



GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Month and Six Month Periods Ended
June 30, 2007

As at August 13, 2007

(Expressed in millions, except per share information)

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

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INTRODUCTION

Basis of Discussion and Analysis

This management's discussion and analysis ("MD&A") of the financial highlights, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other financial information of Great Canadian Gaming Corporation (the "Company", "we", "our") is dated as of August 13, 2007. This MD&A should be read in conjunction with our unaudited interim consolidated financial statements for the three month and six month periods ended June 30, 2007 and the accompanying notes ("Interim Financial Statements") and our audited consolidated financial statements for the year ended December 31, 2006 and the accompanying notes ("Annual Financial Statements").

Our discussion in this MD&A is based on the Interim Financial Statements. The Interim Financial Statements are prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") for interim financial statements and accordingly, certain information and note disclosures normally included in the Annual Financial Statements are omitted. Unless expressly stated otherwise, all financial information is expressed in Canadian dollars.

Non-GAAP Measures

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

EBITDA as defined by the Company means Earnings Before Interest and financing costs (net of interest income), Income Taxes, Depreciation and Amortization, stock-based compensation, restructuring costs, goodwill impairment, foreign exchange gain (loss), and non-controlling interests. EBITDA is derived from the consolidated statements of earnings, and can also be computed as revenues less human resources expenses and property, marketing and administration expenses. We believe EBITDA is a useful measure because it provides information to both management and investors with respect to the operating and financial performance of the Company. A reconciliation of EBITDA to net earnings (loss) under GAAP is shown in the "Consolidated Results of Operations" section in this MD&A.

Gross revenues means revenues on the consolidated statements of earnings plus the portion of the gaming win and other revenues retained by British Columbia Lottery Corporation ("BCLC") and Nova Scotia Gaming Corporation ("NSGC"); gaming taxes paid to Washington State; accruals for payouts of progressive games; payments to horse racing pools; and promotional allowances. Gross revenues includes slot commissions in Ontario which represent 10% of the win from slot machines operated by the Ontario Lottery and Gaming Corporation ("OLG").

The following non-GAAP measures have common definition in the gaming industry. Table drop means the collective amount of money customers wager on table games against the casino, and is commonly computed as the aggregate of money counted in the casino drop boxes. Table hold is calculated as the table drop plus or minus the net change in table chip inventory. Table hold percentage is the ratio of table hold divided by table drop. Table hold percentage fluctuates with the statistical variations or volatility inherent in casino games. Poker rake is the commission we earn from poker games at our casinos, and is calculated as a fixed percentage of the amount wagered by customers on every hand of poker played. Slot coin in is the aggregate of money customers have placed into slots or electronic machines. Slot win

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is the slot coin in less the payout or prizes to winning customers. Slot win per machine per day ("Slot Win/Slot/Day") is the average daily slot win earned by one slot machine, and is calculated as the slot win divided by the number of days in the period, divided by the average number of slot machines that operated during the period. Slot win percentage is the ratio of slot win divided by slot coin in.

Forward-Looking Statements

This MD&A contains forward-looking statements which reflect management's current expectations regarding the Company's objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities. These forward-looking statements are not guarantees, but only predictions. Although the Company believes that these statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a number of factors that could cause actual results to vary significantly from current expectations.

Such differences may be caused by factors which include, but are not limited to, limited terms of operational service agreements with gaming regulators, pending and proposed legislative or regulatory developments, competition from established competitors and new entrants in the gaming business, dependence on key personnel, no assurance that systems, procedures and controls will be adequate to support expanding operations, potential undisclosed liabilities and capital expenditures associated with acquisitions, negative connotations linked to the gaming industry, First Nations claims with respect to public lands on which we conduct our operations, impact of legal proceedings, impact of smoking bans, ongoing requirements to comply with financial covenants associated with credit facilities and long-term debt, interest and exchange rate fluctuations, non-realization of cost reductions and synergies, acceptance and demand for new products and services, fluctuations in operating results and general economic conditions.

The Company cautions that this list of factors is not exhaustive. These factors and other risks and uncertainties are discussed in the Company's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the "Risk Factors" section of the Company's Annual Information Form for fiscal 2006, and as identified in the Company's disclosure record on www.sedar.com.

The forward-looking statements contained herein are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Readers should not place undue reliance on the forward-looking statements, which reflect management's plans, estimates, projections and views only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

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FINANCIAL HIGHLIGHTS

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Revenues	\$ 97.7	\$ 95.6	2%	\$ 193.3	\$ 186.9	3%
EBITDA ⁽¹⁾	\$ 26.8	\$ 24.1	11%	\$ 52.2	\$ 45.8	14%
Human resources as a % of Revenues before promotional allowances	45.8%	45.2%		45.1%	45.9%	
EBITDA as a % of Revenues	27.4%	25.2%		27.0%	24.5%	
Net earnings	\$ 5.9	\$ 6.1	(3%)	\$ 10.2	\$ 7.0	46%
Earnings per common share:						
Basic	\$ 0.07	\$ 0.07		\$ 0.12	\$ 0.08	
Diluted	\$ 0.07	\$ 0.07		\$ 0.12	\$ 0.08	
Total assets	\$ 1,006.0	\$ 914.2	10%	\$ 1,006.0	\$ 914.2	10%
Long-term debt, excluding current portion	\$ 355.1	\$ 303.4	17%	\$ 355.1	\$ 303.4	17%

⁽¹⁾ EBITDA is a non-GAAP measure and is defined in the Introduction - Non-GAAP measures section of this MD&A.

Financial Highlights

For Great Canadian Gaming Corporation, the three month period ended June 30, 2007 ("second quarter of 2007") and the six month period ended June 30, 2007 ("first half of 2007") showed continued improvement in efficiencies and increased value from our past expansions and acquisitions. Our revenues for the second quarter of 2007 increased 2% and our EBITDA increased 11% over the second quarter of 2006. Our revenues for the first half of 2007 increased 3% and our EBITDA increased 14% over the first half of 2006. This translated to an increase in our EBITDA as a percentage of revenues for the second quarter of 2007 to 27.4% compared to 25.2% in the second quarter of 2006, and an increase in the first half of 2007 to 27.0% compared to 24.5% in the first half of 2006. Net earnings decreased by 3% in the second quarter and increased by 46% in the first half of 2007 relative to the second quarter and first half of 2006. After adjusting for unusual, non-cash future income tax recoveries of \$5.2 in the second quarter of 2006 and \$1.0 in the second quarter of 2007 which resulted from decreases in enacted tax rates, our net earnings improved by \$4.0 in the second quarter and by \$7.4 in the first half of 2007 compared to the second quarter and first half of 2006 respectively. The increase in our consolidated results over the second quarter and first half of 2006 reflects a continued trend towards improved operating results driven by revenue growth and the continued realization of efficiencies at both the site and head office levels.

Georgian Downs – Supplemental Agreements with OLG

On July 10, 2007, we entered into new Supplemental Agreements with OLG that will allow for the redevelopment of Georgian Downs and more than double the property's slot capacity to 1,000 devices from the 451 units currently installed. Slot machines at Georgian Downs are owned and operated by OLG.

In addition, through the Supplemental Agreements, OLG has extended the term and guaranteed our 10% slot machine revenue share through to November 30, 2021. The Supplemental Agreements include a provision for extension until November 30, 2026, at OLG's discretion.

We will spend an estimated \$30.3 to expand our existing Georgian Downs building to accommodate the

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increased gaming capacity. The OLG has estimated it will spend \$45.7 for the slot floor, food and beverage and back-of-house areas, bringing the total estimated project costs to \$76.0. The total construction timeline is expected to span approximately 18 months.

Normal Course Issuer Bid

On July 19, 2007, we announced our intention to commence a normal course issuer bid for up to 6.4 million of the Company's common shares, representing approximately 10% of our public float. Purchases will be by way of open market purchases through the facilities of the TSX, and conducted at the market price at the time of acquisition. All shares purchased by the Company will be subsequently cancelled.

We have received approval from the TSX to commence this bid on July 23, 2007. The bid will end on July 22, 2008 or earlier if the number of shares sought in the issuer bid have been obtained. We have reserved the right to terminate the bid earlier if we feel it is appropriate to do so. Pursuant to TSX policies, daily purchases made by the Company will not exceed 70,103 common shares or 25% of the average daily trading volume of 280,414 common shares on the TSX, subject to certain prescribed exceptions.

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CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes our consolidated operating results for the three and six month periods ended June 30, 2007 with comparatives to prior periods.

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Gaming revenues	\$ 69.0	\$ 68.4	1%	\$ 139.7	\$ 134.8	4%
Racetrack revenues	8.3	8.1	2%	14.9	14.5	3%
Facility Development						
Commission	5.0	4.6	9%	10.0	9.3	8%
Hospitality and other revenues	17.8	16.9	5%	33.6	32.9	2%
	100.1	98.0	2%	198.2	191.5	3%
Less: Promotional allowances	(2.4)	(2.4)	0%	(4.9)	(4.6)	7%
Revenues	97.7	95.6	2%	193.3	186.9	3%
Human resources	45.8	44.3	3%	89.4	87.9	2%
Property, marketing and administration	25.1	27.2	(8%)	51.7	53.2	(3%)
	70.9	71.5	(1%)	141.1	141.1	0%
EBITDA	26.8	24.1	11%	52.2	45.8	14%
Human resources as a % of Revenues before promotional allowances	45.8%	45.2%		45.1%	45.9%	
EBITDA as a % of Revenues	27.4%	25.2%		27.0%	24.5%	
Amortization	9.0	11.2	(20%)	18.4	20.4	(10%)
Stock-based compensation	2.0	1.5	33%	3.4	3.7	(8%)
Restructuring costs	-	1.0	(100%)	-	2.6	(100%)
Interest and financing costs, net	6.6	4.2	57%	13.4	9.6	40%
Other expenses	0.7	2.3	(70%)	0.9	2.4	(63%)
Income taxes	2.6	(2.2)	N/M ⁽¹⁾	5.9	0.1	N/M ⁽¹⁾
Net earnings	\$ 5.9	\$ 6.1	(3%)	\$ 10.2	\$ 7.0	46%
Earnings per common share:						
Basic	\$ 0.07	\$ 0.07		\$ 0.12	\$ 0.08	
Diluted	\$ 0.07	\$ 0.07		\$ 0.12	\$ 0.08	
Weighted average number of common shares (in thousands):						
Basic	86,672	85,847		86,540	82,805	
Diluted	87,216	86,560		86,959	83,871	

⁽¹⁾ Not meaningful

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Discussion of Results

The discussion of our operating results is covered in two sections. Revenues, human resources, property, marketing and administration, and EBITDA are discussed on a property or, where appropriate, group of similar properties basis. Items excluded from EBITDA are discussed on a consolidated basis. The following table reconciles the property results to the consolidated results of operations above.

