

The following table summarizes selected quarterly unaudited financial information for the Issuer's eight most recent fiscal quarters.

	January 1, 2002 to December 31, 2002				January 1, 2001 to December 31, 2001			
	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenues	\$23,543	\$22,417	\$22,757	\$22,711	\$20,160	\$16,104	\$14,913	\$15,489
Net Profit (Loss)	\$4,327	\$3,575	\$4,349	\$4,306	(\$2,713)	\$1,787	(\$4,650)	\$1,754
Profit (Loss) per share	\$0.22	\$0.17	\$0.21	\$0.22	(\$0.14)	\$0.09	(\$0.24)	\$0.09
Profit (Loss) per share Fully diluted basis	\$0.20	\$0.17	\$0.20	\$0.20	(\$0.14)	\$0.09	(\$0.24)	\$0.09

*Certain of the prior year's comparative figures have been reclassified to conform with current year's presentation.

9.1 Dividends

The Issuer has not paid any dividends since incorporation. Payment of dividends in the future is dependent upon the earnings and financial condition of the Issuer and other factors which the



Directors may deem appropriate at the time. However, the Issuer is not limited in any way in its ability to pay dividends on its Common Shares.

ARTICLE 10 - MANAGEMENT DISCUSSION AND ANALYSIS

Reference is made to Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), which accompanies the Issuer's comparative consolidated financial statements for the year ended December 31, 2002. The MD&A is incorporated by reference into this AIF. **Readers may refer to www.sedar.com for electronic copies of the Issuer's consolidated financial statements.**

10.1 Future Capital Requirements

The Issuer's future capital requirements, including debt servicing and commitments to joint venture partners in Washington State, will depend on many factors, including, among others, cash flow from operations. To the extent that existing resources and the funds generated by future earnings are insufficient to fund the Issuer's expansion, the Issuer may need to raise additional funds through public or private debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences or privileges senior to those of the holders of the Issuer's Common Shares. No assurance can be given that additional financing will be available or that, if available, it can be obtained on terms favourable to the Issuer and its shareholders. If adequate funds are not available, the Issuer may be required to delay, limit or eliminate some or all of its proposed operations.

ARTICLE 11 - DIRECTORS AND OFFICERS

Pursuant to the Issuer's constating documents, at each Annual General Meeting, all the directors retire and the Issuer shall elect a Board of Directors consisting of the number of directors fixed from time to time pursuant to the Issuer's Articles. If in any calendar year the Issuer does not hold an Annual General Meeting, the directors elected at the last Annual General Meeting of the Issuer shall be deemed to have been elected or appointed as directors on the last day on which the meeting could have been held pursuant to the Canada Business Corporations Act; and the directors so elected may hold office until other directors are appointed or elected or until the day on which the next Annual General Meeting is held.



11.1 Directors, Officers and Promoters

The name, municipality of residence, position with the Issuer and principal business or occupation for the last five years of each director, officer and promoter as at May 16, 2003⁽¹⁾ are as follows:

Name and Municipality of Residence	Position and date of appointment	Number and Class of securities beneficially owned ⁽³⁾	Number of securities held on a fully diluted basis ⁽³⁾	Director classification
ROSS J. McLEOD ² Delta, British Columbia, Canada	Executive Chairman of the Issuer since January 31, 1997; director of the Issuer since August 13, 1996	8,990,585 common shares ⁽⁴⁾	8,990,585 common shares 525,000 stock options	Insider
MICHAEL C. SCHOLZ ^{1, 2} West Vancouver, British Columbia, Canada	Vice Chairman, President and Legal Counsel to the Issuer since June 22, 2001; Director of the Issuer since March 31, 2000	582,100 common shares	582,100 common shares 575,000 stock options	Insider
ADRIAN R. THOMAS ² Delta, British Columbia, Canada	Director of the Issuer since March 10, 1997; President and Chief Operating Officer of Casinos since August 11, 2000	134,400 common shares	134,400 common shares 205,000 stock options	Insider
ELMER H. HINTZ ² Victoria, British Columbia, Canada	Director of the Issuer since January 31, 1997 and consultant to the Issuer on regulatory issues.	6,400 common shares	6,400 common shares 40,000 stock options	Independent
EARNEST C. BEAUDIN ² Calgary, Alberta, Canada	Director of the Issuer since May 28, 2002	132,700 common shares	132,700 common shares 50,000 stock options	Independent
R. RONALD SHEPPARD ² Montreal, Quebec Canada	Director of the Issuer since May 28, 2002	Nil	75,000 stock options	Independent
PETER G. MEREDITH ^{1, 2} North Vancouver, British Columbia, Canada	Director of the Issuer since June 9, 2000	Nil	50,000 stock options	Independent
WILLIAM P. WORK ^{1, 2} West Vancouver, British Columbia, Canada	Director of the Issuer since August 15, 2001	57,500 common shares	57,500 common shares 73,750 stock options	Independent



