



GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended
December 31, 2010

As at March 17, 2011

(Dollar amounts expressed in millions, except for per share information)

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INTRODUCTION

Basis of Discussion and Analysis

This management's discussion and analysis ("MD&A") of the financial highlights, recent developments, 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 March 17, 2011.

This MD&A should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2010 and 2009 ("Annual Financial Statements"). The Annual Financial Statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Unless expressly stated otherwise, all financial information is expressed in Canadian dollars.

Capitalized terms are either defined when they first appear or are defined at the end of this MD&A in the section titled "Other Financial Information – Definitions of Other Terms Used in the MD&A".

Non-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 revenues and net earnings determined in accordance with GAAP or as indicators of performance, liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities and accordingly our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

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 and other costs, impairment of long-lived assets, impairment of goodwill, foreign exchange gain (loss), and non-controlling interests. EBITDA is derived from the consolidated statements of earnings (loss), and can 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 shareholders' net earnings under GAAP is shown in the "Consolidated Results of Operations" section in this MD&A.

Adjusted shareholders' net earnings, as defined by the Company, means shareholders' net earnings (loss) plus or minus significant items of note that management may reasonably quantify and that it believes will provide the reader with a better understanding of the Company's underlying business performance. Items of note may vary from time to time and in this MD&A include: impairments of long-lived assets and goodwill, restructuring and other expenses, the effect of changes in tax rates on future income taxes, stock-based compensation – voluntary forfeiture of stock options, reduction of management bonus, and other future tax changes. A reconciliation between shareholders' net earnings (loss) and adjusted shareholders' net earnings is presented in the "Financial Highlights" section of this MD&A. Adjusted shareholders' net earnings per share is defined as adjusted shareholders' net earnings divided by the weighted average number of shares outstanding.

The following non-GAAP measures have common definitions in the gaming industry. Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games, and is commonly computed as the aggregate amount of money counted in the table games' drop boxes. Generally, the table drop is an indicator of our gaming business, however over the short-term, the table drop is subject to shifts in customer behaviour around buying, retaining and cashing-in of casino chips. Table hold is calculated as the table drop plus or minus the net change in casino chip

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inventory. Table hold percentage is the ratio of table hold divided by table drop. Table hold percentage fluctuates with the statistical variations or volatility inherent in casino games, as well as with changes in customer behaviour around buying, retaining and cashing-in of casino chips. Poker rake is the commission we earn from poker games at our casinos, and is calculated as a fixed percentage of the amount wagered by customers on every hand of poker played. Slot coin-in is the aggregate amount of money customers have wagered on slots and other electronic gaming machines. Slot win is the slot coin-in less amounts cashed out and prizes won by customers. Slot win per machine per day ("Slot Win/Slot/Day") is the average daily slot win earned per slot machine, and is calculated as the slot win divided by the number of days in the period, divided by the average number of slot machines that operated during the period. Slot win percentage is the ratio of slot win divided by slot coin-in.

Forward-Looking Information

This MD&A contains certain "forward-looking information" or statements within the meaning of applicable securities legislation. Forward-looking information is based on the Company's current expectations, estimates, projections and assumptions that were made by the Company in light of its historical trends and other factors. All information or statements, other than statements of historical fact, are forward-looking information including statements that address expectations, estimates or projections about the future, the Company's strategy for growth, expected future expenditures, costs, operating and financial results and expected impact of future commitments. Such forward-looking information is not a guarantee of future performance and may involve a number of risks and uncertainties. Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information.

Such factors may include, but are not limited to: terms of operational service agreements with lottery corporations; changes to gaming laws that may impact our operational service agreements; pending, proposed or unanticipated regulatory or policy changes; impact of global liquidity and credit availability; adverse tourism trends and further decreases in levels of travel, leisure and consumer spending; competition from established competitors and new entrants in the gaming business; dependence on key personnel; the risk that systems, procedures and controls may not be adequate to support current and expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; First Nations claims with respect to some Crown land on which we conduct our operations; future or current legal proceedings; construction disruptions; financial covenants associated with credit facilities and long-term debt; credit, liquidity and market risks associated with our financial instruments; interest and exchange rate fluctuations; non-realization of cost reductions and synergies; demand for new products and services; fluctuations in operating results; and economic uncertainty and financial market volatility.

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 2010 (dated March 17, 2011), and as identified in the Company's disclosure record on SEDAR at www.sedar.com.

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

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FINANCIAL HIGHLIGHTS

	Fourth Quarter			Twelve Months of				
	2010	2009	% Chg	2010	2009	% Chg	2008	% Chg
Revenues	\$ 97.2	\$ 96.3	1%	\$ 383.5	\$ 382.2	0%	\$ 403.7	(5%)
EBITDA ⁽¹⁾	\$ 35.0	\$ 33.0	6%	\$ 136.4	\$ 126.6	8%	\$ 107.7	18%
EBITDA as a % of Revenues	36.0%	34.3%		35.6%	33.1%		26.7%	
Shareholders' net (loss) earnings	\$ (41.9)	\$ 9.8		\$ (22.1)	\$ 23.5		\$ 13.5	74%
Shareholders' net (loss) earnings per common share:								
Basic	\$ (0.51)	\$ 0.12		\$ (0.27)	\$ 0.29		\$ 0.16	
Diluted	\$ (0.51)	\$ 0.12		\$ (0.27)	\$ 0.28		\$ 0.16	
Total assets				\$ 967.4	\$ 1,004.1	(4%)	\$ 1,024.0	(2%)
Long-term debt, excluding current portion				\$ 325.8	\$ 356.9	(9%)	\$ 440.0	(19%)
Derivative liabilities				\$ 67.6	\$ 50.8	33%	\$ 23.4	117%

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

For the three month period ended December 31, 2010 ("fourth quarter of 2010"), Great Canadian Gaming Corporation ("the Company") recorded revenues of \$97.2, a \$0.9 increase from the fourth quarter of 2009. This revenue increase was primarily due to both the performance of the River Rock Casino Resort ("River Rock") and the installation of slot machines at the Maple Ridge Community Gaming Centre in October of 2010. River Rock's revenues for the fourth quarter of 2010 increased by \$2.9, when compared to the fourth quarter of 2009. This increase can be attributed to both the opening of the Canada Line transit system during the third quarter of 2009 and the completion of redevelopments and enhancements at River Rock during the fourth quarter of 2009 and the first quarter of 2010. The installation of slot machines at Maple Ridge Community Gaming Centre facilitated a revenue increase of \$1.2 at the Company's Other BC Casinos for the fourth quarter of 2010, when compared to the fourth quarter of 2009. These improvements were offset by decreased revenues at both the Boulevard Casino and the BC Racinos, the latter of which related primarily to the deconsolidation of TBC Teletheatre BC ("TBC").

For the twelve month period ended December 31, 2010 ("twelve months of 2010"), the Company recorded revenues of \$383.5, a \$1.3 increase from the twelve months of 2009. This revenue increase was primarily due to River Rock. River Rock's revenues for the twelve months of 2010 increased by \$16.5, when compared to the twelve months of 2009. This increase can be attributed to both the opening of the Canada Line transit system during the third quarter of 2009 and the completion of redevelopments and enhancements at River Rock during the fourth quarter of 2009 and the first quarter of 2010. River Rock's improvement was offset by decreased revenues at the Boulevard Casino, the Great American Casinos, and the BC Racinos, the latter of which related primarily to the deconsolidation of TBC.

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For the fourth quarter of 2010, the Company recorded EBITDA of \$35.0, a \$2.0 increase from the fourth quarter of 2009. These improvements were primarily due to River Rock's and Other BC Casinos' performance, and were primarily offset by the performance of the Boulevard Casino and Vancouver Island Casinos. For the twelve months of 2010, the Company recorded EBITDA of \$136.4, a \$9.8 increase from the twelve months of 2009.

EBITDA as a percentage of revenues for the fourth quarter of 2010 was 36.0%, a 1.7 percentage point increase from the fourth quarter of 2009. This percentage was 35.6% for the twelve months of 2010, a 2.5 percentage point increase from the twelve months of 2009. These increases can be attributed to both River Rock's performance and efficiency initiatives across the Company's property portfolio.

Shareholders' net (loss) earnings decreased by \$51.7 in the fourth quarter and by \$45.6 in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These decreases were primarily due to non-cash impairment charges of \$46.8 associated with the long-lived assets of Hastings Racecourse and \$14.2 associated with the goodwill of Flamboro Downs. In addition, during the fourth quarter of 2010, the Company recorded restructuring and other expenses associated with its B.C. horseracing operations. The current and prior periods' net earnings included some items of note, the after-tax effects of which are summarized in the following table:

	Fourth Quarter			Twelve Months of				
	2010	2009	% Chg	2010	2009	% Chg	2008	% Chg
Shareholders' net (loss) earnings	\$ (41.9)	\$ 9.8		\$ (22.1)	\$ 23.5		\$ 13.5	74%
Items of note, net of tax								
Impairment of long-lived assets	35.4	-		38.7	-		-	
Impairment of goodwill	14.2	-		14.2	-		-	
Restructuring and other expenses	1.8	0.6		2.0	9.5		2.2	
Effect of changes in enacted tax rates on future income taxes	-	(3.7)		-	(6.0)		(1.3)	
Reduction of management bonus accrual	-	-		-	-		(2.1)	
Stock-based compensation - voluntary forfeiture of stock options	-	-		-	-		5.8	
Adjusted shareholders' net earnings⁽¹⁾	\$ 9.5	\$ 6.7	42%	\$ 32.8	\$ 27.0	21%	\$ 18.1	49%
Adjusted shareholders' net earnings per common share⁽¹⁾:								
Basic	\$ 0.11	\$ 0.08		\$ 0.40	\$ 0.33		\$ 0.22	
Diluted	\$ 0.11	\$ 0.08		\$ 0.39	\$ 0.32		\$ 0.22	

⁽¹⁾ A non-GAAP measure

After adjusting for the above items of note, the Company's adjusted shareholders' net earnings increased by 42% in the fourth quarter and by 21% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. The increases were primarily due to the improvements in EBITDA, and were partially offset by higher amortization expense.

For the twelve months of 2009, shareholders' net earnings were \$23.5, an increase of \$10.0 from the shareholders' net earnings of \$13.5 recorded for the twelve months 2008. This increase was primarily due to improvements in EBITDA associated with expense reduction initiatives implemented across the Company's property portfolio. For the twelve months of 2009, revenues were \$382.2, a decrease of \$21.5 from the revenues of \$403.7 recorded for the twelve months of 2008. This decrease was primarily due to the weakened economy.

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BUSINESS DESCRIPTION

General

Great Canadian Gaming Corporation is a multi-jurisdictional gaming and entertainment operator with operations in British Columbia ("BC"), Ontario and Nova Scotia, Canada, and Washington State, United States of America ("Washington"). The Company operates ten casinos, a thoroughbred racetrack that offers slot machines, three standardbred racetracks (two offer slot machines and one offers both slot machines and table games), two community gaming centres, a hotel & conference centre, two show theatres, and various associated food and beverage and entertainment facilities. In Canada, the Company operates its casinos both within managed markets that feature high barriers to entry and under long-term agreements as partners with provincial lottery corporations. Under its operating agreements in BC and Nova Scotia, the Company is reimbursed for the majority of its capital projects. As of December 31, 2010, the Company had approximately 4,500 employees.

Information on the Canadian and Washington State gaming industries, regulatory environment and the Company's operating agreements in these jurisdictions are included in the Annual Information Form located on the SEDAR website at www.sedar.com or on the Company's website at www.gcgaming.com.

The Company's principal operating entities as at December 31, 2010 and December 31, 2009 were:

Entity	Ownership interest %
Flamboro Downs Limited	100%
Georgian Downs Limited	100%
Great American Gaming Corporation	100%
Great Canadian Casinos Inc.	100%
Great Canadian Entertainment Centres Ltd.	100%
Hastings Entertainment Inc.	100%
Metropolitan Entertainment Group	100%
Orangeville Raceway Limited	100%
TBC Teletheatre B.C. ⁽¹⁾	50%

⁽¹⁾ On March 18, 2005 the Company increased its ownership interest in TBC Teletheatre B.C. ("TBC") to 50% and effectively controlled it from that date. As further described in the "Other Financial Information" section of this MD&A, on April 1, 2010, the Company's control over this entity was reduced to significant influence so it ceased consolidating TBC from that date.

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Business Strategy

The Company's mission is to be the leading gaming and entertainment company in its chosen markets by providing superior destinations, experiences, products and services. To meet this objective, the Company has adopted the strategies set out below. As a gaming service supplier, the Company works closely with its Crown corporation partners to develop its business strategy. The agreement of the Company's Crown corporation partners may be necessary to implement certain strategies, and would be required with respect to those strategies that require the deployment of new or expanded gaming assets.