REVENUES and EBITDA

	Second Quarter			First Half		
	2007	2006	% Change	2007	2006	% Change
REVENUES						
Casinos						
River Rock Casino Resort	\$ 26.4	\$ 27.6	(4%)	\$ 56.0	\$ 53.9	4%
Boulevard Casino	16.5	14.0	18%	31.4	29.4	7%
Vancouver Island Casinos	10.6	10.3	3%	20.9	20.4	2%
Other BC Casinos	4.2	3.5	20%	8.6	6.9	25%
Nova Scotia Casinos	11.7	12.4	(6%)	22.7	23.8	(5%)
Great American Casinos	6.6	6.6	0%	14.2	13.0	9%
	76.0	74.4	2%	153.8	147.4	4%
Racinos						
BC Racinos	12.1	11.0	10%	21.9	19.9	10%
Georgian Downs	4.1	4.5	(9%)	6.9	8.6	(20%)
Flamboro Downs	5.4	5.7	(5%)	10.5	11.0	(5%)
	21.6	21.2	2%	39.3	39.5	(1%)
Corporate & Other	0.1	-	N/M⁽¹⁾	0.2	-	N/M⁽¹⁾
Total Revenues	\$ 97.7	\$ 95.6	2%	\$ 193.3	\$ 186.9	3%
EBITDA						
Casinos						
River Rock Casino Resort	\$ 9.9	\$ 10.4	(5%)	\$ 21.6	\$ 20.2	7%
Boulevard Casino	7.3	5.3	38%	12.8	12.0	7%
Vancouver Island Casinos	5.9	5.9	0%	11.4	11.4	0%
Other BC Casinos	0.9	0.7	29%	2.1	1.4	50%
Nova Scotia Casinos	1.5	2.2	(32%)	3.7	3.4	9%
Great American Casinos	1.3	1.4	(7%)	3.1	2.6	19%
	26.8	25.9	3%	54.7	51.0	7%
Racinos						
BC Racinos	3.5	2.1	67%	5.7	3.4	68%
Georgian Downs	1.5	1.9	(21%)	2.3	3.4	(32%)
Flamboro Downs	2.0	2.0	0%	3.6	3.6	(0%)
	7.0	6.0	17%	11.6	10.4	12%
Corporate & Other	(7.0)	(7.8)	10%	(14.1)	(15.6)	10%
Total EBITDA	\$ 26.8	\$ 24.1	11%	\$ 52.2	\$ 45.8	14%

(1) Not meaningful.

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Casinos

River Rock Casino Resort ⁽¹⁾

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Gaming revenues	\$ 18.1	\$ 19.1	(5%)	\$ 39.6	\$ 37.6	5%
Facility Development Commission	1.6	1.7	(6%)	3.4	3.3	3%
Hospitality and other revenues	7.2	7.2	0%	14.1	13.9	1%
Revenues before promotional allowances	26.9	28.0	(4%)	57.1	54.8	4%
Less: Promotional allowances	(0.5)	(0.4)	25%	(1.1)	(0.9)	22%
Revenues	26.4	27.6	(4%)	56.0	53.9	4%
Human resources	11.6	10.7	8%	23.1	21.5	7%
Property, marketing and administration	4.9	6.5	(25%)	11.3	12.2	(7%)
EBITDA	\$ 9.9	\$ 10.4	(5%)	\$ 21.6	\$ 20.2	7%

Human resources as a % of Revenues before promotional allowances

Human resources as a % of Revenues before promotional allowances	43.1%	38.2%	40.5%	39.2%
EBITDA as a % of Revenues	37.5%	37.7%	38.6%	37.5%

⁽¹⁾ The results of the teletheatre at the River Rock Casino Resort are included in the results of our BC Racinos as it is operated by TBC Teletheatres B.C.

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Average
Table Drop	\$ 119.9	\$ 134.2	\$ 122.0	\$ 122.7	\$ 116.6	\$ 115.7	\$ 107.0	\$ 104.3	
Table Hold	\$ 24.2	\$ 32.8	\$ 27.3	\$ 30.7	\$ 26.8	\$ 26.7	\$ 26.6	\$ 25.0	
Table Hold %	20.2%	24.4%	22.4%	25.0%	23.0%	23.1%	24.9%	24.0%	23.4%
Poker Rake	\$ 1.7	\$ 1.9	\$ 2.1	\$ 1.8	\$ 1.6	\$ 1.7	\$ 1.9	\$ 1.9	
Slot Coin In	\$ 400.8	\$ 374.0	\$ 363.4	\$ 378.8	\$ 374.3	\$ 342.6	\$ 355.9	\$ 337.8	
Slot Win	\$ 27.9	\$ 27.3	\$ 27.1	\$ 28.8	\$ 27.8	\$ 26.0	\$ 26.4	\$ 25.0	
Average # Slots	921	920	920	920	918	918	1,000	1,000	
Slot Win/Slot/Day ⁽¹⁾	\$ 333	\$ 330	\$ 320	\$ 340	\$ 333	\$ 315	\$ 287	\$ 272	
Slot Win %	7.0%	7.3%	7.5%	7.6%	7.4%	7.6%	7.4%	7.4%	7.4%

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

Revenues

Gaming revenues for the River Rock Casino Resort ("River Rock") in the second quarter decreased by 5% compared to the second quarter of 2006, primarily due to a decrease in the table hold percentage and slot win percentage. Table drop increased by \$3.3 compared to the second quarter of 2006, but the table hold percentage decreased by 2.8 percentage points, resulting in a decrease in the table hold of \$2.6. Slot coin in experienced strong growth of \$26.5 compared to the second quarter of 2006. The increased slot coin in is evidence of the positive impact of the additional entertainment offerings including the hotel and show theatre that were opened in the third quarter of 2005. However, the increased slot coin in was offset by a lower slot win percentage, which decreased 0.4 percentage points compared to the second quarter of 2006. As experienced in the second quarter of 2007, table hold and slot win percentages fluctuate with the statistical variations or volatility inherent in casino games.

Gaming revenues in the first half of 2007 increased by 5% compared to the first half of 2006 due an increase in slot coin in and due to a strong first quarter of 2007 that benefited from greater high limit play

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on hand-held baccarat and increased activity from a strong Chinese New Year period in 2007.

Hospitality and other revenues in the second quarter of 2007 were consistent with the second quarter of 2006 but showed a positive improvement of 4% from the first quarter of 2007. For the first half of 2007, hospitality and other revenues increased by 1% over the first half of 2006. The increase in hospitality and other revenues was driven by higher hotel occupancy and average room rates, combined with an increased emphasis on group sales that is partly related to the improved hotel occupancy rates.

In July of 2007, the River Rock achieved a Four Diamond rating from the American Automobile Association and Canadian Automobile Association ("AAA/CAA"). The AAA/CAA Four Diamond rating means that the River Rock is one of an exclusive group that has successfully completed a thorough evaluation process, which reviews a combination of the overall quality, range of facilities, and the level of services offered by a property. In July of 2007, we also opened the new River Rock Conference Centre, which features six flexible, multi-purpose rooms with a total of 5,314 square feet that can be adapted for business meetings, conventions and social functions. We believe that the achievement of the AAA/CAA Four Diamond rating and the new Conference Centre will help generate additional revenues for River Rock in the future.

The River Rock's average daily revenue per available room ("REVPAR") was \$130 dollars in the second quarter of 2007 compared to \$112 dollars in the second quarter of 2006. The increase in REVPAR in the second quarter of 2007 compared to the second quarter of 2006 was primarily due to a 5 percentage point increase to 78% in the average hotel occupancy rate, coupled with a \$13 dollar increase to \$166 dollars in the average daily room rate. REVPAR in the first half of 2007 was \$118 compared to \$102 in the first half of 2006, due to a 3 percentage point increase to 74% in the average hotel occupancy rate, coupled with a \$16 dollar increase to \$160 dollars in the average daily room rate.

Expenses

Human resources expenses increased 8% in the second quarter and 7% in the first half of 2007 compared to the second quarter and first half of 2006, primarily from market-driven compensation increases and increased hourly labour in response to the higher table drop and slot coin-in. Human resources expenses as a percentage of revenues before promotional allowances increased by 4.9 percentage points in the second quarter and by 1.3 percentage points in the first half of 2007 compared to the second quarter and first half of 2006, primarily the result of compensation increases mentioned above and the lower gaming revenues resulting from our reduced table hold and slot win percentages during the second quarter of 2007.

Property, marketing and administration expenses decreased by 25% in the second quarter and by 7% in the first half of 2007 compared to the second quarter and first half of 2006. The decreases were primarily due to \$0.5 and \$0.1 lower spending from the BCLC marketing trust account in the second quarter and first half of 2007 respectively, and a \$0.6 property tax refund received during the second quarter of 2007 that related to 2006. The \$0.6 property tax refund was the result of a reduction in the facility's assessed value for the prior year, and arose from our continuing search for cost efficiencies. We believe we will achieve continued savings of this nature in 2007.

EBITDA

EBITDA decreased by 5% in the second quarter of 2007 compared to the second quarter of 2006, primarily due to decreased gaming revenues which resulted from low table hold and slot win percentages during the second quarter of 2007. EBITDA increased by 7% in the first half of 2007 over the first half of 2006 primarily due to higher revenues achieved in the first quarter of 2007, as a result of a strong Chinese New Year in 2007 and increasing slot win. EBITDA as a percentage of revenues for the second quarter of 2007 has decreased only slightly by 0.2 percentage points compared to the second quarter of 2006, despite a 4% decrease in revenues. We were able to maintain a relatively consistent ratio primarily

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due to the reduced spend from the BCLC marketing trust account and the property tax refund obtained during the second quarter of 2007. EBITDA as a percentage of revenues for the first half of 2007 improved by 1.1 percentage points over the first half of 2006, which was primarily driven by higher gaming revenues from a strong Chinese New Year in 2007 and improving slot coin in.

Boulevard Casino ⁽¹⁾

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Gaming revenues	\$ 13.4	\$ 11.6	16%	\$ 25.8	\$ 24.5	5%
Facility Development Commission	1.3	1.2	8%	2.5	2.4	4%
Hospitality and other revenues	2.1	1.5	40%	3.8	3.2	19%
Revenues before promotional allowances	16.8	14.3	17%	32.1	30.1	7%
Less: Promotional allowances	(0.3)	(0.3)	0%	(0.7)	(0.7)	0%
Revenues	16.5	14.0	18%	31.4	29.4	7%
Human resources	6.5	6.0	8%	12.7	11.9	7%
Property, marketing and administration	2.7	2.7	0%	5.9	5.5	7%
EBITDA ⁽²⁾	\$ 7.3	\$ 5.3	38%	\$ 12.8	\$ 12.0	7%
Human resources as a % of Revenues before promotional allowances	38.7%	42.0%		39.6%	39.5%	
EBITDA as a % of Revenues	44.2%	37.9%		40.8%	40.8%	

⁽¹⁾ The results of the teletheatre at the Boulevard Casino are included in the results of our BC Racinos as it is operated by TBC Teletheatres B.C.

