

**RENEWAL ANNUAL INFORMATION FORM
FISCAL PERIOD ENDED DECEMBER 31, 2001
OF**



GREAT CANADIAN GAMING CORPORATION

**350 – 13775 Commerce Parkway
Richmond, British Columbia
V6V 2V4
Telephone: (604) 214-7777
Facsimile: (604) 279-8605
www.greatcanadiancasino.com
www.gcgaming.com**

**Containing Information as at May 17, 2002
(Date of Renewal AIF)**

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RENEWAL 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 audited financial statements, notes and schedules thereon for the Issuer for the period ending December 31, 2001, and the most recent Management Proxy Circular of the Issuer for the Annual General Meeting of the Issuer to be held on May 28, 2002, are incorporated by reference herein.

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.



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, B.C., V6V 2V4. The registered and records office of the Issuer is located at 1500 - 1055 West Georgia Street, Vancouver, B.C., V6E 4N7.

1.3 Subsidiaries

The Issuer has six wholly-owned subsidiaries. The Issuer's wholly-owned subsidiaries are: Great Canadian Casinos Inc. ("Casinos"); Great American Gaming Corporation ("GAG"); Great Canadian Cruises Inc. ("Cruises"), Great Canadian Gaming (Ontario) Ltd., 833167 Alberta Ltd.; and Great Canadian Bingo Ltd.

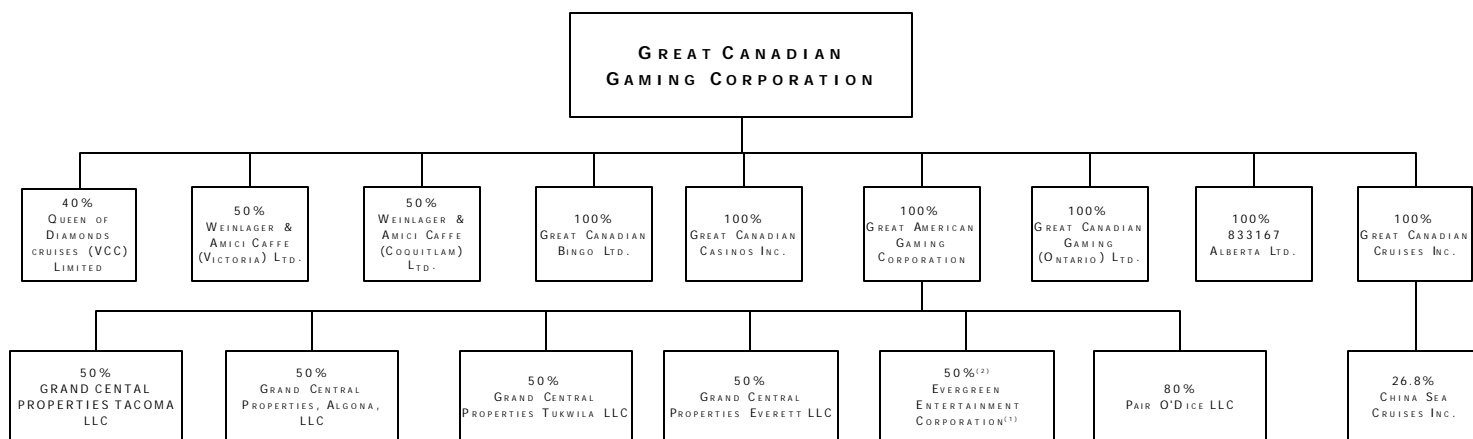
Casinos was incorporated on July 9, 1997, pursuant to the laws of the Province of British Columbia, in order to facilitate the acquisition of substantially all of the assets and undertaking of Great Canadian Casino Company Ltd. and Great Canadian Casino Company (V.I.) Ltd. GAG was incorporated on March 17, 1999, pursuant to the laws of the State of Washington, U.S.A. Cruises was incorporated on July 7, 2000, pursuant to the laws of Barbados. Great Canadian Gaming (Ontario) Ltd. was incorporated on September 26, 1996, pursuant to the laws of the Province of Ontario. 833167 Alberta Ltd. was incorporated June 1, 1999, pursuant to the laws of the Province of Alberta. Great Canadian Bingo Ltd. was incorporated on February 16, 1999, pursuant to the laws of the Province of British Columbia. The Issuer also has a 50% interest in each of Weinlager & Amici Caffè (Coquitlam) Ltd. and Weinlager & Amici Caffè (Victoria) Ltd. GAG has a 50% interest in Evergreen Entertainment Corporation (formerly SBD, Inc.) ("Evergreen"), a corporation organized pursuant to the laws of the State of Washington. GAG also has a 50% interest in four subsidiaries: Grand Central Properties, Algona, LLC, organized on October 16, 2001 ("GCP Algona"), Grand Central Properties Tukwila LLC, organized on May 10, 2001 ("GCP Tukwila"), Grand Central Properties Tacoma LLC organized on March 13, 2002 ("GCP Tacoma") and Grand Central Properties Everett LLC organized on April 22, 2002 ("GCP Everett"). GAG also owns an 80% interest in Pair O'Dice, LLC, incorporated on December 5, 2001. GCP Algona, GCP Tukwila, GCP Tacoma, GCP Everett and Pair O'Dice LLC are all limited liability corporations organized pursuant to the laws of Washington State.

GAG has been granted an option to purchase the remaining 50% of Evergreen's shares at the fair market price at the time of exercise. The option can be exercised during the period January 1 to 15 during the years 2001, 2002 and 2003. During the option periods, January 1 – 15, 2001 and 2002, GAG did not exercise its option. In addition to the option granted to the Issuer, and pursuant to a shareholder's agreement between GAG and the shareholders of Evergreen, there is a shotgun provision whereby either party can force the sale or purchase of the other parties' interest at any time unless and until GAG exercises its option.



Details of the operations of the Issuer, GAG, Casinos and other subsidiaries are more particularly discussed under Article 2 “General Description of Business Activities”.

Set forth in the chart below are details relating to each of the Issuer's subsidiary corporations and organizational structure:



(1) Formerly SBD, Inc.