Continuously improve the Company's operating efficiency. The Company has implemented several initiatives within its business to help maintain and improve profitability. In particular, at both its corporate head office and each operating facility, the Company has implemented initiatives to realize operational synergies, workflow efficiencies, and business process improvements. The Company has developed more focused marketing efforts (including joint marketing plans with its provincial Crown corporation partners); adopted more efficient products and technologies used in managing its business; and adjusted staffing levels. The Company continues to develop a performance based culture that recognizes outstanding service delivery, teamwork and individual achievement.

Drive incremental growth at the Company's existing assets. The provincial Crown corporations responsible for gaming have taken steps to limit the number of gaming facilities in the Company's markets, providing incumbent operators with opportunities to improve their facilities' penetration. As a result of either capital investment or ongoing maintenance since 2003, the majority of the Company's properties are relatively new or newly-renovated and are well positioned to capture benefits in the form of both increased revenues and improved profitability. Subject to Crown corporation approval, the Company may also seek ways to expand the gaming products and services offered at its facilities.

Evaluate potential opportunities. Although the Company's primary focus is the optimization of our existing assets, the Company may consider further expansion, acquisition, or divestment opportunities within its chosen markets, should it believe these opportunities offer the potential for creating or maintaining shareholder value.

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Operations

The following table summarizes our Canadian casino operations as at December 31, 2010:

Facility and Location	Year Built/ Renovated	Additional Facilities and Activities	Slot Machines	Table Games	Operational Services Agreements Initial / Renewal Term Expiry Dates ⁽¹⁾
British Columbia					
River Rock Casino Resort, Richmond, BC	2009	202 room hotel, approx 1,000 seat show theatre, 7 dining options, conference facilities, pool/spa, Racebook ⁽²⁾ , marina, 28 touch bet terminals	989	102	June 23, 2014/ June 23, 2024
Boulevard Casino, Coquitlam, BC	2005	approx 1,100 seat show theatre, 4 dining options, Racebook ⁽²⁾ , 30 touch bet terminals	1,000	64	November 16, 2015/ November 16, 2025
View Royal Casino, Victoria, BC	2009	2 dining options	602	14	February 28, 2011/ February 28, 2021
Casino Nanaimo, Nanaimo, BC	1997	1 dining option, Racebook ⁽²⁾	406	6	February 28, 2011/ February 28, 2021
Chances Gaming Entertainment, Dawson Creek, BC	2006	Bingo, 1 dining option, 3 electronic gaming devices	147	-	June 30, 2016/ June 30, 2026
Maple Ridge Community Gaming Centre (formerly "Haney Bingo Plex"), Maple Ridge, BC	2010	Bingo, concession, Racebook ⁽²⁾	100	-	October 31, 2013/ October 31, 2033
Hastings Racecourse (Thoroughbred Racing), Vancouver, BC	2008	3 dining options, concession, Racebook ⁽²⁾	596	-	October 28, 2012/ October 28, 2027
Fraser Downs Racetrack and Casino (Standardbred Racing), Surrey, BC	2005	4 dining options, 6 touch bet terminals, Racebook ⁽²⁾	469	10	March 31, 2014/ March 31, 2024
TBC Teletheatre BC ⁽²⁾	various	20 Racebooks ⁽²⁾	-	-	-
Ontario					
Georgian Downs (Standardbred Racing), Innisfil, Ontario	2009	4 dining options, concession, meeting facilities, Racebook	1,000 ⁽³⁾	-	November 30, 2021/ November 30, 2026
Flamboro Downs (Standardbred Racing), Flamborough, Ontario	2001	4 dining options, meeting facility, Racebook	800 ⁽³⁾	-	April 10, 2011/ April 9, 2016
Nova Scotia					
Casino Nova Scotia Halifax ⁽⁴⁾ , Halifax, Nova Scotia	2006	4 dining options, entertainment show room, meeting facilities	600	32	July 1, 2015/ July 1, 2025
Casino Nova Scotia Sydney ⁽⁴⁾ , Sydney, Nova Scotia	2006	1 dining option, lounge	299	11	July 1, 2015/ July 1, 2025
			7,008	239	

⁽¹⁾ Renewal terms, at the option of the Company in BC and Nova Scotia. Renewal terms, at the option of OLG in Ontario.

⁽²⁾ We own or hold an interest in 22 Racebooks in BC. We own and operate two Racebooks; one at each of Hastings Racecourse and Fraser Downs Racetrack and Casino. The remaining 20 Racebooks, including those at River Rock Casino Resort, Boulevard Casino, Casino Nanaimo and Maple Ridge Community Gaming Centre are operated by TBC. TBC also offers internet and phone racetrack wagering. We own a 50% interest in TBC and the remaining 50% interest is held by two horsemen's associations, the Harness Racing BC Society and the Horsemen's Benevolent and Protective Association.

⁽³⁾ Slot machines at Georgian Downs and Flamboro Downs are owned and operated by OLG.

⁽⁴⁾ Casino Nova Scotia Halifax and Casino Nova Scotia Sydney operate under a single operating agreement.

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The following table summarizes our racetrack operations and the number of actual live race days in 2010 and 2009:

Property	Location	Live Race Days	
		2010	2009
Hastings Racecourse	Vancouver, BC	71	74
Fraser Downs Racetrack and Casino	Surrey, BC	87	107
Georgian Downs	Innisfil, ON	106	106
Flamboro Downs	Flamborough, ON	225	225

All of our racetrack operations are outfitted for simulcast wagering, which allows patrons to place wagers on international and domestic live horseracing events.

British Columbia

Regulatory

In British Columbia, gaming activities are managed and conducted by the British Columbia Lottery Corporation ("BCLC"). BCLC in turn engages service providers, such as the Company, to operate the gaming activities pursuant to operational services agreements. The Company earns a commission based upon its casinos' gaming win, but a significant portion of that gaming win is retained by BCLC. BCLC provides its share of the gaming win to the Province of British Columbia, which then dedicates the funds to many areas. These areas include the consolidated revenue fund for public service programs such as education, the Health Special Account for health care expenditures, and disbursements to charitable organizations.

Since 1997, when BCLC assumed responsibility for casino gaming and introduced slot machines in the BC marketplace, the casino business has experienced strong growth and is now BCLC's largest revenue stream. The Company believes that the current market and regulatory environment favours the province's incumbent service suppliers.

BCLC's strategy is to continue to develop casino properties that provide players with an exceptional entertainment experience, while positioning casino gaming as a potential tourism attraction where market demand allows. BCLC is also working closely with service provider partners to provide players with tournaments and services that provide entertaining gaming experiences. In addition, the Facility Development Commission ("FDC") component of the operational services agreements encourages service providers such as the Company to earn additional commissions by investing capital in improving or redeveloping their gaming facilities.

According to BCLC's annual report for its fiscal year ended March 31, 2010, the Company had 38% of the province's slot machines, which produced 38% of the province's win from slot machines, and 45% of the province's table games, which produced 48% of the province's win from table games.

In April 2010, the Company entered into a Memorandum of Agreement and related Addendum (the "Agreement") among the B.C. Horse Racing Industry, including the Company's wholly owned racetrack operators, Orangeville Raceway Ltd. and Hastings Entertainment Inc. That agreement established the authority of a B.C. Horse Racing Industry Management Committee (the "Committee") whose mandate is to provide strategic direction and business leadership to the local horseracing industry and provide a forum for industry participants to cooperate collectively in the development of the industry. The current Committee members include representatives from both the thoroughbred and standardbred horse

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associations, the President and Chief Executive Officer of the BCLC, representatives from the government of British Columbia, including the Gaming Policy and Enforcement Branch, and the Vice-President of Business Development for the Company. The Agreement provides for mandatory representation on the Committee of a representative of the major racetracks in the Province that are owned by the Company. Under the direction of the Committee, as described in the "Business of the Company" section of the Company's 2010 Annual Information Form, the Company's B.C. horseracing operations currently share approximately 50% of a consolidated horseracing industry revenue fund that includes all revenues generated from horseracing and government grants in the province and which has been established and maintained for the purpose of facilitating financial allocations among industry organizations. Also under the direction of the Committee, TBC Teletheatre B.C., in which the Company owns a 50% shareholding, is currently operated on a break-even basis whereby it is allocated and permitted to retain a sufficient portion of its revenues to cover its operating expenses, with any surplus funds being provided to the consolidated horseracing industry revenue fund. Financial allocations from the consolidated horseracing industry revenue fund may be changed by the Committee by resolution, however any changes to the financial allocations remain subject to veto rights held by the Committee's members.

Seasonality

While the Company's BC casinos operate year-round, its racetracks are subject to seasonal variations due to planned limited live racing seasons. Live racing operates from April to October at Hastings Racecourse, and from October to April at Fraser Downs. Gaming offerings and Racebooks at both locations operate year-round.

While Metro Vancouver and Vancouver Island, where the majority of the Company's BC facilities are located, do not generally experience harsh weather during the summer or winter months like the rest of Canada, extreme weather conditions can produce a negative impact upon short-term attendance at the Company's BC facilities.

Ontario

Regulatory

In Ontario, gaming activities are managed and conducted by the Ontario Lottery and Gaming Corporation ("OLG"). The OLG operates three different gaming models: Commercial casinos (four sites); racetrack slots and charity casinos (17 racetrack sites and six charity casino sites); and lotteries and bingo. In Ontario, the Company operates two racetracks, with slot operations owned and operated by the OLG pursuant to siteholder agreements. The Company earns a siteholder payment based on the win generated from the OLG slot machines, but a substantial portion of that win is retained by the OLG. According to the OLG website, it directs gaming proceeds to Ontario's health care, physical fitness, sport, recreation and cultural activities and to charitable organizations and non-profit corporations through the Ontario Trillium Foundation.

Seasonality

The gaming facilities at the Company's Ontario racetracks operate year-round and are typically subject to seasonal variations associated with extreme weather conditions. Live racing operates during all months except October at Flamboro Downs, and from March to December at Georgian Downs.

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Nova Scotia

Regulatory

In Nova Scotia, gaming activities are managed and conducted by the Nova Scotia Gaming Corporation ("NSGC"). The NSGC operates two different gaming models: Commercial casinos, of which the Company operates the only two within the province, and video lottery terminals, which are permitted in licensed liquor establishments, curling clubs, and on First Nations' land. The Company is a service supplier to the NSGC and earns a commission based upon its casinos' revenues, a portion of which are retained by the NSGC. According to the NSGC's website, the revenues that it retains are directed to the provincial government's general revenue account to help pay for programs and services that benefit the province's residents. These programs and services include investments in infrastructure, schools, hospitals, and community outreach and prevention programs.

Seasonality

The gaming industry in Nova Scotia has historically witnessed a slight increase in business volumes during the summer months, primarily as a result of both tourism and weather conditions. As a result, the Nova Scotia casinos traditionally generate slightly higher revenues during these months.

Washington State

The following table summarizes our Washington gaming operations as at December 31, 2010:

Name	Location	Table Games
Great American Casino Everett	Everett, WA	15
Great American Casino Kent	Kent, WA	14
Great American Casino Lakewood	Lakewood, WA	15
Great American Casino Tukwila	Tukwila, WA	15
		<hr/> 59

Regulatory

In Washington State, gaming operations are regulated by the Washington State Gambling Commission ("WSGC") and fall into three categories: Charitable, commercial and tribal. The Company operates four commercial card rooms in the Greater Seattle area.

The commercial gaming environment in Washington State is highly regulated but does not have the significant barriers to entry associated with our Canadian operations. Individual cities or counties within Washington State may choose to restrict card room operations within their jurisdiction, which could result in the closure of certain locations. Washington State card room operations are conducted pursuant to house banked card room licenses which limit the number of table games to fifteen per location. These card room licenses must be renewed annually with WSGC, and the Company's renewals have historically been granted automatically.

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MAJOR DEVELOPMENTS

British Columbia

River Rock Casino Resort

The Company has commenced construction of a third hotel tower at River Rock. The Company anticipates that this five storey, 193-room hotel tower will reach completion during the fourth quarter of 2011, and require total project costs of approximately \$26.0. During the fourth quarter of 2010, the Company spent approximately \$2.3 towards this project.

During the first quarter of 2010, the Company completed several enhancements at River Rock. These enhancements, which had a total cost of \$2.8, optimized the property's ability to accommodate the increased traffic generated by the recently completed Canada Line mass transit system. Enhancements included a relocation of River Rock's poker room, significant improvements to the property's VIP offerings, and space for the installation of additional gaming capacity.

Maple Ridge Community Gaming Centre (formerly "Haney Bingo Plex")

On October 15, 2010, 100 slot machines commenced operation at the Company's Maple Ridge Community Gaming Centre. In order to facilitate the operation of slots at this temporary facility, the Company spent \$4.2 on both property enhancements and off-site servicing commitments.

In addition to the \$1.0 already paid to the Ridge Meadows Bingo Association in connection with the original purchase of this facility, the operation of slots has initiated a total of \$1.3 in trailing purchase payments, to be paid in equal annual instalments over the next 10 years. The Company has also invested \$4.7 towards the purchase of land required for a permanent facility in Maple Ridge, and committed to \$0.6 in related site preparation costs.