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Average
Table Drop	\$ 50.4	\$ 47.1	\$ 51.4	\$ 51.9	\$ 52.2	\$ 58.6	\$ 43.9	\$ 35.5	
Table Hold	\$ 10.8	\$ 9.5	\$ 11.5	\$ 10.3	\$ 9.0	\$ 11.8	\$ 9.4	\$ 7.4	
Table Hold %	21.4%	20.2%	22.4%	19.8%	17.2%	20.1%	21.4%	20.8%	20.4%
Poker Rake	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.3	\$ 1.1	\$ 1.2	\$ 0.5	\$ 0.1	
Slot Coin In	\$ 493.0	\$ 443.3	\$ 404.7	\$ 405.2	\$ 405.0	\$ 398.5	\$ 319.8	\$ 267.0	
Slot Win	\$ 33.1	\$ 30.7	\$ 28.9	\$ 28.8	\$ 28.5	\$ 28.8	\$ 23.3	\$ 18.5	
Average # Slots	939	938	939	949	986	986	963	450	
Slot Win/Slot/Day ⁽¹⁾	\$ 387	\$ 364	\$ 335	\$ 330	\$ 318	\$ 325	\$ 263	\$ 447	
Slot Win %	6.7%	6.9%	7.1%	7.1%	7.0%	7.2%	7.3%	6.9%	7.0%

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

Revenues

Gaming revenues for the Boulevard Casino in the second quarter of 2007 increased by 16% compared to the second quarter of 2006. This increase is primarily attributable to an increase in the slot win of \$4.6, which was driven by an \$88.0 increase in the slot coin in. The Boulevard Casino also benefited from a 4.2 percentage point increase in table hold percentage. For the first half of 2007, gaming revenues increased by 5% over the first half of 2006. Our Red Robinson Show Theatre, which opened in September 2006, is the only major venue for live entertainment in the eastern suburbs of the Greater Vancouver area and is therefore becoming increasingly popular with the local market. As with the River Rock Show Theatre, it is proving to be an excellent entertainment option to draw customers to the property. In addition, we believe

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our expanded on-floor food and beverage services and the public's greater awareness of our entertainment offerings have helped to drive the growth in the slots at the Boulevard Casino.

Hospitality and other revenues increased by 40% in the second quarter and by 19% in the first half of 2007 compared to the second quarter and first half of 2006. This was the result of increased visitation driven by the Red Robinson Show Theatre, combined with our continued efforts to improve our food and beverage and other service offerings at the Boulevard Casino.

Expenses

Human resources expenses as a percentage of revenues before promotional allowances in the second quarter of 2007 improved by 3.3 percentage points over the second quarter of 2006, primarily the result of the increasing slot revenues and continued efforts to improve labour efficiency. Human resources expenses as a percentage of revenues before promotional allowances in the first half of 2007 remained relatively consistent to the first half of 2006 due to the strong ratio experienced in the second quarter of 2007.

Property, marketing and administration expenses in the second quarter of 2007 were consistent with the second quarter of 2006. We incurred higher food and beverage related expenses as a result of higher hospitality and other revenues, but these increases were offset by reductions in various other expenses as a result of our expense reduction initiatives. Primarily due to the opening of the Red Robinson Show Theatre in September 2006, property, marketing and administration expenses in the first half of 2007 increased by 7% over the first half of 2006, consistent with the 7% increase in revenues over the same period.

Our marketing and entertainment group continues to work with BCLC to increase revenues at all our properties by focusing on special concerts, events and community initiatives, as well as on reward programs to reinforce property branding and increase customer retention, visits and satisfaction.

EBITDA

EBITDA increased by 38% in the second quarter and by 7% in the first half of 2007 relative to the second quarter and first half of 2006, primarily due to increased slot revenue. EBITDA as a percentage of revenues improved by 6.3 percentage points in the second quarter of 2007 compared to the second quarter of 2006 and remained consistent in the first half of 2007 compared to the first half of 2006. These improvements in the second quarter of 2007 are primarily the result of increased slot revenues while maintaining control over costs. The Boulevard Casino's revenues, especially from slots and food and beverage, have benefited significantly from the opening of the Red Robinson Show Theatre.

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Vancouver Island Casinos (View Royal Casino and Nanaimo Casino)

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Gaming revenues	\$ 8.8	\$ 8.8	0%	\$ 17.3	\$ 17.2	1%
Facility Development Commission	1.0	0.9	11%	2.0	1.9	5%
Hospitality and other revenues	1.1	0.9	22%	2.1	1.8	17%
Revenues before promotional allowances	10.9	10.6	3%	21.4	20.9	2%
Less: Promotional allowances	(0.3)	(0.3)	0%	(0.5)	(0.5)	0%
Revenues	10.6	10.3	3%	20.9	20.4	2%
Human resources	3.4	3.2	6%	6.8	6.6	3%
Property, marketing and administration	1.3	1.2	8%	2.7	2.4	13%
EBITDA	\$ 5.9	\$ 5.9	0%	\$ 11.4	\$ 11.4	0%

Human resources as a % of Revenues before promotional allowances

Human resources as a % of Revenues before promotional allowances	31.2%	30.2%	31.8%	31.6%
EBITDA as a % of Revenues	55.7%	57.3%	54.5%	55.9%

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Average
Table Drop	\$ 15.4	\$ 15.3	\$ 15.5	\$ 16.6	\$ 16.4	\$ 15.6	\$ 16.2	\$ 15.5	
Table Hold	\$ 3.6	\$ 3.7	\$ 3.7	\$ 3.7	\$ 4.0	\$ 3.5	\$ 3.7	\$ 3.7	
Table Hold %	23.4%	24.2%	23.9%	22.3%	24.4%	22.4%	22.8%	23.9%	23.4%
Slot Coin In	\$ 403.9	\$ 393.3	\$ 399.4	\$ 412.0	\$ 408.2	\$ 382.2	\$ 378.3	\$ 370.6	
Slot Win	\$ 30.2	\$ 29.0	\$ 29.2	\$ 30.1	\$ 29.7	\$ 28.6	\$ 27.4	\$ 27.7	
Average # Slots	812	817	817	817	817	805	805	805	
Slot Win/Slot/Day ⁽¹⁾	\$ 413	\$ 394	\$ 388	\$ 400	\$ 399	\$ 395	\$ 370	\$ 374	
Slot Win %	7.5%	7.4%	7.3%	7.3%	7.3%	7.5%	7.2%	7.5%	7.4%

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

Revenues

Gaming revenues for the Vancouver Island casinos in the second quarter of 2007 remained consistent with the second quarter of 2006. Relative to the second quarter of 2006, table drop decreased by \$1.0 and a 1.0 percentage point decrease in the table hold percentage resulted in a decreased table hold of \$0.4. However, this was offset by higher slot win as a result of a 0.2 percentage point improvement in the slot win percentage. Gaming revenues in the first half of 2007 increased slightly by 1% over the first half of 2006, also due to slightly higher slot coin in and slot win.

Hospitality and other revenues increased by 22% in the second quarter and by 17% in the first half of 2007 compared to the second quarter and first half of 2006. These improvements are the result of our continued efforts to improve our food and beverage and other service offerings at the Vancouver Island casinos.

Expenses

Human resources expenses as a percentage of revenues before promotional allowances in the second quarter and first half of 2007 were relatively consistent with the second quarter and first half of 2006.

Property, marketing and administration expenses in the second quarter of 2007 have remained relatively consistent with the second quarter of 2006. Property, marketing and administration expenses for the first

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half of 2007 have increased over the first half of 2006, due to increased spending in the first half of 2007 from the BCLC marketing trust account. In the prior year, BCLC paid for slot coupons issued to potential customers of our Vancouver Island casinos. In 2007, those costs were being paid via the BCLC marketing trust account and consequently are included in our marketing expenses.

EBITDA

EBITDA for the second quarter and first half of 2007 has remained consistent with the second quarter and first half of 2006. EBITDA as a percentage of revenues decreased by 1.6 percentage points in the second quarter and by 1.4 percentage points in the first half of 2007 compared to the second quarter and first half of 2006. We will continue efforts to improve our marketing initiatives and service offerings while maintaining our operating efficiency.

Other BC Casinos (Casino on Broadway and Chances Gaming Entertainment in Dawson Creek)

	Second Quarter			%	First Half			%
	2007	2006	Chg		2007	2006	Chg	
Gaming revenues	\$ 3.6	\$ 3.1	16%	\$ 7.4	\$ 6.1	21%		
Facility Development Commission	0.4	0.2	100%	0.7	0.5	40%		
Hospitality and other revenues	0.3	0.3	0%	0.8	0.6	33%		
Revenues before promotional allowances	4.3	3.6	19%	8.9	7.2	24%		
Less: Promotional allowances	(0.1)	(0.1)	0%	(0.3)	(0.3)	0%		
Revenues	4.2	3.5	20%	8.6	6.9	25%		
Human resources	2.6	2.3	13%	5.2	4.4	18%		
Property, marketing and administration	0.7	0.5	40%	1.3	1.1	18%		
EBITDA	\$ 0.9	\$ 0.7	29%	\$ 2.1	\$ 1.4	50%		

Human resources as a % of Revenues before promotional allowances

	60.5%	63.9%	58.4%	61.1%
EBITDA as a % of Revenues	21.4%	20.0%	24.4%	20.3%

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Average
Table Drop	\$ 32.1	\$ 33.3	\$ 31.0	\$ 29.6	\$ 29.7	\$ 29.6	\$ 29.3	\$ 27.6	
Table Hold	\$ 5.7	\$ 6.6	\$ 6.2	\$ 5.3	\$ 5.7	\$ 5.9	\$ 5.7	\$ 5.5	
Table Hold %	17.8%	19.8%	20.0%	17.9%	19.2%	19.9%	19.5%	19.9%	19.2%
Poker Rake	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.4	
Slot Coin In	\$ 70.0	\$ 63.4	\$ 55.6	\$ 54.0	\$ 22.6	\$ 23.0	\$ 18.3	\$ 18.8	
Slot Win	\$ 3.9	\$ 3.7	\$ 3.1	\$ 3.3	\$ 1.7	\$ 1.8	\$ 1.4	\$ 1.5	
Average # Slots	150	150	139	129	79	80	66	70	
Slot Win/Slot/Day ⁽¹⁾	\$ 289	\$ 274	\$ 242	\$ 278	\$ 236	\$ 250	\$ 231	\$ 233	
Slot Win %	5.6%	5.8%	5.6%	6.1%	7.5%	7.8%	7.7%	8.0%	6.3%

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

Revenues

Gaming revenues for the other BC casinos improved by 16% in the second quarter and by 21% in the first half of 2007 over the second quarter and first half of 2006, primarily due to the newly developed Chances Gaming Entertainment in Dawson Creek ("Chances"), which was completed in early July of 2006. The decline in slot win percentage since the opening of Chances is a reflection of new, popular one-dollar slot machines and automated blackjack games offered at the facility. Since these games are programmed to

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have lower slot win percentages than our other games, they are very popular with the local market and have contributed substantially to the increased slot win at the property. On a 90% increase in the average number of slots, slot coin in more than tripled and slot win more than doubled in the second quarter of 2007 over the second quarter of 2006. Table drop at the Casino on Broadway increased by \$2.4 in the second quarter and by \$6.1 in the first half of 2007 over the second quarter and first half of 2006, but a 1.4 percentage point decrease in the table hold percentage in the second quarter of 2007 resulted in a relatively consistent table hold for both periods.

Hospitality and other revenues in the second quarter of 2007 remained consistent with the second quarter of 2006. Hospitality and other revenues for the first half of 2007 improved over the first half of 2006 as a result of stronger food and beverage revenues during the first quarter of 2007, which was driven by expanded food and beverage offerings at Chances.

Expenses

Human resources expenses increased by 13% in the second quarter and by 18% in the first half of 2007 over the second quarter and first half of 2006 due to the newly developed Chances. Human resources expenses as a percentage of revenues before promotional allowances improved by 3.4 percentage points in the second quarter and by 2.7 percentage points in the first half of 2007 compared to the second quarter and first half of 2006. This was the result of increased revenues and improved labour efficiencies created by the newly developed facilities at Chances, combined with our continued efforts to manage staffing levels to meet customer demand.

Property, marketing and administration expenses in the second quarter and first half of 2007 increased compared to the second quarter and first half of 2006, primarily due to increased operating supplies expenses at the newly developed Chances.