(2) The Issuer has an option to acquire the remaining 50% interest in Evergreen exercisable January 1 – 15, 2003.

ARTICLE 2 - GENERAL DESCRIPTION OF BUSINESS ACTIVITIES

2.1 General

The Issuer, through its operating subsidiaries, operates casinos in which it offers to the public of legal age in the respective casino's jurisdiction, a variety of games of chance at which the player may win or lose money, a business commonly referred to as “gaming”. The Issuer, through 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 GAG and jointly with Evergreen, operates a single casino in Tukwila, Washington, pursuant to GAG's Service Supplier Licence Agreement with the Washington State Gambling Commission.

The Issuer's principal product is entertainment, derived from the playing within its facilities of a variety of games of chance permitted by the Canadian Federal government and the Province of British Columbia and, with respect to its operations in Washington State, those games of chance permitted by Washington State and U.S. Federal legislation applicable therein.

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 Black Jack, Poker, Caribbean Stud Poker, Let It Ride, Mini-Baccarat, Fortune Pai Gow Poker, Sic Bo, Roulette and Rapid Roulette. Existing gaming regulations limit the number of table games in any one casino to 30, plus 6 poker tables, and the number of slot machines to 300. Additional permitted games and the number of tables and slot machines per casino may be expanded in the discretion of the Province. More particular details of the Issuer's and its subsidiaries' specific operations and business activities operations are set forth below.



2.2 Great Canadian Casinos Inc.

As stated above, Casinos operates six land-based community casinos within the Province of British Columbia and, in addition, holds one casino licence pending development and regulatory approval. Each of Casinos' gaming facilities are operated pursuant to operational agreements among Casinos and the British Columbia Lottery Corporation. All of the operational agreements expire February 28, 2011 and are renewable for an additional period of 10 years thereafter. Details of Casinos' operating gaming facilities 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: 337

Amenities: concession
restaurant
ATM

Opened: October 2001

View Royal, British Columbia

Location: 1708 Old Island Highway, View Royal, British Columbia

Title: Freehold

Gaming Facility: 300 slot machines
30 table games

Staff Onsite: 283

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: 211
Amenities: concession
ATM
Opened: December 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: 122
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: 199
Amenities: concession
ATM
Opened: July 1986



Nanaimo, British Columbia

Location:	620 Terminal Avenue, Nanaimo, British Columbia
Title:	Freehold
Gaming Facility:	300 slot machines 18 table games
Staff Onsite:	184
Amenities:	concession ATM
Opened:	July 1998

2.3 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 the full menu restaurant located adjacent to Casinos' View Royal Casino pursuant to a lease agreement with Casinos.

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.

2.4 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 Cruises. The principal asset of Emerald 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 and Emerald Cruises Inc.

2.5 Great American Gaming Corporation

As indicated above, GAG has a 50% interest in Evergreen, which operates a land-based casino in Tukwila, Washington. 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, 2003 unless renewed. The Service Supplier License is normally renewed automatically.

Evergreen currently leases the premises of the gaming facility, which lease expires on August 31, 2002. Evergreen has purchased the land next to the Evergreen Casino facility for US\$1,164,648.10. It is the intention of Evergreen to relocate the existing gaming facility to the newly purchased land. On December 24, 2001, the land was transferred to GCP Tukwila. Details of the Evergreen Tukwila gaming facility are as follows:

Location: Tukwila, Washington, USA
Title: Leasehold (expires August 31, 2002).
Gaming Facility: 15 table games
Staff Onsite: 139
Amenities: Restaurant
gift shop
banquet facilities
ATM
Opened: September 1998

GCP Tukwila, GCP Algona, GCP Everett and GCP Tacoma

GCP Tukwila is the owner of the property adjacent to the existing gaming facility operated by Evergreen.

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 GCP Tukwila that they will construct casino facilities and lease same back to Evergreen. Accordingly, in January 2002, Evergreen entered into lease and construction agreements with GCP Algona and GCP Tukwila.

Subsequent to the year ended December 31, 2001, GAG and its partner organized two additional limited liability companies organized pursuant to the laws of Washington State, Grand Central Properties Everett LLC and Grand Central Properties Tacoma LLC. It is anticipated that these entities will purchase land and construct new gaming facilities in connection with the expansion of GAG and the Issuer into the Washington State gaming market. As of the date of this AIF, GCP Everett acquired land for US\$1,562,184.88.

2.6 Canadian Regulatory Environment

The business of the Issuer is highly regulated and subject to Canadian Federal, Provincial and local legislation. 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 of Canada (the "*Code*") [R.S.C., 1985, chapter C-46]. The *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 *Code*. subsections 207(1)(a) and (b) of the *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."

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.

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 the British Columbia Lottery Corporation ("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. As of the date of this AIF, slot machines are currently not permitted in any of the Issuer's casino operations within the City of Vancouver.

Similarly, the City of Surrey enacted a by-law prohibiting the operation of video lottery gaming in the land use zone that applied to the location of the Issuer's Surrey casino. The Issuer brought a petition to the Supreme Court of British Columbia seeking, among other things, a declaration that the definition of video lottery gaming did not apply to slot machines. The Supreme Court of British Columbia found that the by-law was valid and applied to slot machines. The decision of the Supreme Court in this case was appealed by the Issuer to the B.C. Court of Appeal, which allowed the appeal. The Issuer does not operate slot machines in its Surrey casino, notwithstanding the Court of Appeal's favourable decision. In 2000 the City of Surrey amended its business license by-law to prohibit slot machine gaming similar to the prohibition contained in the City of Vancouver By-laws. During 2001 Casinos ceased operations at its Surrey facility.

In addition to the foregoing regulatory framework, there also exists a Gaming Policy and Enforcement Branch ("GPEB") (formerly the Gaming and Audit Investigation Office) which is a division of the Province of British Columbia's gaming control branch of the Attorney General's office. GPEB is responsible for auditing the operation of all casinos within the Province 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 key employee of such company. Further, as mandated by the new gaming legislation discussed below, any person holding a five percent or greater interest in any entity engaged in the gaming industry and all casino personnel require GPEB registration. GPEB reserves the discretion to grant or refuse 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 the 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.