Ontario

The Company has expanded Georgian Downs to allow the OLG to increase that property's slot capacity. Slot machines at Georgian Downs are owned and operated by OLG. On August 26, 2009, OLG increased Georgian Downs' capacity to 800 slot machines. On April 1, 2010, OLG increased Georgian Downs' capacity to a total of 939 slot machines. On May 26, 2010, OLG increased Georgian Downs' capacity to a total of 1,000 slot machines.

To date, the Company has spent approximately \$32.8 of an estimated \$33.6 on this redevelopment. The remaining costs for the project are associated with both infrastructure and property upgrades. OLG was responsible for costs associated with upgrades to the slot floor, food and beverage offerings, and various back-of-house operations.

During 2010, the Company and OLG agreed to a five-year renewal of the existing term of Flamboro Downs' Siteholder Agreement, which had previously been extended until April 10, 2011. As a result of this renewal, Flamboro Downs' Siteholder Agreement has been extended until April 9, 2016.

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Normal Course Issuer Bid

For the three months and twelve months ended December 31, 2010, the Company did not purchase any shares under its normal course issuer bid that expired on December 14, 2010. Similarly, during 2009, the Company purchased no common shares under the normal course issuer bids.

On January 27, 2011, the Company received approval from the Toronto Stock Exchange ("TSX") to commence another normal course issuer bid for up to 2,000,000 of its common shares, representing approximately 2.4% of the Company's outstanding common shares. This bid will end on January 26, 2012, or earlier if the number of shares approved for purchase in the issuer bid have been obtained. Pursuant to TSX policies, daily purchases made by the Company will not exceed 33,609 common shares, or 25% of the average daily trading volume of 134,427 common shares on the TSX. Purchases will be by way of open market purchases through the facilities of the TSX, and other Canadian market places, and payment for the shares will be in accordance with the TSX's by-laws and rules. Any shares purchased by the Company will be subsequently cancelled.

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MARKET UPDATE

British Columbia

Mandatory Temporary Closure of Hastings Racecourse

As required under the terms of its Operating Agreement, Hastings Racecourse closed for the Olympic Games during the period between February 1, 2010 and March 3, 2010. The Company suspended all gaming, racing, and hospitality operations at the property during this period. This closure reduced all revenues at Hastings Racecourse during the first quarter of 2010 and diminished awareness of the property among patrons for the balance of the year, resulting in subsequent decreases in both visitation and gaming volumes.

Online Gaming

In July 2010, BCLC expanded its existing gaming website to provide British Columbia residents with the ability to wager on casino-style games online. Although this form of gaming does represent a competitive entertainment option within the British Columbia market, BCLC has stated that its online offerings will seek to encourage patrons to visit the province's physical gaming properties. To date, online gaming has created no discernable impact upon the Company's business.

Community Gaming Centres

During the second quarter of 2011, the Company expects that a bingo hall in Surrey will add temporary slot machines to its facility. This facility is located approximately 11 kilometres west of Fraser Downs Racetrack and Casino and 20 kilometres south of the Boulevard Casino.

Ontario

During the fourth quarter of 2010, OLG commenced a Request for Proposal process to evaluate a potential change in operator for its Casino Rama in Ramara, Ontario. The operator that OLG selects will receive maximum annual compensation of \$5.0. The Company is participating in this process, which is expected to conclude in late 2011.

Nova Scotia

In May 2010, a new gaming facility opened in Moncton, New Brunswick. Although the Company does not own or operate any facilities within that province, Moncton is approximately 260km north of Halifax, Nova Scotia. The Company believes that a portion of the patrons at its Nova Scotia casinos reside in New Brunswick, and that the new facility has increased competition for these patrons. However, to date the new facility has not created a significant impact upon the Nova Scotia casinos' business.

Washington State

On February 22, 2011, a municipal council vote in Tukwila, Washington resulted in a prohibition of the operation of card rooms in that city effective January 1, 2016. Unless the municipality subsequently reverses this decision, the Company's Tukwila card room will be closed in January of 2016. This legislative change has no impact on the Company's other Washington State locations.

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CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes the consolidated operating results for the three month and twelve month periods ended December 31, 2010 with comparatives for the prior period.

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Gaming revenues	\$ 69.1	\$ 67.9	2%	\$ 274.9	\$ 269.9	2%
Facility Development Commission	8.1	7.4	9%	30.2	29.2	3%
Hospitality and other revenues	18.0	17.1	5%	67.5	65.3	3%
Racetrack revenues	5.4	6.6	(18%)	23.3	28.7	(19%)
	100.6	99.0	2%	395.9	393.1	1%
Less: Promotional allowances	(3.4)	(2.7)	26%	(12.4)	(10.9)	14%
Revenues	97.2	96.3	1%	383.5	382.2	0%
Human resources	37.7	36.8	2%	153.2	155.6	(2%)
Property, marketing and administration	24.5	26.5	(8%)	93.9	100.0	(6%)
	62.2	63.3	(2%)	247.1	255.6	(3%)
EBITDA	35.0	33.0	6%	136.4	126.6	8%
Human resources as a % of Revenues						
before Promotional allowances	37.5%	37.2%		38.7%	39.6%	
EBITDA as a % of Revenues	36.0%	34.3%		35.6%	33.1%	
Amortization	14.1	13.4		55.9	48.5	
Stock-based compensation	0.9	0.9		5.4	4.9	
Restructuring and other	2.1	0.8		2.3	13.4	
Impairment of long-lived assets	47.3	-		51.3	-	
Impairment of goodwill	14.2	-		14.2	-	
Interest and financing costs, net	6.1	7.3		28.0	29.2	
Other expenses	-	0.3		0.7	1.9	
Income taxes	(7.8)	0.5		0.7	5.2	
Shareholders' net (loss) earnings	\$ (41.9)	\$ 9.8		\$ (22.1)	\$ 23.5	
Shareholders' net (loss) earnings per common share:						
Basic	\$ (0.51)	\$ 0.12		\$ (0.27)	\$ 0.29	
Diluted	\$ (0.51)	\$ 0.12		\$ (0.27)	\$ 0.28	
Weighted average number of common shares (in thousands):						
Basic	82,801	82,353		82,641	82,183	
Diluted	82,801	84,281		82,641	83,172	

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Discussion of Results

The Company's operating results are discussed in two sections. Revenues, human resources expenses, property, marketing and administration expenses, 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

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
REVENUES						
Casinos						
River Rock Casino Resort	\$ 33.5	\$ 30.6	9%	\$ 127.3	\$ 110.8	15%
Boulevard Casino	15.3	16.5	(7%)	63.6	65.9	(3%)
Vancouver Island Casinos	10.0	10.2	(2%)	40.0	40.3	(1%)
Other BC Casinos	2.8	1.6	75%	7.5	6.1	23%
Nova Scotia Casinos	10.4	10.3	1%	42.4	43.2	(2%)
Great American Casinos	5.6	6.0	(7%)	22.1	26.2	(16%)
	77.6	75.2	3%	302.9	292.5	4%
Racinos						
BC Racinos	11.0	12.5	(12%)	45.7	53.9	(15%)
Georgian Downs	4.1	3.9	5%	15.9	15.6	2%
Flamboro Downs	4.5	4.7	(4%)	18.5	19.7	(6%)
	19.6	21.1	(7%)	80.1	89.2	(10%)
Corporate & Other						
	-	-		0.5	0.5	0%
Total Revenues	\$ 97.2	\$ 96.3	1%	\$ 383.5	\$ 382.2	0%
EBITDA						
Casinos						
River Rock Casino Resort	\$ 15.3	\$ 14.1	9%	\$ 58.6	\$ 49.3	19%
Boulevard Casino	6.1	7.6	(20%)	28.2	31.0	(9%)
Vancouver Island Casinos	5.6	6.3	(11%)	23.3	24.1	(3%)
Other BC Casinos	1.5	0.5	200%	3.1	1.6	94%
Nova Scotia Casinos	2.6	2.6	0%	11.1	11.6	(4%)
Great American Casinos	1.4	1.0	40%	3.6	4.2	(14%)
	32.5	32.1	1%	127.9	121.8	5%
Racinos						
BC Racinos	4.0	3.1	29%	13.1	13.0	1%
Georgian Downs	2.1	1.8	17%	8.4	7.4	14%
Flamboro Downs	1.8	1.5	20%	7.9	7.2	10%
	7.9	6.4	23%	29.4	27.6	7%
Corporate & Other						
	(5.4)	(5.5)	2%	(20.9)	(22.8)	8%
Total EBITDA	\$ 35.0	\$ 33.0	6%	\$ 136.4	\$ 126.6	8%

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Casinos

River Rock Casino Resort ⁽¹⁾

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Gaming revenues	\$ 22.7	\$ 20.4	11%	\$ 86.2	\$ 76.5	13%
Facility Development Commission	3.3	3.1	6%	12.6	11.4	11%
Hospitality and other revenues	8.8	8.0	10%	33.0	25.9	27%
Revenues before Promotional allowances	34.8	31.5	10%	131.8	113.8	16%
Less: Promotional allowances	(1.3)	(0.9)	44%	(4.5)	(3.0)	50%
Revenues	33.5	30.6	9%	127.3	110.8	15%
Human resources	11.4	10.0	14%	44.6	40.2	11%
Property, marketing and administration	6.8	6.5	5%	24.1	21.3	13%
EBITDA	\$ 15.3	\$ 14.1	9%	\$ 58.6	\$ 49.3	19%
Human resources as a % of Revenues before Promotional allowances	32.8%	31.7%		33.8%	35.3%	
EBITDA as a % of Revenues	45.7%	46.1%		46.0%	44.5%	

⁽¹⁾ The results of the Racebook at River Rock are included in the results of TBC Teletheatre B.C.

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Average
Table Drop	\$ 176.7	\$ 151.2	\$ 149.4	\$ 160.3	\$ 151.7	\$ 129.0	\$ 134.4	\$ 145.5	\$ 137.8	
Table Hold	\$ 34.4	\$ 29.5	\$ 32.5	\$ 29.8	\$ 30.8	\$ 27.9	\$ 24.6	\$ 31.8	\$ 27.8	
Table Hold %	19.5%	19.6%	21.7%	18.6%	20.3%	21.6%	18.3%	21.9%	20.2%	20.2%
Poker Rate	\$ 1.5	\$ 1.4	\$ 1.3	\$ 1.6	\$ 1.4	\$ 1.2	\$ 1.0	\$ 1.1	\$ 1.5	
Slot Coin-In	\$ 448.5	\$ 451.8	\$ 447.9	\$ 434.5	\$ 420.6	\$ 391.7	\$ 351.9	\$ 375.1	\$ 351.1	
Slot Win	\$ 31.6	\$ 32.8	\$ 31.4	\$ 30.7	\$ 28.8	\$ 27.7	\$ 25.5	\$ 26.7	\$ 24.8	
Slot Win/Slot/Day ⁽²⁾	\$ 348	\$ 361	\$ 346	\$ 348	\$ 362	\$ 350	\$ 324	\$ 342	\$ 308	
Slot Win %	7.0%	7.3%	7.0%	7.1%	6.8%	7.1%	7.2%	7.1%	7.1%	7.1%

⁽²⁾ Slot Win/Slot/Day is an average, presented in dollars.

Revenues

Gaming revenues at River Rock in the fourth quarter of 2010 increased by 11%, when compared to the fourth quarter of 2009. This increase was primarily due to improvements in both table drop and slot coin-in, which increased by 16% and 7%, respectively. This increase can be attributed to both the opening of the Canada Line transit system during the third quarter of 2009 and the completion of redevelopments and enhancements at River Rock during the fourth quarter of 2009 and the first quarter of 2010. The combination of these factors has created continued positive momentum in both visitation and gaming volumes at the facility.

River Rock's table hold percentage during the fourth quarter was 19.5%. This percentage was 0.7 percentage points below River Rock's nine-quarter average, and 0.8 percentage points below the property's table hold percentage during the fourth quarter of 2009.

Gaming revenues in the twelve months of 2010 increased by 13%, when compared to the twelve months of 2009. This increase was also due to improvements in traffic and gaming volumes generated by both the Canada Line and River Rock's redevelopments.

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River Rock's average daily hotel revenue per available room ("REVPAR") was \$126 dollars in the fourth quarter of 2010, compared to \$116 dollars in the fourth quarter of 2009. This increase was due to a 7.8 percentage point increase in the average hotel occupancy rate to 79.2%, and was partially offset by a 4.8 percentage point decrease in the average daily room rate ("ADR") to \$163 dollars. The increased occupancy rate was primarily due to the increased traffic generated by both the Canada Line and River Rock's redevelopments, while the decreased ADR was primarily due to pricing fluctuations within the local market.