EBITDA

EBITDA increased by 29% in the second quarter and by 50% in the first half of 2007 compared to the second quarter and first half of 2006, primarily due to increased slot and food and beverage revenue generated by the newly developed facilities at Chances. EBITDA as a percentage of revenues increased by 1.4 percentage points in the second quarter and by 4.1 percentage points in the first half of 2007, compared to the second quarter and first half of 2006. This is primarily the result of increased gaming revenues despite declines in table hold and slot win percentages, while achieving efficiencies from the newly developed facilities at Chances.

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Nova Scotia Casinos (Casino Nova Scotia Halifax and Casino Nova Scotia Sydney)

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Gaming revenues	\$ 10.8	\$ 11.6	(7%)	\$ 21.1	\$ 22.1	(5%)
Hospitality and other revenues	1.6	1.3	23%	2.9	2.8	4%
Revenues before promotional allowances	12.4	12.9	(4%)	24.0	24.9	(4%)
Less: Promotional allowances	(0.7)	(0.5)	40%	(1.3)	(1.1)	18%
Revenues	11.7	12.4	(6%)	22.7	23.8	(5%)
Human resources	5.7	6.0	(5%)	10.7	11.8	(9%)
Property, marketing and administration	4.5	4.2	7%	8.3	8.6	(3%)
EBITDA	\$ 1.5	\$ 2.2	(32%)	\$ 3.7	\$ 3.4	9%
Human resources as a % of Revenues before promotional allowances	46.0%	46.5%		44.6%	47.4%	
EBITDA as a % of Revenues	12.8%	17.7%		16.3%	14.3%	

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Average
Table Drop	\$ 13.5	\$ 13.0	\$ 14.9	\$ 17.0	\$ 13.2	\$ 14.6	\$ 15.7	\$ 18.7	
Table Hold	\$ 2.8	\$ 2.5	\$ 2.9	\$ 3.2	\$ 2.7	\$ 2.4	\$ 3.1	\$ 3.0	
Table Hold %	20.7%	19.2%	19.5%	18.8%	20.5%	16.4%	19.7%	16.0%	18.7%
Poker Rake	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.3	\$ 0.4	
Slot Coin In	\$ 234.3	\$ 217.7	\$ 247.7	\$ 288.8	\$ 256.2	\$ 226.7	\$ 237.4	\$ 286.4	
Slot Win	\$ 17.6	\$ 16.6	\$ 18.9	\$ 21.9	\$ 18.8	\$ 16.7	\$ 17.2	\$ 20.5	
Average # Slots	1,052	1,052	1,053	1,070	1,120	1,129	1,133	1,143	
Slot Win/Slot/Day ⁽¹⁾	\$ 186	\$ 175	\$ 195	\$ 222	\$ 184	\$ 164	\$ 165	\$ 195	
Slot Win %	7.5%	7.6%	7.6%	7.6%	7.3%	7.4%	7.2%	7.2%	7.4%

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

Revenues

Gaming revenues for the Nova Scotia casinos decreased by 7% in the second quarter and by 5% in the first half of 2007 compared to the second quarter and first half of 2006, primarily due to a decrease in the slot coin in during the second quarter and the first half of 2007. A smoking ban came into effect on December 1, 2006, which has had a negative impact on gaming revenues in the first half of 2007.

We have enacted several marketing initiatives at the Nova Scotia casinos to help counter the effects of the smoking ban, such as additional slot and table game tournaments, prize giveaways, high-end room promotions, new player programs, stay and play promotions with local hotels, and increased bus tour marketing to increase visits to the casinos.

Hospitality and other revenues in the second quarter of 2007 increased by 23% over the second quarter of 2006 as a result of increased food and beverage sales, due to upgrades to the Halifax casino's entertainment outlets and a new outdoor smoking section. These upgrades have helped to maintain hospitality and other revenues for the first half of 2007 compared to the first half of 2006.

Expenses

Human resources expenses as a percentage of revenues before promotional allowances improved by 0.5 percentage points in the second quarter and by 2.8 percentage points in the first half of 2007 relative to

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the second quarter and first half of 2006. We were able to achieve this improvement despite reduced revenues before promotional allowances by managing our staffing levels and maintain control over labour costs. We will continue our efforts to manage staffing levels to meet customer demand.

Property, marketing and administration expenses in the second quarter of 2007 have increased by 7% over the second quarter of 2006, due primarily to increases in marketing expenses for marketing initiatives mentioned earlier to counter the effect of the smoking ban, and increases in food and beverage expenses related to increased hospitality and other revenues. Property, marketing and administration expenses in the first half of 2007 decreased by 3% compared to the first half of 2006 due to lower expenses in the first quarter of 2007 relative to the first quarter of 2006, which was primarily the result of lower professional fees, more targeted promotions, and continued focus on reducing expenses. We will continue our efforts to control property, marketing and administration expenses and improve efficiencies.

EBITDA

EBITDA decreased by 32% in the second quarter of 2007 compared to the second quarter of 2006, primarily due to lower revenues which resulted from the smoking ban. EBITDA increased by 9% in the first half of 2007 over the first half of 2006 due to expense reductions we achieved in both human resources expenses and property, marketing and administration expenses. EBITDA as a percentage of revenues for the second quarter of 2007 decreased by 4.9 percentage points relative to the second quarter of 2006, primarily due to lower revenues and higher marketing expenses, both of which are driven by the recently imposed smoking ban.

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Great American Casinos

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Gaming revenues	\$ 5.7	\$ 5.9	(3%)	\$ 12.2	\$ 11.4	7%
Hospitality and other revenues	1.2	1.1	9%	2.5	2.3	9%
Revenues before promotional allowances	6.9	7.0	(1%)	14.7	13.7	7%
Less: Promotional allowances	(0.3)	(0.4)	(25%)	(0.5)	(0.7)	(29%)
Revenues	6.6	6.6	0%	14.2	13.0	9%
Human resources	3.6	3.6	0%	7.5	7.1	6%
Property, marketing and administration	1.7	1.6	6%	3.6	3.3	9%
EBITDA	\$ 1.3	\$ 1.4	(7%)	\$ 3.1	\$ 2.6	19%
Human resources as a % of Revenues before promotional allowances	52.2%	51.4%		51.0%	51.8%	
EBITDA as a % of Revenues	19.7%	21.2%		21.8%	20.0%	

The following data is presented in Canadian dollars, translated from U.S. dollars at the average exchange rate for the quarter.

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Average
Table Drop	\$ 29.5	\$ 28.4	\$ 27.7	\$ 24.6	\$ 24.9	\$ 25.2	\$ 26.6	\$ 26.4	
Table Hold	\$ 6.7	\$ 7.3	\$ 6.9	\$ 5.9	\$ 6.4	\$ 6.0	\$ 6.3	\$ 6.4	
Table Hold %	22.7%	25.7%	24.9%	24.0%	25.7%	23.8%	23.7%	24.2%	24.3%
Poker Rake	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	

Revenues

Gaming revenues for Great American Casinos in the second quarter of 2007 decreased by 3% compared to the second quarter of 2006. Table drop increased by \$4.6 over the second quarter of 2006, but this was offset by a decrease of 3.0 percentage points in the table hold percentage. Gaming revenues for the first half of 2007 increased relative to the first half of 2006, due to strong table drop in the first half of 2007 arising from VIP parties held at our Washington casinos during the first quarter of 2007 and several successful promotions held during the second quarter of 2007.

Hospitality and other revenues increased by 9% in the second quarter and the first half of 2007 over the second quarter and first half of 2006, which is reflective of the increased table drop at our Washington casinos.

Expenses

Human resources expenses as a percentage of revenues before promotional allowances in the second quarter of 2007 increased by 0.8 percentage points compared with second quarter of 2006. During the second quarter of 2007, we had higher staffing demands as a result of the increased table drop, but we did not realize increased gaming revenues due to a lower table hold percentage. We were able to maintain a relatively consistent ratio of human resources expenses as a percentage of revenues before promotional allowances in the second quarter of 2007 relative to the second quarter of 2006 as a result of managing our staffing levels to meet the increased demand while achieving operating efficiencies. Human resources expenses as a percentage of revenues before promotional allowances improved by 0.8 percentage points in the first half of 2007 over the first half of 2006, due to a stronger ratio achieved in the first quarter of 2007 as a result of stronger gaming revenues which benefited from a strong table drop and

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table hold percentage in the first quarter of 2007.

Property, marketing and administration expenses increased by 6% in the second quarter and by 9% in the first half of 2007 compared to the second quarter and first half of 2006, due to increased marketing expenses for the promotions which have helped to contribute to the 18% increase in table drop in the second quarter and 16% increase in table drop in the first half of 2007 compared to the second quarter and first half of 2006. We will continue our efforts to use targeted marketing initiatives to achieve further operational efficiencies.

EBITDA

EBITDA decreased by 7% in the second quarter of 2007 compared to the second quarter of 2006, primarily due to the decreased gaming revenues from a lower hold percentage. EBITDA increased by 19% in the first half of 2007 over the first half of 2006 as a result of higher gaming revenues from a strong hold percentage in the first quarter of 2007. EBITDA as a percentage of revenues for the second quarter of 2007 decreased by 1.5 percentage points compared the second quarter of 2006, primarily due to the lower table hold percentage in the second quarter of 2007. EBITDA as a percentage of revenues for the first half of 2007 improved by 1.8 percentage points over the first half of 2006, due to higher table hold and gaming revenues in the first quarter of 2007 that resulted from the successful VIP parties we held in that quarter.

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Racinos

BC Racinos (Fraser Downs Racetrack and Casino, Hastings Racecourse and TBC Teletheatres B.C.)

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Gaming revenues	\$ 3.0	\$ 2.6	15%	\$ 5.6	\$ 5.0	12%
Facility Development Commission	0.7	0.6	17%	1.4	1.2	17%
Racetrack revenues	6.6	6.1	8%	12.0	10.7	12%
Hospitality and other revenues	2.0	2.0	0%	3.3	3.3	0%
Revenues before promotional allowances	12.3	11.3	9%	22.3	20.2	10%
Less: Promotional allowances	(0.2)	(0.3)	(33%)	(0.4)	(0.3)	33%
Revenues	12.1	11.0	10%	21.9	19.9	10%
Human resources	4.2	4.5	(7%)	7.7	8.1	(5%)
Property, marketing and administration	4.4	4.4	0%	8.5	8.4	1%
EBITDA	\$ 3.5	\$ 2.1	67%	\$ 5.7	\$ 3.4	68%
Human resources as a % of Revenues before promotional allowances	34.1%	39.8%		34.5%	40.1%	
EBITDA as a % of Revenues	28.9%	19.1%		26.0%	17.1%	

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Average
Slot Coin In	\$ 207.3	\$ 185.6	\$ 173.5	\$ 169.6	\$ 168.2	\$ 164.0	\$ 158.6	\$ 152.5	
Slot Win	\$ 15.5	\$ 13.7	\$ 13.0	\$ 13.2	\$ 13.0	\$ 12.0	\$ 11.5	\$ 10.9	
Average # Slots	437	436	437	434	421	421	415	410	
Slot Win/Slot/Day ⁽¹⁾	\$ 394	\$ 349	\$ 323	\$ 331	\$ 339	\$ 317	\$ 301	\$ 289	
Slot Win %	7.5%	7.4%	7.5%	7.8%	7.7%	7.3%	7.3%	7.1%	7.5%

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

Revenues

Gaming revenues for the BC Racinos increased by 15% in the second quarter and by 12% the first half of 2007 over the second quarter and first half of 2006 due to the strong performance of the slots at Fraser Downs Racetrack and Casino ("Fraser Downs"). Fraser Downs experienced significant increases of \$39.1 in slot coin in and \$2.5 in slot win in the second quarter of 2007 relative to the second quarter of 2006. We believe the strength of the slot operations at Fraser Downs results from its strategic location in Surrey, B.C., one of the fastest growing municipalities in Canada. According to Statistics Canada, Surrey experienced a 14% growth in population over a five year period from approximately 348,000 residents in 2001 to 395,000 residents in 2006.