Subsequent to the Issuer's fiscal year end, new gaming legislation was passed by the Legislature of the Province of British Columbia. The *Gaming Control Act* (the "Act") received Royal Assent on April 11, 2002. The Act provides a legislative framework for the gaming industry and measures to assist in its regulation. The Act expands the role of the GPEB and provides the general manager of the GPEB (the "General Manager") with significant oversight duties and powers. The Act confirms the roles and responsibilities of the BCLC and outlines matters relevant to location or relocation of gaming facilities. The Act has not come into force by proclamation as at the date of this AIF.

The Act also 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 GPEB as indicated above. 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 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 Act is very broad and includes persons with a financial interest in a company or in the facility to which the registration relates. Furthermore, a company engaged in the gaming industry must disclose any change in its directors, officers or associates and 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 other securities having a value of 5% or greater of the paid up capital of the company. All casino personnel also require registration.

With a view to complying with the requirements of the BCLC and the Casino Operational Service Agreements, the Issuer, at its 2001 Annual General Meeting of the shareholders held on June 22, 2001, passed a special resolution to amend its Articles and Bylaws to include a share constraint which would prohibit any person from acquiring in aggregate an interest in the Issuer of 10% or greater without the prior written approval of BCLC. The wording of the amendment is as follows:

"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 British Columbia Lottery Corporation, 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)."

At the Issuer's AGM to be held on May 28, 2002, the Issuer is seeking shareholder approval to an additional amendment to its Articles in order to allow the Issuer to operate within the new



legislative scheme which will come into force upon the proclamation of the *Gaming Control Act*. The wording of the proposed amendment is as follows:

“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 amendment reflects the requirement under the *Gaming Control Act* that the Issuer provide notice to the General Manager and seek prior approval of the intended acquisition or disposition of shares of the Issuer carrying 5% or more of the voting rights of the



Issuer or securities having a value equal to or greater than 5% or more of the paid up capital of the Issuer.

Shareholders and prospective shareholders are cautioned to consult with their legal advisors or financial planners with respect to any investment in the common shares of the Issuer in any amount in excess of the 5% of the issued capital of the Issuer or other securities having a value equal to or in excess of 5% of the paid-up capital of the Issuer. In the event that the foregoing special resolution is passed and a shareholder or prospective shareholder contravenes same, the shareholder may be subject to a cease trade or court order with respect to dealing with shares of the Issuer. Any person or group of persons proposing to acquire or dispose of securities of the Issuer equal to 5% of the voting shares or having a value equal to 5% or greater of the paid up capital of the Issuer are hereby instructed to seek and obtain GPEB approval prior to undertaking same.

ARTICLE 3 - GENERAL DEVELOPMENT OF BUSINESS

The Issuer is engaged in the business of operating community casinos, currently within British Columbia's Lower Mainland and Vancouver Island, pursuant to Casino Operational Services Agreements between the Issuer (or its subsidiaries) and BCLC. Casinos is licensed to operate six casinos, two in the City of Vancouver and one each in the Cities of Richmond, Coquitlam, View Royal and Nanaimo. The Issuer possesses a seventh licence which is currently not in operation. The Issuer, through its subsidiaries and affiliates, also operates restaurants and a gaming facility in Washington State, USA. The Issuer also owns an interest in the restaurant/concession operations of Weinlager Coquitlam and Weinlager Victoria as set forth in section 2.3 of this AIF.

In order to fund the Issuer's operations, expansion and business objectives, the Issuer has relied principally upon revenues generated from its casino operations or credit facilities from financial institutions. In addition to the use of operating revenues to fund its activities, the Issuer has, in certain cases, issued shares from its treasury pursuant to private placement transactions, share purchase warrant exercises and stock option exercises. Details of the Issuer's activities during fiscal 2001, share issuances from treasury and amount of funds raised pursuant to the private placement transactions, stock option exercises and warrant exercises during the Issuer's most recently completed financial year ending December 31, 2001, are detailed below.

3.1 Issuance of Shares

Fiscal Year Ended December 31	Number of Common Shares Issued⁽¹⁾	Dollar Amount Raised
2001	6,700	\$59,197.00

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

3.2 Authorized and Issued Capital

The Issuer is authorized to issue 100,000,000 common voting shares without par value. As of December 31, 2001, there were 18,690,806 Common Shares outstanding. As of May 17, 2002, there were 20,693,606 Common Shares outstanding.

3.3 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 2001.

3.4 Private Placement Transactions

Subsequent to the Issuer's fiscal year ended December 31, 2001, but prior to the date of this AIF, the Issuer undertook two private placement transactions, detailed as follows:

1,000,000 Unit Private Placement

On February 28, 2002, the CDNX (now TSX Venture Exchange) approved a non-brokered private placement of 1,000,000 units at a price of \$4.25 per unit to raise gross proceeds of \$4,250,000. Each unit consisted of one common share and non-transferrable share purchase warrant. Each two warrants together, once exercised, entitled the holder thereof to purchase one additional common share in the capital of the Issuer at a price of \$4.50 per share for a period of 12 months. A finder's fee of \$32,000 was paid to Canaccord Capital Corporation in connection with this private placement.

500,000 Common Share Private Placement

On April 19, 2002, the CDNX (now TSX Venture Exchange) approved a non-brokered private placement of 500,000 common shares at a price of \$5.90 per share to raise gross proceeds of \$2,950,000. There were no share purchase warrants in connection with this private placement. No insiders of the Issuer participated in this private placement. A finder's fee of \$29,500 was paid in connection with this private placement.

3.5 Outstanding Warrants to Purchase Shares

As at May 17, 2002, the Issuer had 1,000,000 share purchase warrants outstanding to purchase 500,000 Common Shares of the Issuer. The share purchase warrants are exercisable at a price of \$4.50 per Common Share, expiring on January 29, 2003.

3.6 Normal Course Issuer Bid

Under the normal course issuer bid approved by the CDNX (now TSX Venture Exchange) on May 14, 1999 and amended on December 23, 1999, the Issuer acquired 1,526,800 shares, 1,526,800 shares were cancelled and were returned to the Issuer's Treasury.