Expenses

Human resources expenses increased by 14% in the fourth quarter and 11% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases were primarily due to staffing level adjustments required to accommodate increases in visitation, gaming volumes, and hospitality business, as well as both inflationary increases and adjustments to ensure competitive compensation.

Property, marketing and administration expenses increased by 5% in the fourth quarter and 13% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases were primarily due to increased marketing and hospitality costs associated with the growth in River Rock's visitation.

EBITDA

EBITDA increased by 9% in the fourth quarter and 19% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These improvements were primarily due to River Rock's revenue increases.

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Boulevard Casino ⁽¹⁾

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Gaming revenues	\$ 11.3	\$ 12.3	(8%)	\$ 47.9	\$ 49.9	(4%)
Facility Development Commission	1.9	2.0	(5%)	7.8	8.2	(5%)
Hospitality and other revenues	2.6	2.5	4%	9.4	9.1	3%
Revenues before Promotional allowances	15.8	16.8	(6%)	65.1	67.2	(3%)
Less: Promotional allowances	(0.5)	(0.3)	67%	(1.5)	(1.3)	15%
Revenues	15.3	16.5	(7%)	63.6	65.9	(3%)
Human resources	6.0	5.5	9%	23.8	22.9	4%
Property, marketing and administration	3.2	3.4	(6%)	11.6	12.0	(3%)
EBITDA	\$ 6.1	\$ 7.6	(20%)	\$ 28.2	\$ 31.0	(9%)

Human resources as a % of Revenues

before Promotional allowances **38.0%** 32.7% **36.6%** 34.1%

EBITDA as a % of Revenues **39.9%** 46.1% **44.3%** 47.0%

⁽¹⁾ The results of the Racebook at Boulevard are included in the results of TBC Teletheatre B.C.

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Average
Table Drop	\$ 45.8	\$ 44.8	\$ 47.2	\$ 48.4	\$ 48.5	\$ 52.9	\$ 50.0	\$ 54.6	\$ 50.9	
Table Hold	\$ 8.9	\$ 9.0	\$ 9.7	\$ 9.8	\$ 9.7	\$ 9.8	\$ 9.6	\$ 10.0	\$ 10.5	
Table Hold %	19.4%	20.1%	20.6%	20.2%	20.0%	18.5%	19.2%	18.3%	20.6%	19.7%
Poker Rake	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.2	\$ 1.3	\$ 1.1	\$ 1.1	\$ 1.2	\$ 1.4	
Slot Coin-In	\$ 380.8	\$ 406.8	\$ 424.6	\$ 422.6	\$ 427.2	\$ 418.5	\$ 426.1	\$ 460.3	\$ 470.5	
Slot Win	\$ 27.8	\$ 28.9	\$ 30.8	\$ 29.8	\$ 30.1	\$ 30.0	\$ 31.5	\$ 31.9	\$ 31.6	
Slot Win/Slot/Day ⁽²⁾	\$ 292	\$ 314	\$ 325	\$ 314	\$ 343	\$ 351	\$ 369	\$ 377	\$ 366	
Slot Win %	7.3%	7.1%	7.3%	7.1%	7.0%	7.2%	7.4%	6.9%	6.7%	7.1%

⁽²⁾ Slot Win/Slot/Day is an average, presented in dollars.

Revenues

Revenues at Boulevard decreased by 7% in the fourth quarter of 2010, when compared to the fourth quarter of 2009. This decrease can be attributed to declines in both table drop and slot coin-in, which decreased by 6% and 11%, respectively. These declines were primarily due to increased disruption related to provincial highway enhancements, which are expected to continue until 2013, as well as both a challenging local economy and proximate competition. This competition included the Company's Maple Ridge Community Gaming Centre, which introduced temporary slot machines during October of 2010.

Revenues in the twelve months of 2010 decreased by 3%, when compared to the twelve months of 2009. This decrease was also due to disruption related to provincial highway enhancements, as well as both a challenging local economy and proximate competition.

Expenses

Human resources expenses increased by 9% in the fourth quarter and 4% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases were primarily due to increased staffing levels and training intended to improve customer service at the facility, as well as both inflationary increases and adjustments to ensure competitive compensation.

EBITDA

EBITDA decreased by 20% in the fourth quarter and 9% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These decreases were primarily due to the decline in revenues, which expenses intended to improve customer service were unable to mitigate.

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Vancouver Island Casinos (View Royal Casino and Casino Nanaimo)

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Gaming revenues	\$ 8.1	\$ 8.3	(2%)	\$ 32.5	\$ 32.7	(1%)
Facility Development Commission	1.3	1.3	0%	5.3	5.3	0%
Hospitality and other revenues	0.9	0.8	13%	3.4	3.2	6%
Revenues before Promotional allowances	10.3	10.4	(1%)	41.2	41.2	0%
Less: Promotional allowances	(0.3)	(0.2)	50%	(1.2)	(0.9)	33%
Revenues	10.0	10.2	(2%)	40.0	40.3	(1%)
Human resources	2.9	2.6	12%	11.5	11.1	4%
Property, marketing and administration	1.5	1.3	15%	5.2	5.1	2%
EBITDA	\$ 5.6	\$ 6.3	(11%)	\$ 23.3	\$ 24.1	(3%)
Human resources as a % of Revenues before Promotional allowances	28.2%	25.0%		27.9%	26.9%	
EBITDA as a % of Revenues	56.0%	61.8%		58.3%	59.8%	

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Average
Table Drop	\$ 12.8	\$ 13.7	\$ 13.7	\$ 13.1	\$ 12.6	\$ 13.2	\$ 12.1	\$ 12.4	\$ 13.2	
Table Hold	\$ 2.9	\$ 2.8	\$ 3.1	\$ 2.8	\$ 3.0	\$ 3.1	\$ 2.8	\$ 3.0	\$ 3.4	
Table Hold %	22.7%	20.4%	22.6%	21.4%	23.8%	23.5%	23.1%	24.2%	25.8%	23.1%
Slot Coin-In	\$ 375.3	\$ 379.8	\$ 394.4	\$ 376.8	\$ 384.3	\$ 387.9	\$ 385.1	\$ 392.0	\$ 392.1	
Slot Win	\$ 28.5	\$ 29.1	\$ 29.5	\$ 28.0	\$ 28.5	\$ 29.1	\$ 29.1	\$ 28.3	\$ 27.5	
Slot Win/Slot/Day ⁽¹⁾	\$ 309	\$ 324	\$ 321	\$ 326	\$ 322	\$ 351	\$ 374	\$ 374	\$ 371	
Slot Win %	7.6%	7.7%	7.5%	7.4%	7.4%	7.5%	7.6%	7.2%	7.0%	7.4%

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

Revenues

Revenues at the Vancouver Island Casinos in the fourth quarter and twelve months of 2010 were relatively consistent with the same periods in 2009.

Expenses

Human resources expenses increased by 12% in the fourth quarter and 4% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases were primarily due to increased staffing levels and training intended to improve customer service at the facility, as well as both inflationary increases and adjustments to ensure competitive compensation.

EBITDA

EBITDA decreased by 11% in the fourth quarter and 3% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These decreases were primarily due to the increase in operational expenses during the fourth quarter of 2010.

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Other BC Casinos (Chances Gaming Entertainment in Dawson Creek and Maple Ridge Community Gaming Centre (formerly "Haney Bingo Plex"))

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Gaming revenues	\$ 1.8	\$ 1.2	50%	\$ 5.3	\$ 4.5	18%
Facility Development Commission	0.7	0.1	600%	1.0	0.5	100%
Hospitality and other revenues	0.4	0.3	33%	1.3	1.2	8%
Revenues before Promotional allowances	2.9	1.6	81%	7.6	6.2	23%
Less: Promotional allowances	(0.1)	-		(0.1)	(0.1)	0%
Revenues	2.8	1.6	75%	7.5	6.1	23%
Human resources	0.8	0.6	33%	2.8	2.7	4%
Property, marketing and administration	0.5	0.5	0%	1.6	1.8	(11%)
EBITDA	\$ 1.5	\$ 0.5	200%	\$ 3.1	\$ 1.6	94%
Human resources as a % of Revenues						
before Promotional allowances	27.6%	37.5%		36.8%	43.5%	
EBITDA as a % of Revenues	53.6%	31.3%		41.3%	26.2%	

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Average
Slot Coin-In	\$ 95.3	\$ 56.8	\$ 54.9	\$ 51.7	\$ 54.9	\$ 54.7	\$ 49.9	\$ 55.2	\$ 51.6	
Slot Win	\$ 6.1	\$ 3.4	\$ 3.2	\$ 3.0	\$ 3.0	\$ 3.0	\$ 2.9	\$ 2.8	\$ 3.0	
Slot Win/Slot/Day ⁽¹⁾	\$ 260	\$ 249	\$ 234	\$ 227	\$ 217	\$ 220	\$ 212	\$ 207	\$ 217	
Slot Win %	6.4%	6.0%	5.8%	5.8%	5.5%	5.5%	5.8%	5.1%	5.8%	5.7%

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

Revenues

Revenues at the Company's Other BC Casinos increased by 75% in the fourth quarter and 23% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases were primarily due to the introduction of temporary slot machines at Maple Ridge Community Gaming Centre in October of 2010, which both generated new visitation and assisted in accommodating some of those patrons displaced by disruption from construction surrounding the Company's Boulevard Casino. Revenues also benefited from the receipt of a one-time FDC payment of \$0.4 during the fourth quarter of 2010.

Expenses

Human resources expenses increased by 33% in the fourth quarter and 4% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases were primarily due to increased staffing levels required to accommodate the introduction of temporary slot machines at Maple Ridge Community Gaming Centre in October of 2010.

EBITDA

EBITDA increased by 200% in the fourth quarter and 94% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases were primarily due to the introduction of temporary slot machines at Maple Ridge Community Gaming Centre in October of 2010.

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

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Gaming revenues	\$ 9.5	\$ 9.8	(3%)	\$ 40.2	\$ 40.1	0%
Hospitality and other revenues	1.5	1.1	36%	4.6	5.5	(16%)
Revenues before Promotional allowances	11.0	10.9	1%	44.8	45.6	(2%)
Less: Promotional allowances	(0.6)	(0.6)	0%	(2.4)	(2.4)	0%
Revenues	10.4	10.3	1%	42.4	43.2	(2%)
Human resources	4.1	3.8	8%	17.0	16.9	1%
Property, marketing and administration	3.7	3.9	(5%)	14.3	14.7	(3%)
EBITDA	\$ 2.6	\$ 2.6	0%	\$ 11.1	\$ 11.6	(4%)
Human resources as a % of Revenues before Promotional allowances	37.3%	34.9%		37.9%	37.1%	
EBITDA as a % of Revenues	25.0%	25.2%		26.2%	26.9%	

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Average
Table Drop	\$ 11.5	\$ 12.1	\$ 12.0	\$ 11.4	\$ 11.9	\$ 12.1	\$ 11.1	\$ 10.4	\$ 11.3	
Table Hold	\$ 2.2	\$ 2.5	\$ 1.9	\$ 2.2	\$ 2.4	\$ 2.2	\$ 1.9	\$ 2.0	\$ 2.3	
Table Hold %	19.1%	20.7%	15.8%	19.3%	20.2%	18.2%	17.1%	19.2%	20.4%	18.9%
Poker Rake	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.4	\$ 0.5	\$ 0.5	
Slot Coin-In	\$ 200.2	\$ 240.5	\$ 214.6	\$ 209.6	\$ 209.6	\$ 246.4	\$ 220.5	\$ 213.9	\$ 219.9	
Slot Win	\$ 15.6	\$ 18.6	\$ 16.8	\$ 15.6	\$ 15.8	\$ 18.8	\$ 17.3	\$ 16.0	\$ 16.5	
Slot Win/Slot/Day ⁽¹⁾	\$ 190	\$ 226	\$ 204	\$ 188	\$ 202	\$ 240	\$ 221	\$ 207	\$ 198	
Slot Win %	7.8%	7.7%	7.8%	7.4%	7.5%	7.6%	7.8%	7.5%	7.5%	7.6%

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

Revenues

Revenues at the Nova Scotia Casinos were relatively consistent in the fourth quarter of 2010, when compared to the fourth quarter of 2009. Revenues decreased by 2% in the twelve months of 2010, when compared to the twelve months of 2009. This decrease was primarily due to both an adjustment to hospitality revenues and a temporary increase in entertainment offerings, one-time events that occurred during the second and third quarters of 2010, respectively.

Expenses

Human resources expenses increased by 8% in the fourth quarter and 1% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases were due to adjustments to ensure competitive compensation, as well as severance costs associated with management changes during the second quarter of 2010.

EBITDA

EBITDA was unchanged in the fourth quarter of 2010, when compared to the fourth quarter of 2009. EBITDA decreased by 4% in the twelve months of 2010, when compared to the twelve months of 2009. This decrease was primarily due to the decline in hospitality revenues.