Name and Municipality of Residence	Position and date of appointment	Number and Class of securities beneficially owned ⁽³⁾	Number of securities held on a fully diluted basis ⁽³⁾	Director classification
JOANNA E. BRIERLEY Richmond, British Columbia Canada	Secretary of the Issuer since June 22, 2001	Nil	15,000 stock options	Not Applicable
GRACE SOO Richmond, British Columbia Canada	Controller and Treasurer of the Issuer since January 31, 1997, Interim Chief Financial Officer of the Issuer since March 24, 2003	62,000 common shares	62,000 common shares 80,000 stock options	Not Applicable

(1) Member of Audit Committee.

(2) Member of Corporate Governance and Compensation Committee.

(3) The number of securities held are as of April 30, 2003.

(4) Mr. McLeod holds these shares indirectly through No. 179 Corporate Ventures Ltd. and included in that amount are control and direction over 1,243,741 shares beneficially owned by Charles K.F. Ming and 2,019,107 shares beneficially owned by Dora McLeod.

As at the date of this AIF, the Directors and senior officers of the Issuer, as a group, beneficially own, directly or indirectly, 6,702,837 common shares, representing approximately 32% of the Issuer's outstanding common shares. (Does not include 1,243,741 shares beneficially owned by Charles K.F. Ming or 2,019,107 shares beneficially owned by Dora McLeod).

11.2 Corporate Cease Trade Orders or Bankruptcies

No director or officer of the Issuer, or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is or within the 10 years before the date of the AIF has been a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

11.3 Penalties or Sanctions

No director or officer of the Issuer is currently or for the 10-year period immediately preceding the date of this AIF:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or



has entered into a settlement agreement with a Canadian securities regulatory authority; or

- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

11.4 Personal Bankruptcies

No director or officer of the Issuer, or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

11.5 Conflicts of Interest and Related Party Transactions

During the three months ended March 31, 2003, the Issuer loaned, by way of promissory notes, \$500,000 to a company controlled by a Director of the Issuer for a period of 85 days, and \$157,500 to a Director of the Issuer for a period of 82 days, each bearing interest at 5% per annum with principal and all accrued interest payable upon demand. These loans were repaid during the three months ended March 31, 2003.

As at March 31, 2003, long term debt of the Issuer included \$1,762,314 included a promissory note payable to a company controlled by a Director of the Issuer, bearing interest at 7.5%. This loan is unsecured and payable in full on January 2, 2004.

ARTICLE 12 - OPTIONS TO PURCHASE SHARES

12.1 Employee Share Purchase Plan

The Issuer adopted an Employee Share Purchase Plan (the "ESPP") for the benefit of the employees of the Issuer and its wholly owned subsidiary, Casinos to align the interests of its employees with the shareholders of the Issuer. Eligible employees of the Issuer may elect to participate in the ESPP by contributing up to 5% of their gross pay, as defined in the ESPP. The Issuer will contribute \$1.00 for every \$4.00 contributed by employees. The funds so provided will be used to purchase shares of the Issuer on the open market at prevailing market prices. The shareholders of the Issuer approved of the ESPP at its Annual General Meeting held on June 29, 1999. The TSX-V approved the ESPP on September 16, 1999.

To be eligible to participate in the ESPP, the participant must have completed three months of continuous service with the Issuer or its associated companies. The purchase price of the stock is within 10% of the previous trading day's closing price. Approximately 15% of eligible employees have participated in the ESPP as at December 31, 2002. Under the ESPP, the Issuer purchased 76,512 shares for the ESPP in 2002. The Plan is administered by the Trust Company of Bank of Montreal.

All Employees of Casinos are eligible to contribute under this ESPP by way of payroll deductions to a registered or non registered account.



Ross J. McLeod, Michael C. Scholz, and Adrian R. Thomas are not permitted to participate in the ESPP.