On May 24, 2001, the normal course issuer bid which allowed the company to repurchase, for cancellation, up to 955,000 shares during the period from May 24, 2000 to May 23, 2001, had expired. Under the normal course issuer bid, 527,100 shares were repurchased and cancelled, and 427,900 shares were left unacquired.

On October 17, 2001, the CDNX approved the Issuer's intention to repurchase, under a normal course issuer bid, up to 934,000 of its outstanding shares, representing 5% of the current issued and outstanding shares of the Issuer, as stipulated pursuant to the policies of the CDNX. The purchases are to be made through the facilities of the CDNX during the period October 16, 2001 to October 15, 2002. The Issuer intends to return the shares to treasury for cancellation.



As at the date of this AIF, the Issuer acquired 129,700 shares, 120,700 shares were cancelled and were subsequently returned to the Company's treasury and 9,000 shares are pending cancellation.

3.7 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 the 1999 Profit Sharing Plan is based upon net income before taxes, on a consolidated basis. 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.

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, Michael C. Scholz, Vice Chair, President and Legal Counsel to the Issuer, Donald Gee, CFO of the Issuer, and Thomas Bell, Executive Director, Corporate Development of the Issuer.

3.8 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 CDNX 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 13% of eligible employees have participated in the ESPP as at December 31, 2001. Under the ESPP, the Issuer purchased 61,391 shares for the ESPP in 2001. 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.

ARTICLE 4 - A DESCRIPTION OF THE BUSINESS OF THE ISSUER

4.1 Overview

The Issuer's product is entertainment, derived from the playing within its facilities of a variety of games of chance, either table games or slot machines, permitted by the *Code* and the Province



of British Columbia. The table games are played on tables, with a dealer in the case of card games, or an attendant in the case of non-card games such as roulette. The dealer or attendant directs the play of the game and receives wagers and makes payouts. The slot machines are free standing, electronic machines which interact directly with the player, receiving wagers and paying out automatically depending on whether the particular game has been won or lost by the player. Slot machine attendants are available to assist the players and to make change. During fiscal 2001, the Issuer also extended its business purview to the hospitality restaurant business with the investment in Weinlager (Coquitlam) and Weinlager (Victoria). For more particular details see Article 2 "General Description of Business Activities".

ARTICLE 5 - COMPETITION

5.1 New Entrants

The gaming industry in British Columbia is highly regulated. The regulatory nature of the Issuer's industry limits the amount of direct competition. The Province of British Columbia adopted a policy prohibiting the expansion of gaming. There are competing casinos in Burnaby and New Westminster, 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 Westminster 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.

5.2 Online Gaming

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.

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 are experienced in matters relating to public companies. Information on the Issuer's Management Team (and information with respect to certain key employees of the Issuer's operating subsidiary) as of May 17, 2001, is as follows:



Ross J. McLeod, Chairman (Chairman of the Issuer and Chief Executive Officer of Casinos). Ross McLeod has 29 years of experience in the hospitality industry and served as a Divisional Director of Operations for the Pacific National Exhibition. An acknowledged expert in community charity gaming and a respected and major contributor to British Columbia's current regulatory framework for casino gaming, Ross is the individual responsible for the evolution of the charitable gaming industry in British Columbia into what it is today. In 1999, Mr. McLeod was recognized by his peers for his industry leadership and awarded Canada's most prestigious gaming award, the *Outstanding Contribution to the Canadian Gaming Industry Award*.

Michael Scholz, President, Vice Chairman and Legal Counsel. 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.

Grace Soo, Controller and Treasurer (Secretary of Casinos). Grace is a designated Certified General Accountant since 1987. Grace 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. Grace oversees the integrity and effective operation and management of the Issuer's accounting, payroll, human resources, purchasing, financing, financial management and reporting systems.

Adrian R. Thomas, 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 has an extensive international background in casino gaming and became Executive Vice President of Casinos in 1998 and President in 2000. As President, he is accountable for the operations of GCC's six community charity casinos. He is a graduate of the University of Nevada's Executive Development Program. In April 2002, Mr. Thomas was recognized by his peers for his industry leadership and awarded Canada's most prestigious gaming award, the *Outstanding Contribution to the Canadian Gaming Industry Award*.

Donald Gee, Chief Financial Officer. Mr. Gee joined the Issuer in November 2001 and is a Chartered Accountant holding a Bachelor of Science and Licentiate in Accounting degrees. Prior to his involvement with the Issuer, Mr. Gee provided consulting services to both private and publicly listed companies and was an officer and director of a number of corporations. Prior to that Mr. Gee founded and operated a public accounting firm in Vancouver for 13 years.

All management team members are professionals with extensive experience and bring a wide ranging complement of expertise to the Issuer. Their combined experience and related personal contacts have enabled the Issuer to adapt exploration strategy to take advantage of emerging exploration opportunities thereby ensuring the effective use of the Issuer's capital resources.

7.1 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 who are the initial members of the board of advisors. Details with respect to Messrs. Belzberg, Flatt and Brouwer are as follows:

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 constitutes selected financial data of the Issuer from December 31, 1997 through to 2001. The following information must be read in conjunction with the more detailed financial information contained in the accompanying audited financial statements and notes thereto.

8.1 Condensed Consolidated Income (Loss) Statements for the Five Years Ended December 31

	2001	2000	1999	1998	1997 ⁽¹⁾
Revenues	\$68,533,003	\$54,323,1119	\$54,802,903	\$49,056,707	\$36,233,424
Net Profit from Continuing Operations	\$8,929,947	\$6,172,114	\$8,488,643	\$6,217,217	\$4,138,393
Profit (Loss) per share	(\$0.20) ⁽²⁾	\$0.33	\$0.43	\$0.39	\$0.36
Profit (Loss) Per Share fully diluted basis	(\$0.20) ⁽²⁾	\$0.31	\$0.41	\$0.37	\$0.32

(1) The 1997 figures were restated to give the effect of the reverse takeover of Jettra Resources Ltd. in June 1998.

(2) 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 accompanying consolidated financial statements.