Racetrack revenues in the second quarter of 2007 have increased by 8% relative to the second quarter of 2006 due to Fraser Downs holding eight more live race days in the second quarter of 2007 than in the second quarter of 2006, and due to the addition of the teletheatre at Boulevard Casino in September of 2006. TBC Teletheatres B.C. has also experienced an increase in telephone and internet wagering in the second quarter of 2007 over the second quarter of 2006. These increases were offset by a decrease in racetrack revenues at Hastings Racecourse, which held three fewer live race days in the second quarter of 2007 compared to the second quarter of 2006.

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Racetrack revenues in the first half of 2007 increased relative to the first half of 2006 due to the factors mentioned above as well as the addition of the River Rock teletheatre in March 2006.

Hospitality and other revenues for the second quarter and first half of 2007 have remained consistent with the second quarter and first half of 2006.

Expenses

Human resources expenses in the second quarter and first half of 2007 have decreased relative to the second quarter and first half of 2006 due to having fewer live race days at Hastings Racecourse. The 2007 live racing season at Hastings Racecourse began on April 28, 2007, while the 2006 season began on April 14, 2006. Human resources expenses as a percentage of revenues before promotional allowances improved by 5.7 percentage points in the second quarter and by 5.6 percentage points in the first half of 2007 compared to the second quarter and first half of 2006. This was the result of our continued efforts to improve labour efficiency at the BC Racinos.

Property, marketing and administration expenses for the second quarter and first half of 2007 have remained consistent with the second quarter and first half of 2006.

EBITDA

EBITDA increased by 67% in the second quarter and 68% in the first half of 2007 relative to the second quarter and first half of 2006. These increases were primarily due to increased slot revenue at Fraser Downs and increased teletheatre wagering from the addition of teletheatres at River Rock and the Boulevard Casino. EBITDA as a percentage of revenues improved by 9.8 percentage points in the second quarter and by 8.9 percentage points in the first half of 2007 over the second quarter and the first half of 2006. The BC Racinos have benefited from increased slot revenue from Fraser Downs, increased racetrack revenues from our racetracks, teletheatres, telephone and internet wagering, and improved labour efficiencies.

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Georgian Downs

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Gaming revenues	\$ 2.4	\$ 2.6	(8%)	\$ 4.4	\$ 5.1	(14%)
Racetrack revenues	0.6	0.7	(14%)	0.7	1.3	(46%)
Hospitality and other revenues	1.1	1.2	(8%)	1.8	2.2	(18%)
Revenues before promotional allowances	4.1	4.5	(9%)	6.9	8.6	(20%)
Less: Promotional allowances	-	-	0%	-	-	0%
Revenues	4.1	4.5	(9%)	6.9	8.6	(20%)
Human resources	1.0	1.1	(9%)	1.7	2.2	(23%)
Property, marketing and administration	1.6	1.5	7%	2.9	3.0	(3%)
EBITDA	\$ 1.5	\$ 1.9	(21%)	\$ 2.3	\$ 3.4	(32%)
Human resources as a % of Revenues before promotional allowances	24.4%	24.4%		24.6%	25.6%	
EBITDA as a % of Revenues	36.6%	42.2%		33.3%	39.5%	

Revenues

Gaming revenues for Georgian Downs decreased by 8% in the second quarter and by 14% in the first half of 2007 relative to the second quarter and first half of 2006. During the first quarter of 2007, our Georgian Downs horse racing contract with the Ontario Harness Horse Association ("OHHA") expired without being renewed, resulting in the cessation of live and simulcast racing at the property until March 10, 2007, when a new agreement was reached and racing resumed. During that time, the slot floor operated by OLG remained open, but the absence of live racing combined with protests by members of OHHA resulted in significantly lower customer visitation and lower gaming revenues during the first quarter of 2007. Gaming revenues for the second quarter of 2007 are 20% higher than the first quarter of 2007, and only 8% lower than the second quarter of 2006, and thus we believe that Georgian Downs has begun to show signs of recovery from the racing stoppage that occurred in the first quarter of 2007.

Racetrack revenues and hospitality and other revenues for the second quarter of 2007 are 113% higher than the first quarter of 2007 and only 11% lower than the second quarter of 2006, which we believe is another indication that Georgian Downs is recovering from the racing stoppage in the first quarter of 2007.

Gaming revenues, racing revenues, and hospitality and other revenues for the first half of 2007 decreased relative to the first half of 2006 as a result of the racing stoppage during the first quarter of 2007 and a carry over impact of the racing stoppage into the second quarter of 2007.

Expenses

Human resources expenses as a percentage of revenues before promotional allowances in the second quarter of 2007 have remained consistent with the second quarter of 2006 despite a decrease in revenues before promotional allowances, as a result of controlling our staffing levels and costs. Human resources expenses as a percentage of revenues before promotional allowances in the first half of 2007 improved by 1.0 percentage point relative to the first half of 2006, as we managed our human resources costs by temporarily laying off many of our racing staff during the racing stoppage in the first quarter of 2007 and managing staffing levels when live racing resumed.

Property, marketing and administration expenses in the second quarter and first half of 2007 have

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remained relatively consistent with the second quarter and first half of 2006.

EBITDA

EBITDA has decreased by 21% in the second quarter and by 32% in the first half of 2007 compared to the second quarter and first half of 2006. These decreases are primarily due to the impact of the racing stoppage in the first quarter of 2007, and its continued impact on the second quarter of 2007. EBITDA as a percentage of revenues decreased by 5.6 percentage points in the second quarter and by 6.2 percentage points in the first half of 2007 compared to the second quarter and first half of 2006 as a result of the racing stoppage. We are encouraged by the recovery in the second quarter of 2007, and expect Georgian Downs to return to previous levels of revenues and earnings later this year.

Flamboro Downs

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Gaming revenues	\$ 3.2	\$ 3.1	3%	\$ 6.3	\$ 5.8	9%
Racetrack revenues	1.1	1.3	(15%)	2.2	2.5	(12%)
Hospitality and other revenues	1.1	1.4	(21%)	2.1	2.8	(25%)
Revenues before promotional allowances	5.4	5.8	(7%)	10.6	11.1	(5%)
Less: Promotional allowances	-	(0.1)	(100%)	(0.1)	(0.1)	0%
Revenues	5.4	5.7	(5%)	10.5	11.0	(5%)
Human resources	1.8	2.0	(10%)	3.6	4.1	(12%)
Property, marketing and administration	1.6	1.7	(6%)	3.3	3.3	0%
EBITDA	\$ 2.0	\$ 2.0	0%	\$ 3.6	\$ 3.6	0%

Human resources as a % of Revenues before promotional allowances	33.3%	34.5%	34.0%	36.9%
EBITDA as a % of Revenues	37.0%	35.1%	34.3%	32.7%

Revenues

Gaming revenues for Flamboro Downs increased by 3% in the second quarter and by 9% in the first half of 2007 relative to the second quarter and first half of 2006. We are encouraged by the strength of the market for slots activity, as this growth in slot revenue has occurred despite a decrease in racetrack revenues.

Racetrack revenues in the second quarter of 2007 have decreased by 15% relative to the second quarter of 2006 due to holding ten fewer live race days in the second quarter of 2007. Racetrack revenues in the first half of 2007 have decreased by 12% relative to the first half of 2006 because of fewer live race days in the second quarter of 2007 and lower on-track wagering during the first quarter of 2007.

Hospitality and other revenues decreased by 21% in the second quarter and by 25% in the first half of 2007 compared to the second quarter and first half of 2006. The decrease is primarily due to a reduction in OLG promotions directly linked to food and beverage offers, as well as the closure of our less profitable food and beverage outlets at the property.

We are also pursuing opportunities to improve visitation at Flamboro Downs, including possible upgrades to teletheatre and food and beverage outlets that could improve the facilities' customer draw and increase

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on-track wagering and hospitality and other revenues.

Expenses

Human resources expenses as a percentage of revenues before promotional allowances improved by 1.2 percentage points in the second quarter and by 2.9 percentage points in the first half of 2007 over the second quarter and first half of 2006. This improvement resulted from our continuing efforts to improve labour efficiency at the property, as well as fewer live racing days in the second quarter of 2007 compared to the second quarter of 2006.

Property, marketing and administration expenses for the second quarter and first half of 2007 have remained relatively consistent with the second quarter and first half of 2006.

EBITDA

EBITDA in the second quarter and first half of 2007 has remained consistent with the second quarter and first half of 2006. EBITDA as a percentage of revenues improved by 1.9 percentage points in the second quarter and by 1.6 percentage points in the first half of 2007 over the second quarter and first half of 2006 despite a reduction in revenues. This improvement is primarily the result of our continuing focus to manage staffing levels and improve labour efficiency at the property.

Corporate & Other

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Other Revenues	\$ 0.1	\$ -	N/M ⁽¹⁾	\$ 0.2	\$ -	N/M ⁽¹⁾
Human resources	5.4	4.9	(10%)	10.4	10.2	(2%)
Property, marketing and administration	1.7	2.9	41%	3.9	5.4	28%
EBITDA	\$ (7.0)	\$ (7.8)	10%	\$ (14.1)	\$ (15.6)	10%

⁽¹⁾ Not meaningful

Human Resources

Human resources expenses for the second quarter of 2007 have increased by 10% relative to the second quarter of 2006 primarily due to overall compensation increases and the addition of senior management in the second half of 2006.

Property, Marketing and Administration

Property, marketing and administration expenses in the second quarter of 2007 decreased significantly by 41% compared to the second quarter of 2006, primarily due to a decrease in general and administrative expenses. The most significant decreases were for professional fees of \$0.7 and for discretionary travel expenses of \$0.2. We will continue to make efforts to monitor and maintain control over our corporate expenses.

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Discussion of Items Excluded from EBITDA

Amortization

Amortization decreased by \$2.2 in the second quarter and by \$2.0 in the first half of 2007 relative to the second quarter and first half of 2006. In the second quarter of 2006, amortization included \$1.7 in impairments of investments, as well as \$0.6 in impairment charges on property, plant and equipment.

Amortization in the second quarter of 2007 decreased by \$0.4 relative to the first quarter of 2007. In the second quarter of 2007, amortization included a \$0.4 gain on disposal of assets compared to \$nil in the first quarter of 2007.

Stock-Based Compensation

Stock-based compensation in the second quarter of 2007 increased by 33% relative to the second quarter of 2006 due to the annual grant of options at the end of the first quarter of 2007. Stock-based compensation for the first half of 2007 decreased by 8% relative to the first half of 2006, due to option forfeitures by certain officers of the Company during the second quarter of 2006.

Restructuring Costs

The Company did not incur significant restructuring costs in the first half of 2007. In the second quarter and first half of 2006, restructuring costs consisted of severances, stock-based compensation and other obligations associated with departed employees.