12.2 Stock Option Plan/Incentive Stock Options

Details pertaining to the Issuer's outstanding options to purchase shares are more particularly described in the Issuer's Management Information Circular for the period ending April 21, 2003 and incorporated by reference herein. There have been no new grants of options to any director, officer, promoter or insider of the Issuer since the date of the Management Information Circular.

Stock Option Plan

The Issuer's May 5, 1999 Stock Option Plan (the "1999 Plan") was approved by shareholders on June 29, 1999, pursuant to which 2,600,000 shares were reserved for issuance. The 1999 Plan received Canadian Venture Exchange (now TSX-V) approval on July 9, 1999. Subsequent to December 31, 2001, the Issuer agreed to a "top up" to the 1999 Plan of an additional 1,100,000 options. The TSX-V approved the "top up" to the 1999 Plan on January 17, 2002, and shareholders of the Issuer approved the "top-up" to the 1999 Plan at the Issuer's Annual General Meeting of shareholders held on May 28, 2002.

The Issuer also agreed at the May 28, 2002 Annual General Meeting that at no time will the number of options available under the 1999 Plan or otherwise, exceed 14% of the total issued and outstanding shares of the Issuer from time to time notwithstanding the Issuer's current ability to grant options of up to 20% of the issued and outstanding shares.

The Directors of the Issuer resolved to create a new and restated stock option plan (the "2003 Plan"), effective February 17, 2003, to provide a maximum allowable number of common shares to be allocated to optionees under the 2003 Plan, at 1,000,000. The 2003 Plan also included stock appreciation rights, and further provided, that any cancelled or expired stock options under the 1999 Plan, will be carried over to the 2003 Plan, whereupon the 1999 Plan will eventually terminate. It was also agreed at that time to amend the 1999 Plan to accord with the terms of the 2003 Plan.

At February 17, 2003, the date of the amendments to the 1999 Plan and the creation of the 2003 Plan, the issued and outstanding share capital of the Issuer was 20,844,456. At February 17, 2003, there was a balance of 2,291,850 outstanding stock options, and with the addition of the 1,000,000 common shares under the 2003 Plan available for grant, which represents 16% of the issued and outstanding share capital of the Issuer at February 17, 2003.

The following is a summary of the material terms of the 2003 Plan and also the proposed amendments to the 1999 Plan (which are subject to shareholder ratification and is being sought at the May 28, 2003 Annual General and Extraordinary Meeting of the Issuer, more particularly as described below):

- (a) all options granted are non-assignable and non-transferable and for a period of up to 10 years;
- (b) for stock options granted to employees or service providers (inclusive of management company employees), the Issuer is required to represent that the proposed Optionee is



- a bona fide employee or service provider (inclusive of a management company employee), as the case may be, of the Issuer or of any of its subsidiaries;
- (c) if an Optionee ceases to be employed by the Issuer or to provide services to the Issuer (other than as a result of termination with cause) or ceases to act as a director or officer of the Issuer or a subsidiary of the Issuer, any option held by such Optionee may be exercised within 90 days after the date such Optionee ceases to be employed as an officer or director or, as the case may be, or within 30 days if the Optionee is engaged in investor relations activities and ceases to be employed to provide investor relations activities;
 - (d) the minimum exercise price of an option granted must not be less than the closing price for the Issuer's common shares as traded on the TSX-V on the last trading day before the date that the option is granted less allowable discounts as permitted by TSX-V of up to 25% or alternatively, at market price which shall mean the lesser of the 5 day average prior to the date of grant or the closing price of the Issuer's shares the day before the date of grant;
 - (e) no Optionee can be granted an option or options to purchase more than 5% of the outstanding listed shares of the Issuer in a one year period;
 - (f) under no circumstances can the issued and outstanding stock options exceed 13% of the total issued and outstanding shares of the Issuer from time to time and no more than 2.5% of the then issued and outstanding shares in any calendar year may be granted by the Issuer, notwithstanding the Issuer's current ability to grant options of up to 20% of the issued and outstanding shares;
 - (g) in addition, the Issuer has limited the number of options available such that at no time will the number of options exceed 13% (from that of previously capped 14%) of the total issued and outstanding shares of the Issuer from time to time and no more than 2.5% of the then issued and outstanding shares in any calendar year may be granted by the Issuer, notwithstanding the Issuer's current ability to grant options of up to 20% of the issued and outstanding shares;
 - (h) the addition of stock appreciation rights to include a cash payment feature where current and future optionees elect to terminate options and receive an amount in cash or common shares equal to the difference between the fair market value at the time of termination and the exercise price for those options terminated;
 - (i) the Issuer shall have the right to refuse payment of any stock appreciation right if it deems it to be in the Issuer's best interests to do so or if to do so would render the Issuer insolvent or unable to meet its financial commitments that the Issuer is acting in good faith and in the best interests of the Issuer; and
 - (j) the Issuer shall not pay more than \$1,000,000 in stock appreciation right payments in the aggregate to all options in any calendar year (the calendar year being defined as the period January 1 to December 31 in any year).