8.2 Consolidated Balance Sheet Information as at the Five Years Ended December 31

	As at December 31				
	2001	2000	1999	1998	1997 ⁽¹⁾
Total assets	\$64,738,162	\$35,440,962	\$28,294,094	\$22,186,646	\$26,174,791
Total long-term debt	\$18,847,469	\$6,030,959	\$7,002,831	\$8,083,571	\$6,183,641

(1) The 1997 figures were restated to give the effect of the reverse takeover of Jettra Resources Ltd. in June 1998.



8.3 Eight Quarters Consolidated Income (Loss) Statements (Condensed)

	2000				2001			
	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenues	\$14,185,636	\$14,087,646	\$13,398,502	\$12,651,335	\$17,984,205	\$12,222,251	\$11,436,620	\$10,983,949
Net Profit (Loss)	\$1,447,418	\$1,691,507	\$1,461,805	\$1,571,384	(\$2,733,235)	\$1,806,686	(\$4,649,882)	\$1,753,972
Profit (Loss) per share	\$0.08	\$0.09	\$0.08	\$0.08	(\$0.15)	\$0.10	(\$0.25)	\$0.09
Profit (Loss) per share Fully diluted basis	\$0.07	\$0.09	\$0.07	\$0.08	(\$0.14)	\$0.09	(\$0.25)	\$0.09

8.4 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 9 - MANAGEMENT DISCUSSION AND ANALYSIS

The following discussions of the results of operations of the Issuer for the fiscal years ended December 31, 2001 and 2000 and should be read in conjunction with the financial statements of the Issuer and notes thereto. There have been no major changes in the accounting policies during the period for which the financial statements pertain.

ARTICLE 10 - RESULTS OF OPERATIONS

10.1 Year ended December 31, 2001 and 2000

The following provides a synopsis of the Issuer's comparative operating results over the past two fiscal years. The following is a synopsis only and for more detailed information readers are directed to the Issuer's audited financial statements for the year ended December 31, 2001, forming part of this AIF.

10.2 Operating Results

During the year ended December 31, 2001, revenues increased by \$14,754,173 or 28%, over the prior year. The increase is mainly attributed to the opening of the Coquitlam and View Royal gaming facilities and stability of the market place. Revenues from Washington State operations increased by \$1,004,912 or 31% and is mainly attributed to 12 months' operations as compared to 11 months' operations in the prior year, along with focused marketing efforts.

During the fourth quarter, revenues increased by \$6,342,834 or 45%, as compared to the fourth quarter of 2000. The increase from British Columbia operations of \$6,197,657 or 47% and is mainly attributed to the opening of Coquitlam and View Royal gaming facilities. Revenues from Washington State increased by \$145,177 or 16% as compared to the same period in the prior year.



During the year ended December 31, 2001, other income decreased by \$544,289 or 37%, over the prior year. The decrease is mainly attributed to a reduction of reimbursements, through the Facilities Development Improvement Fund ("FDIF") of \$636,566, a decrease in investment income of \$55,406, offset by an increase of \$184,379 in machine revenues.

During the fourth quarter, other income increased by \$169,369 or 95%, as compared to the fourth quarter of 2000. The increase is mainly attributed to the increase in revenues from the Coquitlam and View Royal gaming facilities.

Amortization during the year ended December 31, 2001, increased by \$604,376 or 61%, over the prior year. The increase is mainly attributed to the increased capital expenditure for expanding British Columbia and Washington State operations.

Amortization during the fourth quarter, increased by \$448,895 or 162%, as compared to the fourth quarter of 2000. The increase is mainly attributed to the increased capital expenditure for expanding British Columbia and Washington State operations.

Interest and financing costs, during the year ended December 31, 2001, increased by \$766,608, over the prior year of \$121,235. The increase is mainly attributed to an increase in financing and interest charges of \$642,207 relating to expansion by the Issuer.

Interest and financing costs, during the fourth quarter, increased by \$267,529 or 288%, as compared to the fourth quarter of 2000. The increase is mainly attributed to an increase in debt financing required for British Columbia expansion.

The Issuer's largest operating expenditure is the cost of personnel. During the year ended December 31, 2001, human resources expense totalled \$39,892,377 (2000 - \$34,751,449), comprising of professional fees of \$2,606,357 (2000 - \$2,638,583), directors' fees of \$106,524 (2000 - \$112,562), wages and salaries of \$31,836,573 (2000 - \$26,748,505), benefits of \$4,871,158 (2000 - \$3,873,213), and other costs of \$471,765 (2000 - \$1,378,586). On an overall basis, human resources increased by \$5,140,928 or 15% over the prior year. Human resources, related to British Columbia operations, increased by \$4,788,095 or 15%, and is mainly attributed to an increase in labour for the new Coquitlam and View Royal gaming facilities.

During the fourth quarter, human resources expense totalled \$13,321,910 (2000 Q4 - \$8,555,470), comprising of professional fees of \$939,213 (2000 Q4 - \$430,361), directors' fees of \$33,000 (2000 Q4 - \$30,000), wages and salaries of \$10,489,733 (2000 Q4 - \$6,058,408), benefits of \$1,520,475 (2000 Q4 - \$866,394), and other costs of \$339,489 (2000 Q4 - \$1,170,307). On an overall basis, human resources increased by \$4,766,440 or 56%, as compared to the same period in the prior year. The increase is mainly attributed to an increase in labour for the new Coquitlam and View Royal gaming facilities.

During the year ended December 31, 2001, marketing and promotions expense increased by \$1,737,246 or 154%, over the prior year. The increase is mainly attributed to a reduction of reimbursements, through the FDIF, of \$612,191, a \$799,505 increase in marketing and promotion activities for expanding British Columbia operations, and an increase in Washington State promotions of \$134,146.

During the fourth quarter, marketing and promotions expense increased by \$785,282 or 147%, as compared to the fourth quarter of 2000. The increase is mainly attributed to a reduction of



reimbursements, through the FDIF, of \$153,113, and an increase in marketing and promotion activities of \$473,723 for expanding British Columbia operations.