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Great American Casinos

Results in U.S. Dollars

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Gaming revenues	\$ 4.7	\$ 4.9	(4%)	\$ 18.7	\$ 19.8	(6%)
Hospitality and other revenues	1.1	1.1	0%	4.2	4.3	(2%)
Revenues before Promotional allowances	5.8	6.0	(3%)	22.9	24.1	(5%)
Less: Promotional allowances	(0.3)	(0.3)	0%	(1.4)	(1.2)	17%
Revenues	5.5	5.7	(4%)	21.5	22.9	(6%)
Human resources	2.9	3.2	(9%)	12.4	13.2	(6%)
Property, marketing and administration	1.3	1.6	(19%)	5.6	6.1	(8%)
EBITDA	\$ 1.3	\$ 0.9	44%	\$ 3.5	\$ 3.6	(3%)
Human resources as a % of Revenues before Promotional allowances	50.0%	53.3%		54.1%	54.8%	
EBITDA as a % of Revenues	23.6%	15.8%		16.3%	15.7%	

(in U.S. dollars)	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Average
Table Drop	\$ 31.1	\$ 33.7	\$ 28.0	\$ 25.6	\$ 27.2	\$ 25.9	\$ 27.5	\$ 29.1	\$ 25.0	
Table Hold	\$ 5.4	\$ 5.3	\$ 4.6	\$ 5.8	\$ 5.5	\$ 5.1	\$ 5.9	\$ 5.9	\$ 5.5	
Table Hold %	17.4%	15.7%	16.4%	22.7%	20.2%	19.7%	21.5%	20.3%	22.0%	19.5%
Poker Rake	\$ -	\$ -	\$ 0.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Results in Canadian Dollars

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Revenues	\$ 5.6	\$ 6.0	(7%)	\$ 22.1	\$ 26.2	(16%)
EBITDA	\$ 1.4	\$ 1.0	40%	\$ 3.6	\$ 4.2	(14%)

Revenues and EBITDA in U.S. Dollars

Revenues at the Great American Casinos decreased by 4% in the fourth quarter and 6% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These decreases were primarily due declines in table hold percentage, the impact of which more than offset increases in table drop.

EBITDA increased by 44% in the fourth quarter of 2010, when compared to the fourth quarter of 2009. This increase was primarily due to the benefit of expense reductions. EBITDA decreased by 3% in the twelve months of 2010, when compared to the twelve months of 2009. This decrease was primarily due to the declines in table hold percentage, the impact of which was partially offset by the benefit of expense reductions.

The changing value of the Great American Casinos' functional currency, the U.S. dollar, in comparison to the Company's reporting currency, the Canadian dollar, impacted the reported results of the American casinos. The average value of the U.S. dollar decreased 4% against the Canadian dollar during the fourth quarter of 2010 and 12% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009.

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Racinos

BC Racinos (Fraser Downs Racetrack and Casino, Hastings Racecourse and TBC Teletheatre B.C.⁽¹⁾)

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Gaming revenues	\$ 4.8	\$ 4.9	(2%)	\$ 18.7	\$ 19.9	(6%)
Facility Development Commission	0.9	0.9	0%	3.5	3.8	(8%)
Racetrack revenues	4.2	5.3	(21%)	18.1	23.4	(23%)
Hospitality and other revenues	1.4	1.7	(18%)	6.7	8.0	(16%)
Revenues before Promotional allowances	11.3	12.8	(12%)	47.0	55.1	(15%)
Less: Promotional allowances	(0.3)	(0.3)	0%	(1.3)	(1.2)	8%
Revenues	11.0	12.5	(12%)	45.7	53.9	(15%)
Human resources	4.0	4.8	(17%)	17.9	21.0	(15%)
Property, marketing and administration	3.0	4.6	(35%)	14.7	19.9	(26%)
EBITDA	\$ 4.0	\$ 3.1	29%	\$ 13.1	\$ 13.0	1%

Human resources as a % of Revenues

before Promotional allowances **35.4%** 37.5% **38.1%** 38.1%

EBITDA as a % of Revenues **36.4%** 24.8% **28.7%** 24.1%

⁽¹⁾ As described in the "Other Financial Information" section of this MD&A, on April 1, 2010, the Company's control over TBC was reduced to significant influence so it ceased consolidating TBC from that date.

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Average
Table Drop	\$ 7.3	\$ 6.4	\$ 7.0	\$ 6.8	\$ 7.4	\$ 6.0	\$ 7.0	\$ 6.6	\$ 5.6	
Table Hold	\$ 1.5	\$ 1.4	\$ 1.3	\$ 1.4	\$ 1.5	\$ 1.2	\$ 1.4	\$ 1.5	\$ 1.3	
Table Hold %	20.5%	21.9%	18.6%	20.6%	20.3%	20.0%	20.0%	22.7%	23.2%	20.9%
Slot Coin-In	\$ 218.7	\$ 222.2	\$ 225.4	\$ 196.3	\$ 217.4	\$ 234.6	\$ 244.6	\$ 235.4	\$ 235.0	
Slot Win	\$ 17.2	\$ 17.8	\$ 17.4	\$ 15.4	\$ 17.6	\$ 18.8	\$ 18.8	\$ 18.4	\$ 17.7	
Slot Win/Slot/Day ⁽²⁾	\$ 176	\$ 184	\$ 180	\$ 164	\$ 184	\$ 197	\$ 197	\$ 194	\$ 184	
Slot Win %	7.9%	8.0%	7.7%	7.8%	8.1%	8.0%	7.7%	7.8%	7.5%	7.8%

⁽²⁾ Slot Win/Slot/Day is an average, presented in dollars.

Revenues, Expenses and EBITDA

Revenues at the BC Racinos decreased by 12% in the fourth quarter and 15% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These decreases were primarily due to the deconsolidation of TBC in April of 2010, as described in the 'Other Financial Information' section of this MD&A. Revenues for the twelve months of 2010 were also impacted by the mandatory February closure of Hastings Racecourse during the Winter Olympics. This closure reduced all revenues at Hastings Racecourse during the first quarter of 2010 and diminished awareness of the property among patrons for the balance of the year, resulting in subsequent decreases in both visitation and gaming volumes.

Human resources expenses decreased by 17% in the fourth quarter and 15% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. Property, marketing, and administration expenses decreased by 35% in the fourth quarter and 26% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These decreases were primarily due to the deconsolidation of TBC. Expenses for the twelve months of 2010 were also impacted by the February closure of Hastings Racecourse.

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EBITDA increased by 29% in the fourth quarter of 2010, when compared to the fourth quarter of 2009. This increase was primarily due to the deconsolidation of TBC, which resulted in reductions in expenses that more than offset the BC Racinos' decrease in racetrack revenues. EBITDA was relatively consistent in the twelve months of 2010, when compared to the twelve months of 2009. This was due to the deconsolidation of TBC, the benefits of which more than offset the impact of the February closure of Hastings Racecourse.

Labour Relations

A collective agreement between Hastings Entertainment Inc. and UNITE HERE!, Local 40, with a term covering April 1, 2008 through December 31, 2010, governs wages and working conditions of "employees engaged in the food and beverage dispensing at the Hastings Park Racecourse." Notice to commence collective bargaining for a renewal collective agreement was served on October 13, 2010. Collective bargaining commenced on January 20, 2011, and is ongoing.

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Georgian Downs

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Gaming revenues	\$ 3.1	\$ 2.9	7%	\$ 12.5	\$ 10.9	15%
Racetrack revenues	0.4	0.4	0%	1.7	1.7	0%
Hospitality and other revenues	0.6	0.6	0%	1.7	3.4	(50%)
Revenues before Promotional allowances	4.1	3.9	5%	15.9	16.0	(1%)
Less: Promotional allowances	-	-		-	(0.4)	(100%)
Revenues	4.1	3.9	5%	15.9	15.6	2%
Human resources	0.7	0.7	0%	2.7	3.2	(16%)
Property, marketing and administration	1.3	1.4	(7%)	4.8	5.0	(4%)
EBITDA	\$ 2.1	\$ 1.8	17%	\$ 8.4	\$ 7.4	14%
Human resources as a % of Revenues before Promotional allowances	17.1%	17.9%		17.0%	20.0%	
EBITDA as a % of Revenues	51.2%	46.2%		52.8%	47.4%	

Revenues and EBITDA

Revenues at Georgian Downs increased by 5% in the fourth quarter and 2% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. Gaming revenues increased by 7% in the fourth quarter and 15% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases, which were primarily due to the additional gaming capacity installed at Georgian Downs during both the third quarter of 2009 and the second quarter of 2010, offset declines in hospitality and other revenues created by the OLG assuming control of certain food and beverage outlets at the property during the third quarter of 2009.

EBITDA increased by 17% in the fourth quarter and 14% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These improvements were due to both the increase in gaming revenues and the reduction of operating expenses to reflect the Company's reduced role in Georgian Downs' food and beverage operations, and were partially offset by increased occupancy costs.

Labour Relations

A collective agreement between Georgian Downs and Public Service Alliance of Canada, Local 00500, with a term covering September 18, 2006 through September 17, 2010, governs wages and working conditions of employees in Georgian Downs' Mutuels, Maintenance, Food & Beverage, and Gift Shop departments. Notice to commence collective bargaining was exchanged on August 30, 2010. Collective bargaining for a renewal collective agreement commenced on September 15, 2010, and is ongoing.

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Flamboro Downs

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Gaming revenues	\$ 3.0	\$ 2.9	3%	\$ 12.1	\$ 12.5	(3%)
Racetrack revenues	0.8	0.9	(11%)	3.5	3.6	(3%)
Hospitality and other revenues	0.7	1.0	(30%)	2.9	3.9	(26%)
Revenues before Promotional allowances	4.5	4.8	(6%)	18.5	20.0	(8%)
Less: Promotional allowances	-	(0.1)	(100%)	-	(0.3)	(100%)
Revenues	4.5	4.7	(4%)	18.5	19.7	(6%)
Human resources	1.3	1.6	(19%)	5.1	6.3	(19%)
Property, marketing and administration	1.4	1.6	(13%)	5.5	6.2	(11%)
EBITDA	\$ 1.8	\$ 1.5	20%	\$ 7.9	\$ 7.2	10%
Human resources as a % of Revenues before Promotional allowances	28.9%	33.3%		27.6%	31.5%	
EBITDA as a % of Revenues	40.0%	31.9%		42.7%	36.5%	

Revenues and EBITDA

Revenues at Flamboro Downs decreased by 4% in the fourth quarter and 6% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These declines were due to both a change in Flamboro Downs' compensation from OLG for complimentary beverages and the impact of a challenging local economy.

EBITDA increased by 20% in the fourth quarter and 10% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases were primarily due to improved management of the property's operational expenses, which more than offset the revenue declines.

Labour Relations

A collective agreement between Flamboro Downs Limited and Service Employees International Union, with a term covering January 1, 2007 through December 31, 2009 and subsequently extended by mutual agreement to December 31, 2010, governs wages and working conditions of employees in Flamboro Downs' Mutuels, Maintenance & Janitorial, Security, Food & Beverage, and Administration departments. Collective bargaining for a renewal collective agreement commenced on November 29, 2010, and is ongoing.

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Corporate & Other

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Revenues	\$ -	\$ -		\$ 0.5	\$ 0.5	0%
Human resources	3.6	3.8	(5%)	15.1	16.2	(7%)
Property, marketing and administration	1.8	1.7	6%	6.3	7.1	(11%)
EBITDA	\$ (5.4)	\$ (5.5)	2%	\$ (20.9)	\$ (22.8)	8%

EBITDA

EBITDA from Corporate & Other increased by 2% in the fourth quarter and 8% in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These improvements were primarily due to reductions in both staff and head office lease expenses, and were partially offset by employment termination costs associated with management changes.

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Discussion of Items Excluded from EBITDA

Amortization

Amortization increased by \$0.7 in the fourth quarter and \$7.4 in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases were primarily due to additional amortization associated with the major development projects completed in 2009.

Stock-Based Compensation

Stock-based compensation was flat in the fourth quarter of 2010 and increased by \$0.5 in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These results were primarily due to a higher fair value attributed to a lower number of stock options granted in the first quarter of 2010, partially offset by a lower average number of unvested options outstanding during the fourth quarter and twelve months of 2010, when compared to the same periods in 2009.

Restructuring and Other

Restructuring and other costs were \$2.1 in the fourth quarter and \$2.3 in the twelve months of 2010. These costs were primarily due to business development expenses associated with the Company's B.C. horseracing operations. Restructuring and other costs in the fourth quarter and twelve months of 2009 primarily related to severance associated with staff reductions made at the Company's gaming properties and at head office that totalled \$0.8 and \$13.4, respectively. In the first quarter of 2009, the Company vacated a portion of its leased head office space and recorded \$4.2 of associated restructuring expenses.