The Issuer's 1999 Plan and 2003 Plan will provide for the granting of options to purchase common shares to both employees, directors, officers and consultants of the Issuer or to those employees, directors, officers and consultants of its subsidiaries. Stock options are an integral aspect of the compensation and incentive program for employees, directors, officers and consultants.



Options granted under the 1999 Plan and under the 2003 Plan must be exercised no later than five years after the date of grant and options are not transferable other than by will or the laws of descent and distribution. If an Optionee ceases to be an eligible person for any reason whatsoever other than death, the Board shall determine the rights of exercise of such options. If an Optionee dies, the legal representative of the Optionee may exercise the Optionee's options within six months after the date of the Optionee's death but only up to and including the original option expiry date.

Except in extraordinary circumstances, the Issuer will not provide any Optionee with financial assistance in order to enable such Optionee to exercise share options granted under the 1999 Plan and the 2003 Plan.

Both the 1999 Plan and the 2003 Plan provide that options granted thereunder may not be amended to reduce the purchase price to be paid upon the exercise of options (the "strike price"), other than for anti-dilution purposes, without shareholder approval.

The creation of the 2003 Plan and the amendments to the 1999 Plan are subject to shareholders ratification at the upcoming annual and extraordinary general meeting of the shareholders of the Issuer to be held on May 28, 2003.

ARTICLE 13 - RISK FACTORS

The following is a synopsis of the material risk associated with the business of the Issuer and its subsidiaries.

Casino Operational Services Agreement

The Issuer's British Columbia Casino operations are conducted pursuant to certain Casino Operational Services Agreements (the "Agreements") between BCLC and the Issuer's operating subsidiary casinos. The Agreements contain a number of provisions which have the potential to negatively impact upon the Issuer's operations.

The Agreements provide that BCLC may suspend or terminate the Issuer's right to provide services under the agreement for certain specified reasons. The Agreements also provide that the Issuer has no authority to take any action inconsistent with the Criminal Code in the event that the current gaming framework as provided for pursuant to the *Gaming Control Act* is successfully challenged and found to be contrary to the Criminal Code, the Issuer would find itself inadvertently in breach of this provision of the Agreements. The Agreements further provide for the Issuer to indemnify BCLC with respect to any failure to comply with the Agreements, which could extend to a breach arising from the new regime being successfully challenged in court. All of the Issuer's gaming operations are conducted pursuant to agreements dated March 1, 2001, which provide for terms of 10 years with the ability to extend for an additional term of 10 years. There is no guarantee that the Issuer will be able to extend the agreements or enter into new agreements following the expiry of the 10 year renewal term.



Gaming Litigation – Slot Machines

The current status of the legal framework in British Columbia is that municipalities currently have the power to prohibit slot machines within their borders. As a result, any casino which operates slot machines, or proposes to do so, runs the risk that the host municipality could at some point pass a by-law prohibiting their operation. In such event, the affected casino could face legal challenges from the municipality and could, potentially, lose revenues. This municipal power could also negatively impact on the Issuer's expansion and acquisition strategy, as host municipalities which prohibit slot machines would be eliminated as possible target locations.

The stated Provincial policy to prohibit expansion of gaming has never restricted the Issuer's ability to plan for future expansion and operation.

New government policy and regulation, the lack of any significant operating experience under the current regulatory regime and other events negatively impacting the orderly conduct of the gaming industry and the government's regulation thereof, results in a certain degree of uncertainty surrounding the future of the British Columbia casino industry. This uncertainty makes it difficult for a casino management company such as the Issuer to plan for the future. Also, until such issues are resolved, the long term viability of engaging in the gaming industry remains in doubt.