Occupancy costs for the year ended December 31, 2001 increased by \$226,628 or 5%, over the prior year. The increase is mainly attributed to an increase in British Columbia operations of \$498,657 due to the expansion of British Columbia operations including corporate insurance of \$116,357, security services of \$144,752, repair and maintenance of \$128,482, and utilities of \$104,902; and an increase in Washington State operations of \$142,443; offset by an increase in the reimbursement, through FDIF, of \$414,483.

Occupancy costs for the fourth quarter increased by \$333,941 or 28%, as compared to the fourth quarter of 2000. The increase is mainly attributed to an increase in British Columbia security services of \$125,354, an increase in British Columbia repair and maintenance of \$158,056 due to the expansion of British Columbia operations, and an increase in Washington State operations of \$47,706.

Operating supplies for the year ended December 31, 2001 increased by \$1,262,308 or 112%, over the prior year. The increase is mainly attributed to a reduction in the reimbursements, through FDIF, of \$881,729; and an increase of \$946,313 for gaming supplies, offset by a decrease of \$590,227 in equipment leases for British Columbia operations, resulting from the new BCLC Casino Operational Service Agreements.

During the fourth quarter, operating supplies increased by \$283,150 or 64%, as compared to the fourth quarter of 2000. The increase is mainly attributed to the expansion of the British Columbia operations, which is mainly comprised of: a reduction in reimbursements, through FDIF, of \$130,253, an increase in supplies of \$50,740, and an increase of \$202,086 in the gaming supplies, offset by a decrease of \$150,067 in equipment leases, which is a reflection of the new BCLC Casino Operational Service Agreements.

As part of the new BCLC Casino Operational Service Agreements, the Issuer is required to pay BCLC an additional 1% of the table gaming wins for certain gaming supplies that are purchased by BCLC on behalf of the Issuer, that do not qualify under FDIF.

Loss from discontinued operations of \$12,752,406 represents the operations of the cruise vessel. All the operating results relating to the cruise vessel operations have been reclassified from continuing operations as previously reported and have been recorded against the provision for discontinued operations.

During the year ended December 31, 2001, operating earnings increased by \$4,471,790 or 39%, over the prior year. The increase of \$14,209,884 or 26% in total revenues is offset by an increase in total expenses of \$9,738,094 or 23%, and is mainly attributed to expansion of the operations.

The Issuer's basic loss per share for the year ended December 31, 2001 of \$0.20 represents a decrease, in earnings per share, of \$0.53 over the 2000 figure. The decrease is the result of a loss from discontinued operations of \$12,752,406 or \$0.68 per share, offset by an increase in earnings from continuing operations of \$2,757,833 or \$0.15 per share.

10.3 Liquidity and Capital Resources

The Issuer's cash and cash equivalents increased from \$7,109,429 on December 31, 2000 to \$14,582,096 on December 31, 2001. The Issuer's net cash inflow of \$7,472,667 is a result of



operating activities providing cash of \$14,891,853, financing activities providing cash of \$20,964,293, investing activities using cash of \$23,272,645, foreign currency translation adjustments using cash of \$83,818, and discontinued operations using cash of \$5,027,016.

During the year ended December 31, 2001, significant operating activities included net earnings from continuing operations of \$8,929,947 and adjustments of non-cash items of \$1,498,191 comprised of: amortization of \$1,595,592; loss on disposal of capital assets of \$281,975; loss from equity investments of \$104,228; future income taxes of \$711,806; and, non-cash operating expenses related to FDIF of (\$1,195,410). In addition, the prepayments are mainly related to the performance bond of \$110,106 and Washington State expansion of \$830,517. Other significant operating activities included the payment of current and prior year's income taxes of \$4,877,074 less the income tax provision and adjustments of \$6,117,435, and the increase of accounts payable of \$5,217,687. Accounts receivable includes \$129,012 indebtedness owed by a director of the Issuer.

During the year ended December 31, 2001, significant financing activities were mainly comprised of: \$10,532,444 from the construction loan facility for Coquitlam; \$11,102,647 from the overdraft facility for the acquisition of View Royal properties and construction of the building; a second mortgage of \$1,260,000 on the Coquitlam building for services provided by a development company; promissory notes payable of \$4,011,114 for financing the working capital; and, the Issuer's proportionate share of GCP Algona's loan of \$784,454 to acquire land.

During the year ended December 31, 2001, the Issuer's long-term debt repayments were \$6,835,314, which is comprised of: \$3,358,161 repayment of the construction loan; \$199,022 repayment of the overdraft facility; \$1,081,194 paid to promissory note holders; \$70,796 of mortgage payments; \$1,127,020 loan repayment to 3490394 Canada Ltd.; and \$999,121 of capital lease payments.

During the year ended December 31, 2000, the Issuer secured a \$9 million construction loan facility with a Canadian chartered bank to finance the purchase of land and construction of a building for the gaming facility in Coquitlam. On July 4, 2001, the total amount outstanding of \$3,258,161 was fully repaid by way of: \$1,633,633 from the new \$9 million construction loan, \$390,000 from the overdraft credit facility, and \$1,234,528 from cash flow.

During the year ended December 31, 2001, the Issuer established an overdraft facility of \$5 million to finance the Issuer's day-to-day operating requirements and a non-revolving demand loan of \$9 million to refinance the construction loan, and the Issuer repaid the demand construction loan in the principal amount of \$9,000,000 through utilization of the take-out demand non-revolving loan bearing interest at prime plus 1% per annum, with a 15 year amortization, repayable in full within five years. The \$5 million overdraft facility bears interest at the bank's prime rate plus 0.5% per annum with principal repayable upon demand. On September 26, 2001, the bank authorized a temporary increase in the overdraft facility from \$5 million to \$11.5 million subject to a take-out loan for the excess overdraft. The increased facility of \$6.5 million was used solely to assist in financing the completion of a gaming facility at View Royal, British Columbia, and be available to January 31, 2002. As of December 31, 2001, a net of \$10,903,625 was drawn down from the overdraft facility to finance the acquisition of the View Royal properties, construction of the View Royal gaming facility, partially repay the construction loan, bank service fees and financing fees. Subsequent to December 31, 2001, the Issuer has drawn down the balance of \$596,375 to finance the View Royal construction.