Impairment of Long-Lived Assets

Impairment of long-lived assets was \$47.3 in the fourth quarter and \$51.3 in the twelve months of 2010. These non-cash impairment charges were a result of revised capital investment expectations in connection with the future renewal of the operating lease agreement associated with Hastings Racecourse and business development projects that would not be reinitiated in the foreseeable future.

Impairment of Goodwill

Impairment of goodwill was \$14.2 in the fourth quarter and twelve months of 2010. The non-cash impairment charge reflects the full write-off of goodwill associated with Flamboro Downs as a result of changes in expected future cash flows.

Interest and Financing Costs, net

Interest and financing costs, net of interest income, decreased by \$1.2 in the fourth quarter and the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. This was primarily due to lower interest expense from lower average levels of debt outstanding on the Revolving Credit Facility that was repaid in the first quarter of 2010.

Other Expenses

Other expenses decreased by \$0.3 in the fourth quarter of 2010, when compared to the fourth quarter of 2009. The decrease was primarily due to the deconsolidation of TBC (as described in the "Other Financial Information" section of this MD&A). Other expenses decreased by \$1.2 in the twelve months of 2010, when compared to the twelve months of 2009. This decrease was primarily due to the deconsolidation of TBC since April 2010 and the realization of \$0.9 in non-cash foreign exchange losses in the first quarter of 2009 arising from the receipt of a large principal repayment on the U.S. dollar denominated debt due from one of the Company's U.S. based subsidiaries.

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Income Taxes

Income tax expense decreased by \$8.3 in the fourth quarter and \$4.5 in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009, respectively. The following table reconciles the expected income tax provision to the actual income tax expense for each period presented:

	Fourth Quarter		Twelve Months of	
	2010	2009	2010	2009
Basic federal and provincial statutory income tax rate	28.5%	30.0%	28.5%	30.0%
Expected income tax provision for the period	\$ (14.5)	\$ 3.1	\$ (6.1)	\$ 8.9
Effect of:				
Non-deductible impairment of goodwill	4.4	-	4.4	-
Non-deductible stock-based compensation	0.2	0.3	1.5	1.5
Tax rate differential on impairment of long-lived assets	1.8	-	1.8	-
Changes in tax rates on future income taxes	(0.3)	(3.7)	(1.2)	(6.0)
Change in valuation allowance on future income tax assets	0.5	0.4	0.5	0.4
Other items	0.1	0.4	(0.2)	0.4
Income tax expense	\$ (7.8)	\$ 0.5	\$ 0.7	\$ 5.2

As described above, income taxes decreased primarily due to lower earnings before income taxes in the fourth quarter and twelve months of 2010 and a lower corporate income tax rate for 2010. These decreases were partially offset by: the non-deductible goodwill impairment recorded during the fourth quarter of 2010, the non-cash future income tax recoveries arising from decreases in enacted tax rates in the fourth quarter and twelve months of 2009, and the non-cash future income tax impact of temporary differences reversing at higher tax rates than previously estimated due to the long-lived asset impairments recorded in the fourth quarter of 2010.

Shareholders' Net Earnings

Shareholders' net earnings decreased by \$51.7 in the fourth quarter and by \$45.6 in the twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These decreases were primarily due to non-cash impairment charges, as well as restructuring and other expenses associated with its BC horseracing operations, which were partially offset by the EBITDA improvement and lower income taxes.

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CONSOLIDATED QUARTERLY RESULTS TREND

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Revenues	\$ 97.2	\$ 96.3	\$ 97.0	\$ 93.0	\$ 96.3	\$ 96.0	\$ 93.8	\$ 96.1	\$ 96.7
EBITDA	\$ 35.0	\$ 35.0	\$ 35.0	\$ 31.4	\$ 33.0	\$ 34.2	\$ 30.1	\$ 29.3	\$ 23.6
EBITDA as a % of Revenues	36.0%	36.3%	36.1%	33.8%	34.3%	35.6%	32.1%	30.5%	24.4%
Shareholders' net (loss) earnings:	\$ (41.9)	\$ 5.9	\$ 9.6	\$ 4.3	\$ 9.8	\$ 9.5	\$ 6.2	\$ (2.0)	\$ (1.7)
Shareholders' net (loss) earnings per common share:									
Basic	\$ (0.51)	\$ 0.07	\$ 0.12	\$ 0.05	\$ 0.12	\$ 0.12	\$ 0.08	\$ (0.02)	\$ (0.02)
Diluted	\$ (0.51)	\$ 0.07	\$ 0.11	\$ 0.05	\$ 0.12	\$ 0.11	\$ 0.07	\$ (0.02)	\$ (0.02)

For the fourth quarter of 2010, the Company reported revenues of \$97.2, a \$0.9 increase from the fourth quarter of 2009. This improvement was primarily due to increased gaming volumes at River Rock, which continued to benefit from property redevelopments and enhancements completed during the second half of 2009 and first quarter of 2010. The revenue increase, in combination with the Company's improved efficiency, facilitated the generation of \$35.0 of EBITDA, an increase of \$2.0 from the fourth quarter of 2009.

LIQUIDITY AND CAPITAL RESOURCES

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

At December 31, 2010, the Company had:

- Short-term investments placed in major financial institutions that have minimum grade "A" credit ratings;
- Relatively low levels of receivables of which the majority of these are due from: the Nova Scotia Gaming Corporation (a branch of that province's government) and other provincial gaming corporations, sales tax rebates from the federal government, racetrack operators, a horsemen association, and financial institutions;
- Low exposure to foreign currency exchange rate movements and low exposure to floating interest rate changes since it has cross-currency interest rate swaps that hedge the cash flows associated with its U.S. dollar denominated Term Loan B and Subordinated Notes and has relatively low levels of foreign denominated assets and liabilities;
- \$162.7 of available credit on its Revolving Credit Facility;
- Additional debt capacity within the limitations established by the covenants on its existing credit and debt facilities; and
- Counterparties to its existing debt and credit facilities and cross-currency interest rate swaps that are primarily major financial institutions that have minimum grade "A" credit ratings.

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Financial Position

	As at December 31,				
	2010	2009	% Chg	2008	% Chg
Cash and cash equivalents	\$ 50.9	\$ 34.6	47%	\$ 43.6	(21%)
Short-term investments	53.0	-		-	
Other current assets	16.8	21.8	(23%)	38.7	(44%)
Property, plant and equipment	675.9	735.6	(8%)	704.0	4%
Other long-term assets	170.8	212.1	(19%)	237.7	(11%)
Total Assets	\$ 967.4	\$ 1,004.1	(4%)	\$ 1,024.0	(2%)
Current liabilities	60.8	66.4	(8%)	77.1	(14%)
Long-term debt (excluding current portion)	325.8	356.9	(9%)	440.0	(19%)
Other long-term liabilities	161.7	146.4	10%	114.2	28%
Total Liabilities	548.3	569.7	(4%)	631.3	(10%)
Shareholders' equity	419.1	434.4	(4%)	392.7	11%
	\$ 967.4	\$ 1,004.1	(4%)	\$ 1,024.0	(2%)

Total Assets

Total assets decreased by \$36.7 in 2010 compared to 2009 primarily due to the amortization of property, plant and equipment and intangible assets, and impairment charges associated with Hastings Racecourse, Flamboro Downs, and other properties under development. These decreases were partially offset by cash generated by operating activities, purchases of short-term investments, and additions to property plant and equipment on the Company's major development projects.

Total assets decreased by \$19.9 in 2009 compared to 2008 primarily due to the amortization of property, plant and equipment and intangible assets, a reduction in other assets associated with the derivative asset at the end of 2008 moving to a liability position in 2009, as well as a reduction in non-cash future income tax assets. These decreases were largely offset by cash generated by operating activities and additions to property, plant and equipment on the major development projects.

Total Liabilities

Total liabilities decreased by \$21.4 in 2010 compared to 2009 primarily due to the repayment of the remaining borrowings on the Revolving Credit Facility in the first quarter of 2010 and a reduction in current liabilities primarily due to a reduction in construction related activities, when compared to December 31, 2009.

Long-term debt, excluding current portion, decreased by \$83.1 in 2009, when compared to 2008. This decrease was primarily due to the foreign currency exchange rate's impact on the Canadian dollar carrying values of the U.S. dollar denominated Senior Secured Term Loan B and Senior Subordinated Notes and net repayments of \$28.7 on the Revolving Credit Facility. The changes in the values of the Senior Secured Term Loan B and Senior Subordinated Notes were effectively hedged by the change in value of our cross-currency interest rate swaps.

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Shareholders' equity

Shareholders' equity decreased by \$15.3 in 2010 compared to 2009 primarily due to the \$22.1 in shareholders' net loss, and was partially offset by a \$5.4 increase in stock-based compensation, and \$1.3 in proceeds received on the exercise of stock options.

Shareholders' equity increased by \$41.7 in 2009 compared to 2008 primarily due to the \$23.5 in shareholders' net earnings, a \$12.3 decrease in accumulated other comprehensive loss, a \$4.9 increase in stock-based compensation, and \$1.0 in proceeds received on the exercise of stock options.

Cash Flows

	Fourth Quarter			Twelve Months of		
	2010	2009	% Chg	2010	2009	% Chg
Cash generated by operating activities	\$ 36.3	\$ 35.5	2%	\$ 101.7	\$ 93.8	8%
Cash used in investing activities	(55.2)	(9.7)	(469%)	(72.7)	(75.4)	4%
Cash used in financing activities	(0.3)	(28.5)	99%	(12.8)	(27.3)	53%
Effect of foreign exchange on cash and cash equivalents	(0.1)	0.1		0.1	(0.1)	
Cash Inflow (Outflow)	\$ (19.3)	\$ (2.6)	(643%)	\$ 16.3	\$ (9.0)	

Cash generated by operating activities increased in the fourth quarter and twelve months of 2010, when compared to the fourth quarter and twelve months of 2009. These increases were primarily due to increased EBITDA, and were partially offset by a lower comparative increase in non-cash working capital.

Cash used in investing activities increased in the fourth quarter when compared to the fourth quarter of 2009. This increase was primarily due to the purchase of short-term investments. Cash used in investing activities in the twelve months of 2010 decreased when compared to the twelve months of 2009. This decrease was primarily due to the comparative reductions in construction related activities in 2010 associated with the substantial completion of the Company's major development projects in 2009, partially offset by the purchase of \$53.0 in short-term investments. In addition, TBC has been deconsolidated since April 2010 (as described in the "Other Financial Information" section of this MD&A).

Cash used in financing activities in the fourth quarter of 2010 was primarily due to the quarterly debt repayment on the Term Loan B. Cash used in financing activities in the twelve months of 2010 was primarily due to the net repayment of the Revolving Credit Facility in the first quarter of 2010. Cash used in financing activities in the fourth quarter and twelve months of 2009 related to the net repayment of long-term debt, primarily on the Revolving Credit Facility.

Capital Resources

Long-Term Debt and Equity

	As at December 31,	
	2010	2009
Term Loan B, net of unamortized transaction costs of \$1.5 (2009 - \$2.0)	\$ 161.2	\$ 171.3
Senior Subordinated Notes and unamortized premium of \$1.1 (2009 - \$1.3), net of unamortized transaction costs of \$3.6 (2009 - \$4.4)	166.6	175.6
Senior Secured Revolving Credit Facility	-	12.0
Other	-	0.1
	327.8	359.0
Less: current portion	2.0	2.1
	\$ 325.8	\$ 356.9

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At December 31, 2010 the Company is in compliance with its financial covenants as shown below:

Covenant test	Required ratio	Actual ratio
Total Debt to Adjusted EBITDA ratio ⁽¹⁾	< 5.00	2.90
Senior Debt to Adjusted EBITDA ratio ⁽¹⁾	< 3.50	1.42
Interest Coverage ratio ⁽¹⁾	> 2.25	5.04
Fixed Charge Coverage ratio ⁽²⁾	> 2.00	5.13

⁽¹⁾ Defined in the long-term debt agreement covering the Term Loan B and Revolving Credit Facility.

⁽²⁾ Defined in the long-term debt agreement covering the Subordinated Notes. Tested on specified events.

The Company and its debt facilities have current independent credit ratings as follows:

	Moody's ⁽³⁾	Standard & Poor's ⁽⁴⁾
Corporate	Ba3 Stable	BB+ Stable
Term Loan B and Revolving Credit Facility	Ba2	BBB
Subordinated Notes	B2	BB

⁽³⁾ On June 29, 2010, Moody's reaffirmed the Company's ratings of Ba3 Stable Corporate Family Rating (CFR) and Probability of Default Rating (PDR), Ba2 rating of the senior secured credit facilities and B2 rating of the senior subordinated notes.

⁽⁴⁾ On July 9, 2010, Standard & Poor's upgraded their rating on the Company's Corporate Credit rating from BB Stable, the Secured Term Loan B and Revolving Credit Facility from BBB- and the Subordinated Notes from BB-.