Interest and Financing Costs, net

In February 2007, as part of our debt refinancing we entered into a US\$170.0 Senior Secured Term Loan B and US\$170.0 Senior Subordinated Notes (described in the "Capital Resources" section of this MD&A). As this debt is denominated in U.S. dollars and our revenues are primarily in Canadian dollars the Company entered into cross-currency interest rate swap agreements to effectively convert this debt into Canadian dollar fixed interest rate debt.

Interest and financing costs, net of interest income increased by \$2.4 in the second quarter of 2007 compared to the second quarter of 2006. The increase related to a \$2.5 increase in interest expense resulting primarily from higher average debt levels, a \$0.7 charge for the change in fair value of our derivative asset that represents the early redemption option on our Senior Subordinated Notes, offset by an increase in interest income of \$0.8. Interest and financing costs, net of interest income increased by \$3.8 in the first half of 2007 compared to the first half of 2006. The increase related to a \$3.4 increase in interest expense resulting primarily from higher average debt levels, a \$1.6 write-off of deferred transaction costs and underwriting fees associated with the Bridge Credit Facility, a \$0.3 charge for the net change in the fair value of our derivative asset, offset by a \$0.4 decrease in amortization of deferred transaction costs and a \$1.1 increase in interest income.

Other Expenses

Other expenses in the second quarter and first half of 2007 decreased relative to the second quarter and first half of 2006 primarily due to decreased non-cash foreign exchange loss.

Income Taxes

Income taxes in the second quarter of 2007 was an expense of \$2.6 compared to an income tax recovery of \$2.2 in the second quarter of 2006. As a result of statutorily enacted corporate income tax rate changes, income tax recoveries of \$1.0 and \$5.2 were recorded in the second quarters of 2007 and 2006 respectively.

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Net Earnings

Net earnings decreased by 3% in the second quarter and increased 46% in the first half of 2007 relative to the second quarter and first half of 2006, despite EBITDA increases of 11% and 14% in the second quarter and first half of 2007 respectively. After adjusting for unusual, non-cash future income tax recoveries of \$5.2 in the second quarter of 2006 and \$1.0 in the second quarter of 2007 which resulted from decreases in enacted tax rates, our net earnings improved by \$4.0 in the second quarter and by \$7.4 in the first half of 2007 compared to the second quarter and first half of 2006 respectively. The increase in our net earnings over the second quarter and first half of 2006 reflects a continued trend towards improved operating results driven by revenue growth and the continued realization of efficiencies at both the site and head office levels.

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CONSOLIDATED QUARTERLY RESULTS TREND

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005
Revenues	\$ 97.7	\$ 95.6	\$ 98.1	\$ 100.2	\$ 95.6	\$ 91.3	\$ 89.5	\$ 77.2
EBITDA	\$ 26.8	\$ 25.4	\$ 25.4	\$ 27.0	\$ 24.1	\$ 21.7	\$ 14.9	\$ 20.3
EBITDA as a % of Revenues	27.4%	26.6%	25.9%	26.9%	25.2%	23.8%	16.6%	26.3%
Net earnings (loss)	\$ 5.9	\$ 4.3	\$ (11.5)	\$ (14.1)	\$ 6.1	\$ 0.9	\$ (9.1)	\$ 6.4
Earnings (loss) per common share:								
Basic	\$ 0.07	\$ 0.05	\$ (0.13)	\$ (0.16)	\$ 0.07	\$ 0.01	\$ (0.11)	\$ 0.08
Diluted	\$ 0.07	\$ 0.05	\$ (0.13)	\$ (0.16)	\$ 0.07	\$ 0.01	\$ (0.11)	\$ 0.08

For Great Canadian Gaming Corporation, the second quarter of 2007 showed continued progress towards our goals of driving better efficiencies and increased value from our past expansions and acquisitions. Our revenues increased 2% and our EBITDA increased 11% over the second quarter of 2006. This translated to an increase in our EBITDA as a percentage for revenues for the second quarter of 2007 to 27.4% compared to 25.2% in the second quarter of 2006. The increase in our consolidated EBITDA over the second quarter of 2006 reflect a continued trend towards improved operating results driven by revenue growth and the continued realization of efficiencies at both the site and head office levels.

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LIQUIDITY AND CAPITAL RESOURCES

Financial Position

	As at June 30, 2007	As at December 31, 2006	% Change
Cash and cash equivalents	\$ 134.5	\$ 56.8	137%
Other current assets	53.7	55.8	(4%)
Property, plant and equipment	560.3	565.8	(1%)
Due from Nova Scotia Gaming Corporation	10.6	17.7	(40%)
Other long-term assets	246.9	244.6	1%
	\$ 1,006.0	\$ 940.7	7%
Current liabilities	112.3	65.7	71%
Long-term debt, excluding current portion	355.1	390.3	(9%)
Other long-term liabilities	125.9	89.8	40%
Shareholders' equity	412.7	394.9	5%
	\$ 1,006.0	\$ 940.7	7%

Cash and cash equivalents have increased since December 31, 2006 primarily due to cash inflows from operations and from the issue of the Term Loan B and the Senior Subordinated Notes. Cash and cash equivalents includes \$41.7 that was used to repay the Flamboro Promissory Note on July 3, 2007.

The long-term balance due from Nova Scotia Gaming Corporation has decreased from December 31, 2006 due to payments received from NSGC.

Current liabilities have increased since December 31, 2006, primarily due to the presentation of the Flamboro Promissory Note payable of \$41.7 as a current liability as at June 30, 2007. The Flamboro Promissory Note was repaid on July 3, 2007.

As at December 31, 2006, long-term debt, excluding the current portion consisted primarily of the Company's former Bridge Credit Facility and Flamboro Promissory Note. As at June 30, 2007, long-term debt, excluding current portion consists primarily of the Company's Term Loan B and Senior Subordinated Notes.

Other long-term liabilities have increased since December 31, 2006 due primarily to increases in the Company's derivative liabilities, which represents the fair value of the Company's cross currency interest rate swaps as at June 30, 2007.

Changes in Cash Flows

	Second Quarter			First Half		
	2007	2006	%	2007	2006	%
			Chg			Chg
Cash inflow from operating activities	\$ 20.7	\$ 11.1	86%	\$ 36.9	\$ 20.1	84%
Cash outflow from investing activities	(5.6)	(15.1)	(63%)	(6.7)	(30.9)	(78%)
Cash inflow (outflow) from financing activities	-	(52.2)	(100%)	48.6	(17.0)	(386%)
Effect of foreign exchange on cash and cash equivalents	(1.1)	(0.4)	175%	(1.1)	(0.2)	450%
Increase (decrease) in cash	\$ 14.0	\$ (56.6)	(125%)	\$ 77.7	\$ (28.0)	(378%)

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The increase in the cash inflow from operating activities in the second quarter and first half of 2007 relative to the second quarter and first half of 2006 was primarily due to increased EBITDA and changes to non-cash working capital.

The decrease in the cash outflow from investing activities in the second quarter and first half of 2007 relative to the second quarter and first half of 2006 was primarily due to the significant construction projects that were in progress in the prior year. These included the renovations at the Nova Scotia casinos, the new Chances in Dawson Creek, and the Red Robinson Show Theatre at the Boulevard Casino.

Cash inflow from financing activities in the first half of 2007 relates to the net cash flows from the debt refinancing that was completed in the first quarter of 2006. Cash outflows from financing activities in the second quarter and first half of 2006 relate to principal repayments of long-term debt.

Capital Resources

Long-Term Debt and Equity Transactions

	June 30, 2007	December 31, 2006
Term Loan B, net of unamortized transaction costs of \$3.2	\$ 177.4	\$ -
Senior Subordinated Notes, net of unamortized transaction costs of \$6.7	176.4	-
Flamboro Promissory Note	41.7	41.7
HEI Promissory Note	3.2	3.4
Obligations under capital leases and other debt	1.3	1.4
Bridge Credit Facility - Revolving Credit Facility	-	\$ 95.0
Bridge Credit Facility - Non-Revolving Credit Facility	-	250.0
	\$ 400.0	\$ 391.5

Debt Refinancing

On February 14, 2007, the Company completed its debt refinancing to retire the Bridge Credit Facility. This debt refinancing was the final step of a restructuring process that began last year with the establishment of a Bridge Credit Facility that we used to redeem the former Series A and Series B Senior Secured Notes. We believe the long-term debt structure provides us with enhanced flexibility to pursue value-creating growth opportunities in our chosen markets. Details of the covenants and conditions of our debt financing are disclosed in the notes to the Annual Financial Statements.

The debt refinancing consisted of three components: (i) an undrawn \$200.0 Senior Secured Revolving Credit Facility (the "Revolving Credit Facility") with a term of 5 years; (ii) a US\$170.0 Senior Secured Term Loan B (the "Term Loan B") with a term of 7 years; and (iii) US\$170 Senior Subordinated Notes (the "Subordinated Notes") with a term of 8 years. The Company has the option to increase the Revolving Credit Facility or issue additional term loans by up to \$150.0 on the same terms and conditions in the case of the Revolving Credit Facility and on the same terms and conditions except with limitations on the market interest rate margin applicable at the time in the case of the term loans. The gross proceeds of the Term Loan B and the Subordinated Notes were \$401.9. The three components of the debt facilities are guaranteed by the Company and its principal subsidiaries. The Revolving Credit Facility and the Term Loan B are secured by substantially all the assets of the Company and its principal subsidiaries.

Our risk management strategy is to minimize exposure to currencies other than Canadian dollars, and with the exception of revolving lines of credit, to fix substantially all of our floating interest rate debt. As a result, we have entered into cross-currency interest rate swap agreements with creditworthy financial institutions to effectively convert both the \$170.0 U.S. dollar floating interest rate Term Loan B and the

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\$170.0 U.S. dollar fixed interest rate Senior Subordinated Notes into Canadian dollar fixed interest rate debt.

The Revolving Credit Facility has a term of 5 years. The interest rate on advanced amounts and the commitment fee on the unused facility are based on the Company's Total Debt to Adjusted EBITDA ratio as defined in the underlying debt agreements, which is calculated quarterly.

The Term Loan B is denominated in US dollars (US\$170.0) and bears interest at a floating rate (LIBOR plus 1.5%), payable quarterly. The Company has hedged both the currency risk and the floating interest rate risk to effectively result in a principal of \$200.8 in Canadian dollars and a fixed interest rate of 6.1% per annum. The Term Loan B has a term of 7 years and is repayable without premium or penalty, subject to customary costs, at any time. Principal repayments of \$0.5 in Canadian dollars are required quarterly, with the balance due at maturity on February 13, 2014.

The Senior Subordinated Notes (the "Subordinated Notes") are guaranteed by the Company and substantially all of its subsidiaries, and are unsecured. The Subordinated Notes are denominated in US dollars (US\$170.0) and bear interest at a rate of 7.25%, payable semi-annually. The Company has hedged the currency risk to effectively result in a principal of \$201.1 in Canadian dollars at a fixed interest rate of 6.6% per annum. The Subordinated Notes have a term of 8 years with the principal amount of the notes repayable at maturity on February 15, 2015. There are provisions for early redemptions of the Subordinated Notes during defined periods prior to maturity with payment of defined premiums. These provisions for early redemption were recorded at their \$2.1 fair value on February 14, 2007 as a derivative asset and as a premium on the Subordinated Notes.

The debt facilities provide the Company with a more flexible debt structure, a leverage more typical of the industry, the opportunity to lower our overall cost of capital, and the capacity to fund future growth and expansion opportunities.