Government of the Day

The conduct of gaming in British Columbia and the other provinces of Canada is within the authority of the provincial government, to the extent permitted by subsections 207(1)(a), (b), (c) and (g) of the Criminal Code. The existing government in British Columbia has put a stop to gaming expansion in the province. It is uncertain how long this policy direction will last and whether it will be expanded to further reduce and eventually shut down gaming in the province.

The possibility also exists that the government could pass legislation or adopt policy that has the effect of curtailing gaming, or the involvement of private casino operators therein, thereby making it less profitable. Possible curtailments could include the hours of operation, betting limits, the number of tables or slot machines permitted the location of the casinos, and the amount payable to operators for providing casino operational services.

Competition

The current policy of the Provincial government is that no new casino licenses will be issued and that no existing casinos may relocate or expand to capacity, except those few permitted by the policy or by agreement with the province and the BCLC. As a result, the potential for growth of the Issuer's operations in British Columbia is limited. Although the government's policy in this regard may change, the degree of competition will remain certain for the time being. This reality also means that the Issuer cannot respond to the existing competition, provided by other casino operations, through relocation or expansion unless within existing provincial framework. The increase and popularity of online gaming may also adversely affect the Issuer's casino operations.



Negative Connotations Linked to the Gaming Industry

Historically, gambling has been considered in western society to be an undesirable activity. In Canada, for example, gambling in most forms was a criminal offence prior to 1969, with the exception of horse racing. Casino management companies still face this stigma in many areas of day-to-day operation. The negative connotations towards gambling could have a negative impact on the profitability of the Issuer. The fact that a sector of the population opposes gaming means, most likely, that this sector is eliminated from a company's target market for the sale of its product. Also, a negative public perception of gaming within any demographic area lessens the likelihood that a new casino can be established there or that an existing casino will be financially viable, which could impact upon the Issuer's expansion and acquisition strategy.

Limited Operating History of Slot Machines

Part of the Issuer's financial success, in terms of cash flow and profitability, has been due to the introduction of slot machines to certain of the Issuer's British Columbia casinos. Slot machines have been very well received by patrons, with commensurate returns to the casino. In the event that municipalities where the Issuer operates casinos with slot machines enact zoning by-laws similar to that enacted by the Cities of Surrey and Vancouver, the Issuer's profitability would likely decrease.

No Guarantee of Expansion

While it is the intention of the Issuer to expand its operations by acquiring other existing casinos or establishing new casinos in British Columbia or elsewhere, there are a number of factors which could limit the Issuer's ability to achieve this. Such factors include the availability of financial resources, the availability of casinos to acquire and the need for government approval to acquire an existing casino or establish a new one. As a result, there can be no assurance that the Issuer will be able to expand its operations to the extent that it considers desirable, or at all. If the Issuer were unable to expand, its profitability would be limited to that generated from its existing operations.

High Level of Regulation

Due to the high level of government regulation within the casino industry in British Columbia and Washington State, the Issuer has no control over the mix of table games and slot machines it offers in its casinos, or over the payment it receives out of the total revenues generated from the gaming conducted within its casinos. Regulation of the gaming industry could change at any time and could adversely impact the Issuer's casino operations.

Future Capital Needs

The Issuer may need to raise funds through public or private debt or equity financing in order to achieve the Issuer's objectives as they exist from time to time. In particular, the Issuer is proposing a major development at the Bridgepoint Market in Richmond, British Columbia, which development costs could exceed \$80,000,000. There can be no assurance that financing will be available on terms favourable to the Issuer, or at all. If adequate funds are not available or are



not available on acceptable terms, the Issuer may not be able to continue with the development of the Bridgepoint Market or its proposed expansion to take advantage of market opportunities, to respond to competitive pressures or continue to be viable. Such inability could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Dependence on Key Personnel

The Issuer's success will depend upon the continued services of its senior management team and its technical, marketing and sales personnel. The Issuer's employees may voluntarily terminate their employment with the Issuer at any time and competition for qualified employees in the industry is intense. Although the senior executives have employment agreements with the Issuer, the loss of the services of key personnel could have a materially adverse effect upon the Issuer's business, financial condition and results of operations. Programs are in place to retain and motivate employees. The Issuer currently does not maintain any key personnel insurance.