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

In anticipation of issuance of the Company's debt refinancing in February 2007, the Company entered into a series of cross-currency interest rate and principal swaps that effectively converted both the U.S. dollar floating interest rate Term Loan B and the U.S. dollar fixed interest rate Subordinated Notes into Canadian dollar fixed interest rate debt. As at December 31, 2010 the cross-currency interest rate swap agreements are as follows:

Debt	Notional Principal		Interest Rate		Maturity Date
	Receive (USD)	Pay (CAD)	Receive (USD)	Pay (CAD)	
Term Loan B	\$163.6 ⁽⁵⁾	\$193.3 ⁽⁵⁾	US LIBOR+1.50%	6.1%	February 14, 2014
Subordinated Notes	\$170.0	\$201.1	7.25%	6.6%	February 15, 2015

⁽⁵⁾ 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.

At December 31, 2010, the Company's swap associated with the Term Loan B was in a \$44.7 liability position (2009 - \$35.1 liability) and is recorded in derivative liabilities on the consolidated statements of financial position. The swap associated with the Subordinated Notes was in a \$22.9 liability position (2009 - \$15.7 liability) and is recorded in derivative liabilities on the consolidated statements of financial position.

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The Company has evaluated these cross-currency interest rate swaps and assessed them 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 it believes hedge accounting best represents the economic substance of the underlying transactions. Accordingly, the changes in fair values of the swaps, net of income taxes, have been recorded in other comprehensive income.

The fair values of the Company's cross-currency interest rate swaps at December 31, 2010 and at December 31, 2009 were determined based on a credit risk adjusted 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 the respective period ends. The credit risk associated with these cross-currency interest rate swap agreements is mitigated since the counterparties to these swaps are Canadian chartered banks with minimum "A" credit ratings.

Outstanding Share Data

As at December 31, 2010 there were 82,872,319 common shares issued and outstanding as compared to 82,374,058 as at December 31, 2009. As at December 31, 2010, there were 6,965,669 stock options outstanding at a weighted average exercise price of \$7.23.

As at March 16, 2011, there were 83,002,291 common shares outstanding and 7,903,863 stock options outstanding.

Capital Spending and Development

The majority of the Company's capital expenditures on gaming operations in British Columbia and Nova Scotia are eligible for reimbursement by the provincial gaming authorities. In British Columbia the BCLC's FDC program permits a capital expenditure reimbursement commission of 3% of gross gaming win from casinos, racetracks and community gaming centres. In addition, the BCLC introduced an accelerated FDC program in 2006 that provides an additional 2% of gross gaming win towards site-specific reimbursements of new gaming redevelopments.

Approved expenditures incurred to improve or maintain the two Nova Scotia casinos facilities are reimbursed by the Nova Scotia Gaming Corporation ("NSGC") from a Capital Reserve Account ("CRA"). The Company is required to make contributions to the CRA equal to 5% of the annual gross operational revenues from the two Nova Scotia casinos with a minimum contribution of approximately \$5.0 per year adjusted for inflation since April 2010. If the CRA is in a deficit balance, the amount owed to the Company accrues interest at a rate of bank prime plus 2% per annum.

During the fourth quarter and twelve months of 2010, the Company's capital expenditures net of related accounts payable totalled \$8.5 and \$26.1, respectively. Maintenance capital expenditures primarily related to various property upgrades and information technology. Development capital expenditures are primarily related to the major development projects in 2010 (described in the "Major Developments" section of this MD&A). For the upcoming twelve months of 2011, the Company estimates that development capital expenditures and maintenance capital expenditures net of related accounts payable will total approximately \$30 and \$15, respectively.

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

	2010	2009
Opening Approved Amounts at January 1,	\$ 385.7	\$ 357.3
Additional Approved Amounts	89.6	57.6
FDC receipts	(30.2)	(29.2)
Closing Approved Amounts at December 31,	\$ 445.1	\$ 385.7

The differences between the FDC Approved Amounts and the additions to property, plant and equipment is primarily due to the difference in timing between when the expenditures are incurred, when the invoices are received, and when they are submitted to BCLC for approval.

Contingencies

We have issued letters of credit to guarantee performance, primarily under construction contracts, gaming cash floats and service commitments in the aggregate amount of \$37.3 at December 31, 2010 (2009 - \$35.1).

Litigation

In 2005, as part of the acquisition of Georgian Downs, the Company entered into an agreement that provided a consultant a deemed contribution for a notional equity interest in Georgian Downs as consideration for certain consulting services for its operations in the Province of Ontario. The notional equity interest entitled the consultant to future remuneration depending on the operating results of Georgian Downs provided that certain services were performed. The consultant had an option to sell his notional equity interest in Georgian Downs to the Company for consideration calculated using a predefined formula based on Georgian Downs' operating results for the twelve month period preceding the option's exercise. The Company had a call option to purchase the consultant's notional equity interest from June 2012 for consideration calculated using the same predefined formula. On July 30, 2007, the Company terminated the agreement and tendered the sum of \$1.6 being the full amount that the Company determined to be validly due and payable to the consultant. The consultant and the Company have significantly different views as to the consultant's monetary entitlement under the agreement. The consultant filed an application in the Ontario Superior Court of Justice that disputes the validity of the termination of the agreement. The Company also filed a suit in the Ontario Superior Court of Justice seeking a declaration that the agreement has been properly terminated by the Company. Management believes that the Company has acted appropriately with respect to both the termination and the tendering of payment to the consultant and intends to vigorously defend its position. On January 9, 2009, the Ontario Superior Court of Justice (Commercial List) granted an Endorsement which ordered that the consultant's application be converted into an action and be consolidated with the Company's action. At this stage, liability or quantum with respect to this litigation cannot be reasonably determined.

The Company is involved in various other disputes, claims and litigation. Management believes the amount of the ultimate liability for these will not materially affect the financial position of the Company.

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Guarantees and Indemnifications

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

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

Commitments

The Company expects the following maturities of its financial liabilities (including interest), operating leases and other contractual commitments:

	Expected payments by period as at December 31, 2010					Total
	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years		
Accounts payable and accrued liabilities	\$ 52.3	\$ -	\$ -	\$ -	\$ 52.3	
Payments related to cross-currency interest rate swaps	27.4	54.5	411.6	-	493.5	
Receipts related to cross-currency interest rate swaps	(17.0)	(34.1)	(346.2)	-	(397.3)	
Term Loan B and Subordinated Notes	17.0	34.1	346.2	-	397.3	
Operating leases	3.9	3.6	1.4	3.0	11.9	
Income taxes payable	5.4	-	-	-	5.4	
Other contractual commitments	16.3	6.9	1.8	0.6	25.6	
Total	\$ 105.3	\$ 65.0	\$ 414.8	\$ 3.6	\$ 588.7	

The expected payments related to the cross-currency interest rate swaps represent the Canadian dollar fixed interest and principal payments the Company is required to make under these contracts.

The expected receipts related to the cross-currency interest rate swaps represent the U.S. dollar interest and principal payments due on the Term Loan B and Subordinated Notes, converted to Canadian dollars at the December 31, 2010 foreign currency exchange rate.

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The Term Loan B and the Subordinated Notes amounts represent interest and principal payments, converted to Canadian dollars at the December 31, 2010 foreign currency exchange rate. Similarly, as the Term Loan B bears interest at a floating rate (U.S. LIBOR plus 1.50%), the interest rate applicable at December 31, 2010 of 1.79% has been applied to all future periods in the above table. The Subordinated Notes bear interest at a fixed rate of 7.25%.

Operating leases include 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 an operating agreement with the City of Vancouver, BC for Hastings Racecourse.

Other contractual commitments include amounts committed to the NSGC to fund responsible gaming programs.

Expected payments related to facility development projects are not reflected in this table unless they are contractually committed.

In July 2010, the Company agreed to \$2.4 in service commitments to the District of Maple Ridge over the next five years that are associated with the Maple Ridge Community Gaming Centre permanent facility.

Future Cash Requirements

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

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OTHER FINANCIAL INFORMATION

Deconsolidation of TBC Teletheatre B.C.

In the second quarter of 2010, there was a change in accounting for the Company's 50% ownership investment in TBC Teletheatre B.C. ("TBC"). Prior to April 2010, the Company effectively controlled TBC and fully consolidated it. In April 2010, the Company signed a Memorandum of Agreement and related Addendum with the B.C. Horse Racing Industry (the "BC Horse Racing Industry Agreement") in order to support efforts to revitalize and restore financial strength to British Columbia's horseracing industry. On signing the BC Horse Racing Industry Agreement, the Company deconsolidated TBC, and accounts for its 50% ownership investment using the equity method since the Company has significant influence over TBC. The equity method results in this investment being presented within the "other assets" line of the consolidated statements of financial position, and that investment balance is increased by TBC's periodic net earnings and decreased by any partnership distributions that are received. The Company's share of TBC's net earnings are recorded within the "foreign exchange loss and other" line of the consolidated statements of earnings (loss) and within the "other expenses" line of this MD&A.

Changes in Accounting Policies

On January 1, 2010, the Company early adopted the following accounting standards of the Canadian Institute of Chartered Accountants ("CICA"): Business Combinations, Section 1582; Consolidated Financial Statements, Section 1601; and Non-Controlling Interests, Section 1602. These standards replace the existing guidance and correspond to similar provisions of International Financial Reporting Standards. The standards will change the accounting requirements for future business combinations subsequent to January 1, 2010 and will require all direct incremental costs incurred by the acquirer to effect the acquisition to be expensed, as opposed to being capitalized. The new standards also prevent any retroactive goodwill adjustments due to contingent consideration or trailing payments. With respect to contingent consideration or trailing payments on past business combinations, the standard in effect at the date of the acquisition will continue to apply. The new standards also require presenting the attribution of net earnings between the Company's shareholders and its non-controlling interests. The effect of this presentation change is reflected in this MD&A.

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Transition to International Financial Reporting Standards

The Canadian Institute of Chartered Accountants has announced a plan which requires the transition to International Financial Reporting Standards ("IFRS") as replacement guidance for Canadian generally accepted accounting principles ("GAAP") currently employed by Canadian public companies. The changeover will occur no later than fiscal years beginning January 1, 2011. The Company believes its transition to IFRS will not materially affect the manner in which its revenues and EBITDA are currently recognized and measured. The adoption of IFRS will not have an impact on the net cash flows of the Company. The changes made to the consolidated statements of financial position and consolidated statements of earnings (loss) have resulted in reclassifications of various amounts on the statements of cash flows, however, no reconciliations have been presented as there has been no change to the net cash flows. The Company's first financial statements presented in accordance with IFRS will be for the three month period ended March 31, 2011.

The Company's IFRS implementation plan addresses project management, accounting policy changes, training and communication, business impacts and transitional reporting and disclosure changes. The following progress has been made in these areas:

a) *Project management*

The Company has formed an IFRS Steering Committee to provide guidance during the IFRS implementation project and has developed a timeline for key project milestones and deliverables. A detailed project plan with assigned responsible sub-project owners and deadlines is being followed to ensure IFRS readiness for 2011.

b) *Accounting policy changes*

The Company has completed its research and its related documentation of expected differences between its current accounting policies that are in accordance with Canadian GAAP and those to be adopted under IFRS. The Company is in the process of finalizing its accounting policies that will be required under current IFRS standards. The areas with the most potential for future impact on the Company's financial statements are expected to be the recognition, measurement and disclosure of: property, plant & equipment; intangible assets; business combinations; impairments; stock-based compensation; and income taxes.

The IFRS standard setter, the International Accounting Standards Board, has activities currently underway which are expected to change certain IFRS standards, including those standards relating to *Financial Instruments*, *Income Taxes* and *Provisions, Contingent Liabilities and Contingent Assets*. These changes may impact the Company. The Company will assess any changes in all IFRS standards as part of its on-going IFRS implementation plan.

c) *Training and communication*

The Company's plans are to ensure that its key stakeholders remain informed about the anticipated effects of the IFRS transition. IFRS training for relevant finance staff is ongoing, while targeted staff trainings have been held to raise awareness of the accounting impact that future business decisions may potentially have under IFRS reporting standards. Investor relations' representation on the project's steering committee has enabled that department to address shareholder questions and concerns about the IFRS transition's impact on our financial reporting. The Audit, Risk and Finance Committee of the Company's Board has received quarterly presentations and project status updates from management.

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d) *Business impacts*

The Company has considered what effects the IFRS transition will have on our business policies, information technology systems and activities. The following key areas have been affected:

- Internal controls over financial reporting with respect to the IFRS transition project;
- Dual reporting obligation for the year 2010 because statements are required under both Canadian GAAP and IFRS for that year; and
- The budget for 2011 has factored in any IFRS related impacts that were identified.

e) *Transitional reporting and disclosure changes*

The Company is finalizing the financial statement presentation and considering the disclosure options available to it upon initial changeover to IFRS and is developing ongoing reporting mechanisms to capture future IFRS disclosure information. The Company has expanded note disclosures covering property, plant and equipment, intangibles, and goodwill in the 2010 annual Financial Statements to comply with IFRS requirements. IFRS 1, "First-time Adoption of International Financial Reporting Standards" sets forth guidance for the initial adoption of IFRS. At the date of transition to IFRS the Company has the option to adopt certain exemptions from the full retrospective application, presentation and disclosure requirements of certain IFRS. Of the available exemptions, the Company currently expects to only apply the following:

- It will not restate the accounting of past business combinations;
- It will restate certain assets to fair value as deemed cost;
- It will elect to not restate borrowing costs;
- It will reset its foreign currency translation account to nil; and
- It will only make the required restatements for stock options that have not vested at the transition date.