Cross-Currency Interest Rate and Currency Swap Agreements & Hedge Accounting

We have entered into cross-currency interest rate swap agreements with creditworthy financial institutions to effectively convert both the \$170.0 U.S. dollar floating interest rate Term Loan B and the \$170.0 U.S. dollar fixed interest rate Senior Subordinated Notes into Canadian dollar fixed interest rate debt.

The cross-currency interest rate agreements are:

Debt	Notional Principal		Interest Rate		Maturity Date
	Receive (USD)	Pay (CAD)	Receive (USD)	Pay (CAD)	
Term Loan B	\$169.6 ⁽¹⁾	\$200.3 ⁽¹⁾	US LIBOR+1.50%	6.1%	February 13, 2014
Subordinated Notes	\$170.0	\$201.1	7.25%	6.6%	February 15, 2015

⁽¹⁾ The Term Loan B cross currency interest rate swap's notional principal reduces by 0.25% of the original principal of \$170.0 USD quarterly to match the scheduled principal reductions on the Term Loan B.

These cross-currency interest rate swaps have been evaluated by the Company and have been designated as effective hedges of the cash flows associated with the Term Loan B and the Subordinated Notes. The Company has applied hedge accounting to these swaps.

As at June 30, 2007, the cross-currency interest rate swaps have been recorded as long-term derivative liabilities at their fair value of \$36.0. The cross-currency interest rate swaps were determined to be fully

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effective hedges of the cash flows associated with the Term Loan B and the Subordinated Notes, and accordingly 100% of the changes in fair values, net of taxes, have been recorded in other comprehensive income as changes in fair values of derivatives designated as cash flow hedges.

The fair values of our cross-currency interest rate swaps at June 30, 2007 were determined based on a discounted cash flow model. This model makes assumptions regarding the U.S. dollar exchange rate and discount rates, which are based on the prevailing U.S. dollar exchange rates and prevailing interest rates in Canada and the U.S. at June 30, 2007.

These are the only swaps the Company currently has or is currently contemplating.

Embedded Derivative

The Company's Subordinated Notes agreement has provisions for early redemption during defined periods prior to maturity with the payment of defined premiums. On issuance of the Subordinated Notes on February 14, 2007, the \$2.1 fair value of this embedded derivative was recorded as a derivative asset included in other assets and as a premium on the long-term debt on the consolidated statements of financial position. The fair value of this embedded derivative included in other assets as at June 30, 2007 is \$1.6 and the change in the fair value was recorded in interest and financing, net on the consolidated statements of earnings. The premium is amortized over the term of the Subordinated Notes using the effective interest method.

Outstanding Share Data

As at June 30, 2007, there were 86,724,381 common shares outstanding as compared to 86,146,631 as at December 31, 2006. As at August 10, 2007, there were 86,731,597 common shares outstanding.

As at June 30, 2007, there were 6,397,718 stock options outstanding at a weight average exercise price of \$12.47, and 6,206,361 warrants outstanding at a weighted average exercise price of \$12.89. As at August 10, 2007, there were 6,390,502 stock options and 6,206,361 warrants outstanding.

Capital Spending and Development

The following table summarizes our capital expenditures in the first half of 2007 and the approved capital spending and development plans for the remainder of 2007:

	Capital Expenditures		
	Maintenance	Expansion	Total
Actual first half 2007 capital expenditures	\$ 4.6	\$ 7.9	\$ 12.5
Expected remaining spend during 2007	8.8	5.9	14.7
Estimated 2007 Total	\$ 13.4	\$ 13.8	\$ 27.2

The majority of an estimated \$22.5 of capital expenditures in British Columbia included above are expected to be eligible for recovery from BCLC through the Facilities Development Commission or the Accelerated Facilities Development Commission. Approximately \$4.0 of capital expenditures at the Nova Scotia Casinos included above are eligible for reimbursement from NSGC through the Capital Reserve Account. Maintenance capital expenditures consist primarily of capital items related to company wide property upgrades, surveillance equipment and information technology. Expansion capital expenditures relate to the Canada Line Parking Garage and Conference Centre construction at River Rock and Georgian Downs.

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Commitments

	Expected Payments by Period as at June 30, 2007				
	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years	Total
Long-term debt	\$ 44.2	\$ 5.2	\$ 5.2	\$ 344.0	\$ 398.6
Capital lease obligations	0.7	0.6	0.1	-	1.4
Operating leases and contracts	3.9	6.3	5.3	19.2	34.7
Total	\$ 48.8	\$ 12.1	\$ 10.6	\$ 363.2	\$ 434.7

The long-term debt contractual obligations include primarily the principal repayments of the Term Loan B and the Subordinated Notes and the repayment of the debts assumed on the acquisition of Flamboro Downs and Hastings Racecourse.

Operating leases and contracts include primarily property leases for our head office, a ground lease with the city of Surrey, BC for Fraser Downs, a ground lease with the city of Sydney, NS for our Casino Nova Scotia Sydney, and commitments to provincial lottery corporations to fund responsible gambling programs.

As at June 30, 2007, the Company has Approved Amounts (a term defined in the Company's COSAs with the BCLC) under the FDC and the Accelerated Facilities Development Commission of \$350.3 (December 31, 2006 – \$350.4). Approved Amounts have not been recorded in the consolidated statements of financial position. Since FDC is earned as a fixed percentage of gaming win, subject to the Company incurring sufficient Approved Amounts, recovery of Approved Amounts requires that our operating agreements with BCLC remain in good standing.

Contingencies

We have issued letters of credit to guarantee performance under contracts and gaming cash floats in the aggregate amount of \$23.8 at June 30, 2007.

As part of certain acquisition agreements, including those entered into on the acquisition of Fraser Downs, Georgian Downs and Bear Mountain Community Gaming Centre (now "Chances"), we have agreed to make future contingent payments dependent on operations at these locations.

Guarantees and Indemnifications

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

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

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Litigation

A community group called the Hastings Park Conservancy, opposing the introduction of slot machines at Hastings Racecourse, challenged in the Supreme Court of British Columbia a City of Vancouver by-law amendment permitting slot machines at Hastings Racecourse. This challenge was unsuccessful, as the Supreme Court upheld the Vancouver by-law amendment. The community group has filed an appeal with the British Columbia Court of Appeal. We believe that the appeal is without merit and is unlikely to overturn the Supreme Court's original ruling.

If the appellate court quashes the by-law amendment, this could impact the development of Hastings Racecourse. If we are unable to install slot machines at Hastings Racecourse, our investment in that operation would be adversely affected.

In addition, the Company is involved in claims and litigation arising in the ordinary course of business. We believe that the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Company.

Future Cash Requirements

We believe that our current approved capital plans and operational requirements can be funded from existing cash, cash generated from operations, our existing credit and debt facilities, and proceeds from the exercise of stock options or warrants. If we have increased cash requirements and do not want to delay, limit, or eliminate some of our plans, we may raise additional funds through the refinancing of existing debt or the issuance of non-debt securities or additional equity securities. If we raise additional funds through the issuance of equity securities or the exercise of stock options or warrants, the current shareholders' ownership percentages will be reduced and such equity securities may have rights, preferences, or privileges senior to our common shares.

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OTHER FINANCIAL INFORMATION

Related Party Transactions

The following table summarizes related party transactions and balances that are in addition to those noted elsewhere in the MD&A for the first quarter of 2007.

Consolidated Statements of Earnings	Second Quarter		First Half	
	2007	2006	2007	2006
Other Income				
ATM revenues from a company that has a director who is a member of senior management of the Company ⁽¹⁾	\$ -	\$ 0.4	\$ 0.2	\$ 0.7
Human Resources				
Amounts for dealer training services provided by a company controlled by a director of the Company	0.3	0.2	0.5	0.4
Consolidated Statements of Financial Position			As at June 30, 2007	As at December 31, 2006
Accounts Payable and Accrued Liabilities				
Severance not yet paid to a former employee who is also a director of the Company			\$ 0.2	\$ 0.2
Other Assets				
Amounts due from senior management of the Company			0.1	0.3

⁽¹⁾In the first quarter of 2007, the related party sold the ATM service contract to an unrelated service provider.

These related party transactions were recorded at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

Change in Accounting Policies

On January 1, 2007, the Company adopted new accounting policies for financial instruments by adopting the following new standards of the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 1530 – Comprehensive Income; Handbook Section 3251 – Equity; Handbook Section 3855 – Financial Instruments – Recognition and Measurement; Handbook Section 3861 – Financial Instruments – Disclosure and Presentation; and Handbook Section 3865 – Hedges. These new standards have been applied retrospectively without prior period restatement, except for the presentation of the cumulative foreign currency translation adjustment on the statements of financial position as a component of other comprehensive income (loss). The change in accounting policies had no other material impact on the Company's consolidated financial statements at January 1, 2007.

Comprehensive Income

CICA Handbook Section 1530 introduces comprehensive income, which consists of net earnings on the consolidated statement of earnings and other comprehensive income ("OCI"). OCI represents changes in shareholders' equity in a period arising from changes in the cumulative foreign currency translation gains and losses arising from self-sustaining foreign operations, gains and losses on derivatives designated as

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cash flow hedges transferred to net earnings in the current period, and the portion of the change in the fair values of the Company's cross-currency interest rate swaps that is determined to be effective.

Financial Instruments

CICA Handbook Sections 3855 and 3861 establish standards for the recognition, measurement, presentation and disclosure of financial instruments. Financial instruments are initially recognized at fair value. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values of financial instruments are based on independent prices quoted in active markets. In the absence of an active market, fair values are determined based on valuation models such as discounted cash flows, which require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. Subsequent measurement depends on management's classification of the financial assets as held-for-trading, available-for-sale, held-to-maturity, or as loans and receivables, and financial liabilities as held-for-trading or as other liabilities. The classification of financial instruments depends on the nature of and the purpose of the financial instruments, management's choice and in some circumstances, management's intentions.

Held-for-Trading

Financial instruments classified as held-for-trading are measured at fair value with the realized and unrealized changes in fair value recognized each reporting period in the consolidated statement of earnings. The Company had no transition adjustments at January 1, 2007 for held-for-trading financial instruments, as the Company's held-for-trading financial instruments were already carried at fair value.

Available-for-Sale

Financial assets classified as available-for-sale are measured at fair value with the unrealized changes in fair value recorded each reporting period in OCI. Investments in equity instruments classified as available-for-sale that do not have a quoted price in an active market are recorded at cost. Each reporting period, available-for-sale assets are written down to fair value through the consolidated statement of earnings to reflect impairments that are considered to be other than temporary. The Company had no transition adjustments at January 1, 2007, as its available-for-sale financial instruments were carried at their fair value of \$nil to reflect an impairment.

Held-to-Maturity and Loans and Receivables

Financial instruments classified as held-to-maturity and loans and receivables are measured at amortized cost using the effective interest method. The Company had no material transition adjustments at January 1, 2007 for held-to-maturity financial instruments, loans and receivables, or other liabilities as their historical cost as at January 1, 2007 approximated their amortized cost.

Embedded Derivatives

Other than the embedded derivative related to the early redemption option on the Senior Subordinated Notes, the Company does not have any material embedded derivatives that require separate accounting.