Need to Manage Growth and Expansion

The rapid growth of the Issuer's business and its products and services has placed, and is expected to continue to place, significant demands on the Issuer's managerial, operational and accounting resources. Demands on the Issuer's operational and accounting information systems and controls, including its accounts receivable and payable tracking and other accounting systems, have grown rapidly with the Issuer's expanding operations. The Issuer has taken significant actions to upgrade and improve its internal systems and controls and billings/receivables but additional actions may be required as the Issuer grows.

ARTICLE 14 - LEGAL PROCEEDINGS

The Issuer is subject to claims and litigation arising in the ordinary course of business. In the opinion of management the amount of ultimate liability with respect to these actions will not materially affect the financial position, results of operations or cash flow of the Issuer.

Legal proceeding which the Issuer believes to be outside of the normal course of business are detailed below.

The Issuer, Casinos, Ross McLeod, and Michael Scholz are defendants in a suit brought by Allegiance Capital Corporation in the State of Texas. The suit was initiated in Texas State court and has subsequently been removed to Texas Federal Court. Allegiance Capital Corporation alleges the following causes of action: fraudulent inducement to contract, stock transaction fraud, conversion, breach of fiduciary duty, conspiracy to commit these violations of law, violations of the Racketeering Influenced and Corrupt Organization Act ("RICO Act"), securities fraud, and alter ego claims. Allegiance Capital Corporation seeks the following damages: \$3,100,000 for the loss of their original investment in a ship that is the subject of this action, \$28,000,000 for the loss of profits from the business of the ship, threefold damages, punitive damages, attorney's fees, and interest. The Issuer has employed the law firm of Vial, Hamilton, Koch & Knox, L.L.P. in its defence of this lawsuit and is vigorously pursuing all defences, including making application to remove the case from the jurisdiction of the State of Texas. The Issuer believes this action to be frivolous and vexatious. The Issuer, through a subsidiary,



was a minority shareholder in this venture and suffered a significant loss as a result of this endeavour. At no time did the Issuer control the operation of the vessel which is the subject matter of this litigation.

On May 16, 2003, the Issuer announced that it had settled its lawsuit with the Provincial Government of British Columbia and the BCLC. The result of this settlement is that the Issuer will cease providing operational services for the BCLC at the Issuer's Vancouver Renaissance Casino sometime in 2004 and will relocate its existing Richmond casino to the Bridgepoint Market property (detailed above), subject to BCLC approval. As of the date of this AIF, the Bridgepoint Market property has been rezoned by the City of Richmond to allow for a casino which will include slot machines.

The settlement became final on May 16, 2003 by the filing of a Consent Dismissal Order with the British Columbia Supreme Court.

ARTICLE 15 - MARKET FOR SECURITIES

The Common Shares of the Issuer are listed and posted for trading on the TSX-V under the symbol "GCD".

ARTICLE 16 - ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Issuer's securities, options to purchase securities and interests in material transactions, where applicable, is contained in the Issuer's Management Proxy Circular with information at April 21, 2003 for its annual and extraordinary general meeting of shareholders to be held on May 28, 2003. Additional financial information is provided in the Issuer's audited consolidated financial statements as at and for the year ended December 31, 2002.

The Issuer shall provide to any person, upon formal written request to the Corporate Secretary of the Issuer:

- (a) when its securities of the Issuer are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities:
 - (i) one copy of the Annual Information Form of the Issuer, together with one copy of any document or the pertinent pages of any document, incorporated by reference in the Annual Information Form, including without limitation the MD&A;
 - (ii) one copy of the comparative financial statements of the Issuer for its most recently completed financial year together with the accompanying report of the auditor and one copy of any interim financial statements of the Issuer subsequent to the financial statements of the Issuer's most recently completed financial year;
 - (iii) one copy of the management proxy circular of the Issuer in respect of its most recent annual meeting of shareholders that involved the election of directors; and



- (iv) one copy of any other documents that are incorporated by reference into a preliminary short form prospectus and are not required to be provided under (i) to (iii) above; or
- (b) at any other time, one copy of any of the documents referred to in (a)(i), (ii) and (iii) above, provided that the Issuer may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Issuer.

Copies of the Management Proxy Circular, Financial Statements and the Annual Report may be obtained upon formal written request from the Corporate Secretary, Great Canadian Gaming Corporation, Suite 350, 13775 Commerce Parkway, Richmond, British Columbia Canada V6V 2V4

DATED at Vancouver, British Columbia this 20th day of May, 2003.