During the year ended December 31, 2001, the Issuer agreed to pay a development company \$1,260,000, secured by a second mortgage on the land and building located at Coquitlam, for services provided pertaining to the purchase and development of the Coquitlam site. The Issuer also agreed to pay a one-time fee of \$150,000 to the development company for securing the rezoning on the View Royal site.

During the year ended December 31, 2001, the CDN (now TSX Venture Exchange) approved the Issuer's intention to repurchase, under a normal course issuer bid, up to 934,000 of its outstanding shares, representing 5% of the current issued and outstanding shares of the Issuer, as stipulated pursuant to the policies of the CDN (now TSX Venture Exchange). The purchases are to be made through the facilities of the CDN (now TSX Venture Exchange) during the period October 16, 2001 to October 15, 2002. The Issuer intends to return the shares to treasury for cancellation. At December 31, 2001, 28,900 shares have been repurchased, 23,300 shares have been cancelled, and 5,600 shares have since been cancelled.

During the year ended December 31, 2001, the Issuer obtained equipment lease financing in the total amount of \$4,000,000 for the acquisition of various equipment, bearing interest at rates ranging from 6% to 8.5% per annum, with 10% buyout option upon completion of the lease term, ranging from 36 to 40 months. As at December 31, 2001, the Issuer had drawn down \$2,770,750 from the lease financing. Subsequently, \$158,496 has been further drawn down.

During the year ended December 31, 2001, the Issuer borrowed, to bridge construction financing, a total of \$4,011,114 by way of promissory notes, including \$2,000,000 from a company with a director in common, \$200,000 from an officer of the Issuer, \$450,000 from directors of the Issuer, \$100,000 from an individual related to an officer of the Issuer, and repaid \$921,190, including \$606,000 to a company with a director in common and \$150,000 to a director of the Issuer. The promissory notes bear interest at a rate of 15% per annum, payable monthly, with the exception of \$188,272, and are unsecured. Subsequent to December 31, 2001, the Issuer has repaid the promissory notes.

During the year ended December 31, 2001, the Issuer established a demand term loan with a chartered bank in the principal amount of \$7,500,000 at a fixed interest rate for a period of three to five years based on the bank's prime commercial mortgage rate, less 0.375%. During the initial six months term, the Issuer will have the option to float the interest rate at the bank's prime rate plus 1% per annum. The payments during this period will be interest plus a principal payment of \$30,000. The financing fee for this facility is \$30,000, of which \$10,000 was paid as at December 31, 2001 and the balance is payable upon drawdown of the facility. On January 3, 2002, the commitment letter was extended to February 15, 2002 to allow for the perfection of the security documentation.

During the year ended December 31, 2001, the Issuer's significant investing activities included: reimbursements of \$5,270,604 (2000 - \$4,059,412) received from the FDIF; issuance of promissory notes and advances of \$2,355,225 (2000 - \$56,587); purchase of and advances to equity investees of \$1,004,768; and, gross additions to capital assets of \$30,471,792 (2000 - \$5,618,297), which included \$2,035,543 (2000 - Nil) accrued liabilities and assets purchased under capital leases of \$3,252,993 (2000 - \$654,487).

During the year ended December 31, 2001, the Issuer entered into a letter of intent with Evergreen to loan \$6.4 million (US\$4 million) bearing interest at the prime rate, as posted by



the Union Bank of California, plus 2%, and payable monthly, with 50% of the principal guaranteed by the other joint venture partners. The loan will be secured by a charge against the assets of Evergreen and all related, associated or subsidiary companies subject only to bank, lease or seller or vendor financing. The repayment of the loan will be through the available cash flow after providing reserves for incomes taxes and \$477,840 (US\$300,000) for working capital. The repayment will commence no later than six months after the opening of one of the new gaming facilities or when the bet limits increase to US\$100, whichever occurs first. During the year ended December 31, 2001, the Issuer loaned Evergreen a total of \$4,619,120 (US\$2,900,000), and intends to loan a further \$477,840 (US\$300,000) each month until the Issuer has funded, in aggregate, \$6.3 million (US\$4 million). Subsequent to December 31, 2001, the Issuer has advanced Evergreen a total of \$955,680 (US\$600,000).

During the year ended December 31, 2001, the Issuer completed the purchase of the land and an existing building located at View Royal, British Columbia for a total price of \$4,992,000, paid by way of: \$420,000 from cash flow, \$4,558,568 from the overdraft facility, and \$13,432 in purchase price credit adjustments. As at December 31, 2001, a total of \$245,947 expenses relating to the land purchase were capitalized and a total of \$5,127,947 is qualified under the FDIF.

As at December 31, 2001, the Issuer's principal sources of liquidity included cash and cash equivalents of \$14,582,096. The Issuer has a working capital deficiency of \$5,023,211 and believes that existing cash and cash equivalents and anticipated cash flow from operations will cover the Issuer's working capital deficiency and will satisfy the Issuer's projected working capital requirements, anticipated capital expenditures, debt repayments, and capital lease payments for the foreseeable future.

As at December 31, 2001, the Issuer had \$13,993,549 of debt due on demand. Subsequent to December 31, 2001, the Issuer refinanced a portion of the debt with a demand term loan of \$7.5 million.

10.4 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 operations, 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 17, 2002⁽¹⁾ are as follows:

Name and Municipality of Residence	Positions and Offices Held With Issuer	Principal Occupation Over Last 5 Years	Securities Held
Ross J. McLeod ⁽³⁾ Delta British Columbia	Chairman Director since 08/13/96	Chairman, Chief Executive Officer and President of Great Canadian Casinos Inc.	6,053,476 ⁽⁵⁾
Michael C. Scholz West Vancouver British Columbia	Director since 04/24/00	President of the Issuer, Senior Partner Alexander Holburn Beaudin & Lang	444,600
Adrian R. Thomas Delta British Columbia	Director since 03/10/97	President and Chief Operating Officer of Great Canadian Casinos Inc.	27,400
E.H. (Al) Hintz ⁽³⁾ Victoria British Columbia	Director since 01/31/97	Director and Consultant of the Issuer	6,400
G. Wayne Oliver ⁽¹⁾⁽²⁾⁽⁴⁾ Burnaby British Columbia	Director since 11/03/98	Director of the Issuer, Chartered Accountant	4,500
Jacob Brouwer ⁽³⁾⁽⁴⁾ West Vancouver British Columbia	Director since June 9, 2000	Chairman, Chief Executive Officer and President, Brouwer Claims Canada Ltd.	Nil
Grace Soo Richmond British Columbia	Treasurer and Controller since January 31, 1997	Treasurer and Controller of the Issuer, and Vice-President (Finance and Administration) and Secretary of Casinos	57,000
William P. Work West Vancouver British Columbia	Director since August 17, 2001	Self-employed, Senior Partner, Alexander Holburn Beaudin & Lang	52,500
Peter G. Meredith ⁽¹⁾⁽²⁾ North Vancouver British Columbia	Director since June 9, 2000	Chief Financial Officer, Ivanhoe Capital Corporation	30,000
Donald Gee Burnaby British Columbia	Chief Financial Officer since November 15, 2001	Director and Officer, GLK Strategies Inc., Chartered Accountant	6,400



- (1) Member of Audit Committee.
- (2) Member of Finance Committee.
- (3) Member of Compensation and Corporate Governance Committee.
- (4) Not nominated for the Board of Directors at the Annual General Meeting May 28, 2002.
- (5) Does not include 3,916,186 shares over which Mr. McLeod exercises control and direction.

As at the date of this AIF, the directors and senior officers of the Issuer, as a group, beneficially own, directly or indirectly, 6,682,276 common shares, representing approximately 32.29% of the Issuer's outstanding common shares.

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

On April 12, 2001, the Issuer borrowed \$2 million secured by way of a promissory note from a company which is controlled by a director of the Issuer. As at April 19, 2002, this credit facility had been repaid by the Issuer.

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.

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 13% of eligible employees have participated in the ESPP since its inception. Under the ESPP, the Issuer purchased 61,391 shares for the ESPP in 2001. The ESPP is administered by the Trust Company of the Bank of Montreal. The shareholders of the Issuer approved of the ESPP at its Annual General Meeting held on June 29, 1999. The CDNX (now TSX Venture Exchange) approved the ESPP on September 16, 1999.

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

Michael Scholz, Ross McLeod and Adrian Thomas are excluded from participation 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 dated April 19, 2002 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.

ARTICLE 13 - RISK FACTORS

An investment in the common shares of the Issuer involves the following potential investment risks which prospective investors should carefully consider. As a result, an investment in the securities qualified for distribution hereby should be regarded as speculative and suitable for the investment by purchasers who are aware of such risks and who have the ability and willingness to accept the risk of total loss of their invested capital.

As with most companies involved in the gaming sector, there are a number of risk factors associated with the Issuer, its current business and the gaming industry. These include but are not limited to, the following:



13.1 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 *Code* in the event that the current gaming framework as provided for pursuant to the *Lottery Corporation Act* or the new *Gaming Control Act* is successfully challenged and found to be contrary to the *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.

13.2 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.

The announcement of proposed 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, there is 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.

13.3 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) and (b) of the *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.

13.4 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, none of which include any of the Issuer's operations. As a result, the growth of the Issuer's operations must currently remain stagnant. 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. The increase and popularity of online gaming may also adversely affect the Issuer's casino operations.

13.5 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 all 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 that 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.

13.6 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.

13.7 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.

13.8 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.

13.9 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. There can be no assurance that additional 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 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.

13.10 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.

13.11 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 received notification in March, 2002 from the BCLC, an agent of the Government of the Province of British Columbia, that none of the Company's casino operations "... *will be allowed to relocate or substantially change their facilities in order to acquire additional slot machines.*" The Issuer has taken the position that this is a fundamental breach of its 20-year COSA's with BCLC and represents a defacto expropriation of four of its seven gaming licenses, which currently do not have slots. Accordingly, the Issuer commenced legal action against BCLC and the Province for damages from the anticipated loss of revenue from these four operations over the remaining 20-year terms as a result of being unable to fully develop the same. Each casino when fully developed is anticipated to generate net revenue to the Issuer of 10 to 15 million dollars annually over the life of the respective COSA. Redevelopment of the Company's remaining four operations under the current policy would have resulted in excess of 75 million dollars worth of new investment and a substantial number of new full time jobs for the people of British Columbia as well as much needed revenue for the various levels of government. The action was commenced by writ of summons filed in the Supreme Court of British Columbia. As



at the date of this AIF, no defence has been filed by the BCLC or the Province of British Columbia.

ARTICLE 15 - MARKET FOR SECURITIES

The Common Shares of the Issuer are listed and posted for trading on the CDNX (now TSX Venture Exchange) under the symbol "GCD".

ARTICLE 16 - ADDITIONAL INFORMATION

The Issuer will provide to any person, upon written request made to the Secretary of the Issuer:

- (a) when the securities of the Issuer are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus which has been filed in respect of a distribution of its securities;
- (b) one copy of the AIF of the Issuer, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF;
- (c) 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 for its most recently completed financial year;
- (d) 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 or one copy of any annual filing prepared in lieu of that Management Proxy Circular, as appropriate; and
- (e) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or
- (f) at any other time, one copy of any other documents referred to in (a)(i), (ii) and (iii) above, provided 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.

The Issuer may require the payment of reasonable copying charges if the request is made by a person who is not a security holder of the Issuer.



Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Issuer's securities, options to purchase securities and interests of insiders in material transactions is disclosed in the Issuer's Management Proxy Circular for its annual general meeting of the Issuer which will take place on May 28, 2002. Additional financial information is provided in the financial statements for its most recently completed financial year. Copies of the Management Proxy Circular, Financial Statements and the Annual Report may be obtained upon request from the Issuer's registered and records office, Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7 (telephone: (604) 689-9111; facsimile number (604) 685-7084).

DATED at Vancouver, British Columbia this 17th day of May, 2002.

GREAT CANADIAN GAMING CORPORATION

"Ross J. McLeod"

Ross J. McLeod,
Chairman

"Michael Scholz"

Michael Scholz,
President