Hedges

CICA Handbook Section 3865 specifies the criteria that must be satisfied in order for a financial instrument to be considered an effective hedge and for hedge accounting to be applied. It also defines the accounting treatment for each of the permitted hedging strategies: fair value hedges, cash flow hedges, and hedges of foreign currency exposures of net investments in self-sustaining foreign operations. The Company assesses the effectiveness of its hedging instruments at each reporting period. Hedge accounting is discontinued prospectively when the hedging relationship no longer qualifies as an

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effective hedge, or it is terminated upon the early termination of the hedged item. When hedge accounting is discontinued, changes in fair value of these financial instruments are recorded as interest and financing, net on the consolidated statements of earnings.

The Company had no transition adjustments for hedges, as it had no hedging relationships at January 1, 2007.

In anticipation of refinancing the Company's debt in the current period, the Company entered into cross-currency interest rate swaps to hedge the U.S. dollar exchange rate and interest rate risks associated with the issued debt. The Company designated these cross-currency interest rate swaps as cash flow hedges. These hedging instruments are presented on the consolidated statements of financial position at fair value. The portion of the change in fair values of the cross-currency interest rate swaps that is determined to be effective is recorded in OCI as changes in fair value of derivatives designated as cash flow hedges and any ineffective portion is recorded as interest and financing, net in the consolidated statements of earnings. The hedged debt is translated to Canadian dollars at the exchange rate in effect on the last day of the reporting period.

Translation of Foreign Operations

As specified in CICA Handbook Section 1530, on transition, the Company presented the unrealized effect of foreign currency translation of foreign operations as a component of OCI for the current and prior periods.

Transaction Costs

In accordance with its accounting policy election under CICA Handbook Section 3855, the Company recorded transaction costs for the Subordinated Notes and the Term Loan B as a reduction of the related debt, and amortizes these costs using the effective interest method over the term of the related debt. Financing costs related to the Revolving Credit Facility are included in other assets on the consolidated statements of financial position and are amortized on a straight-line basis over the term of the Revolving Credit Facility.

Critical Accounting Estimates

Our reported financial position and results of operations are dependent on our selection of accounting policies that are based on Canadian generally accepted accounting principles and accounting estimates that underlie the preparation of our consolidated financial statements. Our consolidated financial statements contain a summary of our significant accounting policies and accounting estimates. Estimates by their nature are subject to risks, uncertainties and assumptions, which could cause our financial position and operating results to differ materially from those currently presented in our consolidated financial statements. Future changes in accounting estimates are applied on a prospective basis.

The critical accounting estimates that we believe are the most judgmental or are material to our consolidated financial statements, are those relating to long-lived asset and goodwill impairment, stock-based compensation, income taxes, and the fair value of our derivative asset and liabilities.

There have been no changes to our commentary, methods, or estimates on these critical accounting estimates to those presented in our MD&A for the year ended December 31, 2006, with the exception of determining the fair values of our derivative asset and liabilities. The fair values of our derivative asset and liabilities are based on discounted cash flow models that make assumptions regarding the U.S. dollar exchange rate and discount rates, which are based on the prevailing U.S. dollar exchange rates and prevailing interest rates in Canada and the U.S. The fair value of our derivative asset also requires

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estimates of the probability that we will exercise our early redemption option on the Subordinated Notes over the remaining term of the debt.

Financial Instruments and Other Instruments

The Company's risk management strategy is to minimize exposure to currencies other than Canadian dollars and, with the exception of revolving lines of credit, to fix substantially all of its floating interest rate debt. The financial instruments that give rise or may give rise to the most significant exposure to foreign currency and floating interest rate risk are the Term Loan B, the Subordinated Notes, and the Revolving Credit Facility.

The Company entered into a series of cross-currency interest rate swaps to hedge the currency and interest rate risks associated with the Term Loan B and the Subordinated Notes. Refer to the "Capital Resources" section of this MD&A for discussion on our financing and the hedging activities used to manage the foreign currency and interest rate risks.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal controls over financial reporting to provide reasonable assurance a) that material information about the Company and its subsidiaries would have been made known to them and b) regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

The Chief Executive Officer and Chief Financial Officer have evaluated and concluded that the Company's disclosure controls and procedures are adequately designed and effective for providing reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would have been made known to them as of the end of the fiscal year ended December 31, 2006.

As well, as of the end of the fiscal year ended December 31, 2006, the Chief Executive Officer and Chief Financial Officer have evaluated and concluded that the Company's internal controls over financial reporting have been adequately designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. However, control systems, no matter how well designed and operated, have inherent limitations, therefore, those systems, although determined to be adequately designed, can provide only reasonable assurance that the objectives of the system are met.

During the first half of 2007, there was no change in our internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Definitions of Other Terms Used in the MD&A

Revenues – means the sum of the following:

- Casino gaming in BC – gaming revenue is net of commissions paid to BCLC (commissions are 60% of the win on most table games, 75% of the slot machine win at the casino facilities, and 80% of the slot win at racinos) and is net of accruals for anticipated payouts of progressive slot machine jackpots and progressive table game payouts.
- Bingo and slots at a community gaming centre in BC – gaming revenue is net of commissions paid to BCLC (commissions are 75% of the win on slots, and 40% to 75% of the weekly bingo win) and is net of prizes.
- Horseracing in BC and Ontario – racino revenues represent total wagering less amounts returned as winning wagers, provincial and federal taxes, and includes the host track share of wagering on the Company's races simulcast to other associations.
- Casino gaming in Washington - gaming revenue is net of county gaming taxes at various rates ranging from 10% to 14% for card and progressive jackpot games, 5% on pull-tabs and 2% on amusement games.
- Casino gaming in Nova Scotia – from May 31, 2005 to June 30, 2005, gaming revenue is net of 20% win tax paid to the province of Nova Scotia and 1.5% for the capital replacement reserve to NSGC. From July 1, 2005, gaming revenue is equal to 52.725% of the gaming win.
- Slot commissions in Ontario – slot machine commissions represent 10% of the win from slot machines operated by OLG.
- Food and beverage revenues – revenues are recorded at the retail price at the time of service. Food and beverage revenues in Nova Scotia are recorded at retail price less 47.275% to NSGC.
- Hotel revenues – revenues are recognized as services are performed.
- Other income – Consist of ATM commissions, theatre revenues, advertising revenues, and other income from ancillary services.
- Promotional allowances – the retail value of promotional allowances furnished to guests without charge, which have been included in food and beverage revenues, are deducted.
- Win – the gaming win is generally the amount wagered on gaming activities, less the payout or prizes to winning customers. Win, as a percentage of the coin-in or drop, can fluctuate with the statistical variations of casino games.

Additional Information

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

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

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SUPPLEMENTAL FINANCIAL INFORMATION

Consolidated Quarterly Results Trend

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Gaming Revenues					
River Rock Casino Resort	\$ 18.1	\$ 21.5	\$ 19.4	\$ 20.9	\$ 19.1
Boulevard Casino	13.4	12.4	12.8	12.1	11.6
Vancouver Island Casinos	8.8	8.5	8.5	8.9	8.8
Other BC Casinos	3.6	3.8	3.6	3.3	3.1
Nova Scotia Casinos	10.8	10.3	11.7	13.5	11.6
Great American Casinos	5.7	6.5	6.3	5.4	5.9
BC Racinos	3.0	2.6	2.6	2.5	2.6
Georgian Downs	2.4	2.0	2.3	2.4	2.6
Flamboro Downs	3.2	3.1	2.7	3.1	3.1
Corporate & Other	-	-	-	0.3	-
	69.0	70.7	69.9	72.4	68.4
Facility Development Commission					
River Rock Casino Resort	1.6	1.8	1.7	1.8	1.7
Boulevard Casino	1.3	1.2	1.2	1.2	1.2
Vancouver Island Casinos	1.0	1.0	1.0	1.0	0.9
Other BC Casinos	0.4	0.3	0.3	0.3	0.2
BC Racinos	0.7	0.7	0.6	0.6	0.6
	5.0	5.0	4.8	4.9	4.6
Racetrack Revenues					
BC Racinos	6.6	5.4	5.7	6.4	6.1
Georgian Downs	0.6	0.1	0.6	0.7	0.7
Flamboro Downs	1.1	1.1	1.2	1.2	1.3
	8.3	6.6	7.5	8.3	8.1
Hospitality and Other Revenues					
River Rock Casino Resort	7.2	6.9	8.0	7.0	7.2
Boulevard Casino	2.1	1.7	2.0	1.3	1.5
Vancouver Island Casinos	1.1	1.0	1.0	0.9	0.9
Other BC Casinos	0.3	0.5	0.4	0.4	0.3
Nova Scotia Casinos	1.6	1.3	1.4	1.7	1.3
Great American Casinos	1.2	1.3	1.4	1.1	1.1
BC Racinos	2.0	1.3	1.8	2.3	2.0
Georgian Downs	1.1	0.7	1.2	1.1	1.2
Flamboro Downs	1.1	1.0	1.2	1.3	1.4
Corporate & Other	0.1	0.1	-	-	-
	17.8	15.8	18.4	17.1	16.9
Promotional Allowances	(2.4)	(2.5)	(2.5)	(2.6)	(2.4)
Revenues	\$ 97.7	\$ 95.6	\$ 98.1	\$ 100.1	\$ 95.6
EBITDA					
River Rock Casino Resort	\$ 9.9	\$ 11.7	\$ 9.8	\$ 11.1	\$ 10.4
Boulevard Casino	7.3	5.5	6.6	5.5	5.3
Vancouver Island Casinos	5.9	5.5	5.7	5.8	5.9
Other BC Casinos	0.9	1.2	1.0	0.6	0.7
Nova Scotia Casinos	1.5	2.2	2.2	4.1	2.2
Great American Casinos	1.3	1.8	1.9	1.1	1.4
BC Racinos	3.5	2.2	2.0	2.7	2.1
Georgian Downs	1.5	0.8	1.4	1.5	1.9
Flamboro Downs	2.0	1.6	1.6	1.9	2.0
Corporate & Other	(7.0)	(7.1)	(6.8)	(7.3)	(7.8)
	\$ 26.8	\$ 25.4	\$ 25.4	\$ 27.0	\$ 24.1

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Presentation of Gross Revenues

Gross revenues, a non-GAAP measure, is revenues on the consolidated statements of earnings plus the portion of gaming win and other revenues retained by BCLC and NSGC, gaming taxes paid to Washington State, accruals for payouts of progressive games, payments to horse racing purse pools and promotional allowances. Gross revenues includes slot commissions in Ontario which represent 10% of the win from slot machines operated by the Ontario Lottery and Gaming Corporation ("OLG"). A reconciliation of gross revenues to revenues is presented below.

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Gross table win	\$ 57.5	\$ 58.6	(2%)	\$ 124.1	\$ 119.1	4%
Gross slot win	133.9	125.4	7%	260.0	244.4	6%
Gross racetrack	36.0	31.4	15%	66.2	56.4	17%
Revenue from FDC	5.0	4.6	9%	10.0	9.3	8%
Food and beverage	13.7	13.6	1%	26.2	27.1	(3%)
Hotel revenues	2.7	2.3	17%	4.9	4.1	20%
Other revenues	2.8	2.2	27%	5.2	4.1	27%
Gross revenues (a non-GAAP measure)	251.6	238.1	6%	496.6	464.5	7%
Less:						
Gaming, taxes and other commissions	(123.8)	(116.9)	6%	(247.1)	(231.2)	7%
Racetrack purses	(27.7)	(23.2)	19%	(51.3)	(41.8)	23%
Promotional allowances	(2.4)	(2.4)	0%	(4.9)	(4.6)	7%
Revenues	\$ 97.7	\$ 95.6	2%	\$ 193.3	\$ 186.9	3%