The calculation of the Company's debt covenants will not be affected by the transition to IFRS since they are structured to use Canadian GAAP that was effective at February 14, 2007, the date the Company entered into agreements for its Term Loan B, Revolving Credit Facility and Subordinated Notes.

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f) *IFRS transitional opening consolidated statement of financial position*

The Company is finalizing the impact of its adoption on the January 1, 2010 financial position based on the IFRS 1 elections discussed above. The anticipated opening measurement differences to date are summarized in the reconciliation below:

As at January 1, 2010	IFRS OPENING CONSOLIDATED STATEMENT OF FINANCIAL POSITION (expressed in millions of Canadian dollars)					Notes		Under IFRS
	Under CDN GAAP	i	ii	iii	iv	v		
ASSETS								
CURRENT	\$ 56.4							\$ 56.4
NON-CURRENT	947.7	(26.9)	(10.9)			(0.9)		909.0
	\$ 1,004.1							\$ 965.4
LIABILITIES								
CURRENT	\$ 66.4							\$ 66.4
NON-CURRENT	503.3	(6.8)				(0.9)		495.6
	569.7							562.0
SHAREHOLDERS' EQUITY								
Share capital and contributed surplus	347.6					1.5	(0.2)	348.9
Accumulated other comprehensive loss	(10.4)			5.8				(4.6)
Retained earnings	97.2	(20.1)	(10.9)	(5.8)	(1.5)	0.2		59.1
	434.4							403.4
	\$ 1,004.1							\$ 965.4

i) *Impairments of non-financial assets*

Under IFRS, an impairment loss is recognized when the carrying value of a non-financial asset exceeds the discounted present value of future cash flows expected from its use and eventual disposition. Under Canadian GAAP, a similar impairment test is performed, but is based on undiscounted future cash flows, with the exception of goodwill which is also tested on a discounted future cash flows basis. Under both IFRS and Canadian GAAP, an impairment loss is measured as the excess of the carrying value of the non-financial asset over its fair value. The impact of discounting future cash flows resulted in IFRS transition impairments in the carrying value of property, plant and equipment of \$15.7, and intangible assets of \$11.2 associated with the investment in the operations of Hastings Racecourse. This impairment also resulted in an associated decrease in future income taxes of \$6.8 and a decrease in retained earnings of \$20.1.

ii) *Fair value as deemed cost*

At the date of transition to IFRS, the Company has the option to elect to restate the carrying values of certain assets that it chooses to their fair values. At the date they were acquired, real estate lands held for development had elements of uncertainty related to the scope and timing of the associated, originally planned development projects. As a result, the Company has decided that all real estate assets held for development for more than 24 months will be stated at fair value as their deemed carrying value at the January 1, 2010 IFRS transition date. The Company has engaged a third party appraiser to prepare valuations of certain real estate lands held for development. As a result of this election, the Company has recorded a January 1, 2010 fair value decrease of \$10.9 on its land, and a corresponding decrease in retained earnings of \$10.9.

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iii) Foreign currency translation adjustment ("FCTA")

IFRS 1 provides the Company the option of resetting its accumulated balance of the unrealized effect of foreign currency translation of foreign operations (the "Cumulative FCTA account") to nil at the date of transition to IFRS. On transition to IFRS, the Company has elected to reset its Cumulative FCTA account to \$nil, as permitted by IFRS 1. As a result of this election, the Company has recorded an IFRS transition adjustment in its accumulated other comprehensive loss and retained earnings to eliminate the \$5.8 accumulated balance of the unrealized effect of foreign currency translation of foreign operations. Going forward under IFRS, the Company will continue to record in other comprehensive income a foreign currency translation adjustment each period end associated with the translation of the Company's foreign operations that have functional currencies that are different than the Company's reporting currency, the Canadian dollar.

iv) Share-based payments

The Company currently measures stock-based compensation for stock options grants at their fair value determined using the Black-Scholes option pricing formula and expenses this equally over the options' vesting terms. IFRS requires the same fair value of stock options granted to be expensed on an accelerated basis over the options' vesting term using a method called graded vesting. As a result, the Company has recorded a January 1, 2010 adjustment within the components of shareholders' equity to restate the cumulative impact of this difference.

The Company currently assumes that all stock options will vest and under Canadian GAAP, recognizes the effect of forfeitures as they occur. Under IFRS, the Company is required to estimate the expected rate of stock option forfeiture at the grant date and factor that into the stock options' fair value measurement. As a result of this difference, the Company has recorded an IFRS transition adjustment within the components of shareholders' equity that takes into account the forfeiture of stock option grants that have unvested options at January 1, 2010.

Under Canadian GAAP, the Company expenses the fair value of stock options granted to non-employees over the period that the non-employees provide their services and re-measures the fair value of their stock options at each reporting period until the services are completed. Under both IFRS and Canadian GAAP the fair values of stock options granted to employees are measured at the grant date and are not subsequently adjusted. Further, under IFRS, the definition of an employee is broader than currently applied by the Company under Canadian GAAP. As a result, on transition to IFRS, the Company is required to change the classification and accounting for certain non-employees' stock options awards, as defined under Canadian GAAP, to those required for employee stock options. As a result of this difference, the Company has recorded a January 1, 2010 adjustment within the components of shareholders' equity that effectively treats stock option awards granted to non-employees, as defined under Canadian GAAP, as employees under IFRS at the original award grant date.

As a result of the above-mentioned Canadian GAAP and IFRS share based payment differences, the Company has recorded a cumulative January 1, 2010 adjustment within the components of shareholders' equity that increased share capital and contributed surplus by \$1.5, and reduced retained earnings by \$1.5.

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v) *Income taxes*

Under IFRS, future income taxes are not recognized on the initial acquisition of an asset or liability, unless the asset or liability was acquired in a business combination or the transaction affected accounting profit or taxable profit. For the River Rock Canada Line Parking Garage transaction that was described in Note 14 of the Company's 2010 Annual Financial Statements, a future income tax liability was recognized on the initial acquisition of the land and cash received in accordance with Canadian GAAP. Under IFRS, the receipt of this land and cash did not require the recognition of deferred tax liabilities. As a result of this difference, the Company has recorded a January 1, 2010 decrease in property, plant and equipment of \$0.9, an associated decrease in deferred credits and other liabilities of \$2.2 and an associated increase in future income tax liabilities of \$1.3.

In addition, under IFRS, income taxes relating to transactions originally recorded to equity accounts will be credited or charged to equity. Under Canadian GAAP, the Company has accounted for these income taxes in the consolidated statements of earnings (loss). As a result of this difference, the Company has recorded a January 1, 2010 decrease in share capital and contributed surplus of \$0.2 and an associated increase in retained earnings of \$0.2.

g) *IFRS differences subsequent to transition*

The Company is currently in the process of finalizing its IFRS differences related to its quarterly statements of earnings subsequent to January 1, 2010. In addition to the effects of the above transition adjustments, the following IFRS differences have been identified for the year ended December 31, 2010:

Goodwill

- In July 2010, the Company recognized a liability for the contingent trailing payments associated with its 2008 acquisition of Maple Ridge Community Gaming Centre (formerly Haney Bingo Plex). Under Canadian GAAP, these payments were treated as an increase of \$1.1 in goodwill. Under IFRS, recognition of such trailing payment accruals are expensed.

Flamboro Downs

- During the fourth quarter of 2010, the Company performed its normal course impairment tests to assess the recoverability of its long-lived assets and goodwill. The impairment test for goodwill under both Canadian GAAP and IFRS is based on discounted future cash flows, resulting in no differences relating to goodwill. Under Canadian GAAP, the impairment test for long-lived assets requires the carrying value of long-lived assets to be tested against the undiscounted future cash flows, which resulted in no additional impairments. Under IFRS, long-lived assets are compared to both their fair value less costs to sell and discounted future cash flows, as the testing methodology for long-lived assets and goodwill is similar. As a result of this difference, the Company recorded an impairment charge of \$9.9 and a future income tax liability decrease of \$2.4.

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Hastings Racecourse

- Under Canadian GAAP, the carrying value of Hastings Racecourse was determined to exceed its undiscounted cash flows, requiring its long-lived assets to be recorded at its fair value. Fair value was determined using discounted future cash flows, which resulted in the same recoverable amount under IFRS. As previously discussed, the Company recorded a January 1, 2010 IFRS transition impairment of \$26.9 against its long-lived assets. Therefore, the impairment recognized in the fourth quarter of 2010 under IFRS is estimated at \$27.5, a decrease of \$19.3 compared to Canadian GAAP. The income tax effect of the impairment recorded in the fourth quarter of 2010 under IFRS is estimated at \$6.3, a decrease of \$5.4 compared to Canadian GAAP.

This disclosure reflects expectations based on information available and IFRS standards at the time of reporting. Changes in circumstances or revisions to the current IFRS standards may cause the Company to revise its IFRS opening balance sheet and policy choices before the changeover date.

Critical Accounting Estimates

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

The critical accounting estimates that we believe are the most judgmental or are material to the Company's consolidated financial statements are those relating to the impairment of long-lived assets and goodwill, estimated useful lives of property, plant and equipment and intangible assets, the fair value of net assets acquired in business combinations, the fair value of assets acquired in business transactions with non-monetary consideration, stock-based compensation, determination of fair value of derivatives and other financial instruments, income taxes, and contingencies.

Long-Lived Assets and Goodwill Impairment Tests

Long-lived assets are tested for impairment whenever management believes events or circumstances indicate that the carrying values of those assets may not be fully recoverable (a "triggering event"). A long-lived asset impairment loss is recognized when the carrying value of that asset exceeds management's estimate of the sum of the undiscounted cash flows expected from its use and eventual disposition. The impairment loss is measured as the excess of the carrying value of the asset over its estimated fair value. The Company determines the fair value of long-lived assets using discounted cash flows.

Goodwill is tested for impairment at least annually, at year-end, and whenever a triggering event indicates that the carrying values of goodwill may not be fully recoverable. The impairment test consists of allocating goodwill to the Company's reporting units and then comparing the carrying value of the reporting units, including goodwill, to their fair values. The Company determines the fair value of goodwill using discounted cash flows. The excess of the carrying value amount over the fair value of goodwill, if any, is charged to operations in the period the impairment occurred.

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Estimated Useful Lives of Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets are amortized in the consolidated statements of earnings (loss) over the estimated useful lives of the assets. Judgment is used to estimate an asset's useful life and is based on an analysis of all pertinent factors including, amongst others, our expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of asset's legal or contractual life without substantial cost, and renewal history.

Business Combinations

The cost of an acquired company ("purchase price") is assigned to the identifiable tangible and intangible assets purchased and liabilities assumed on the basis of their fair values at the date of acquisition. The identification of assets purchased and liabilities assumed and the valuation thereof is specialized and judgmental. Where appropriate, the Company engages business valuers to assist in the valuation of tangible and intangible assets acquired. Any excess of purchase price over the fair value of the identifiable tangible and intangible assets purchased and liabilities assumed is allocated to goodwill.

When a business combination involves contingent consideration, an amount equal to management's estimate of the contingent consideration that will become due beyond a reasonable doubt is recognized as a liability at the time of acquisition. When the contingency is resolved and the consideration is issued or becomes issuable, any difference in the fair value of the contingent consideration issued or issuable over the amount initially recognized will be recognized in the consolidated statements of earnings (loss).

Value of Assets Acquired in Business Transactions With Non-monetary Consideration

The Company measures non-monetary consideration received in a business transaction at the fair value of the asset given up and the fair value of the asset received, whichever is more reliably measurable. Measurement of fair value is based on an analysis of pertinent information that may include third-party asset appraisals, market values evidenced from similar transactions, and discounted cash flows.

Stock-Based Compensation

Companies that issue equity based compensation, such as stock options, are required to record the fair value of the options granted as an operating expense in the consolidated statements of earnings (loss) over the vesting period of the options. At the date of the option grant, the Company estimates the fair value of the option using the Black-Scholes pricing model. That model takes into account the exercise price of the stock option, an estimate of the expected life of the option, the current price of the underlying stock, an estimate of the stock's volatility, an estimate of future dividends on the underlying stock and the risk-free rate of return expected for an instrument with a term equal to the expected life of the option. Once the fair value is determined and the period of expensing established, the charge is not adjusted for subsequent changes in the original assumptions unless the terms of the original stock option grant terms have been modified. The Company re-measures non-employee stock option awards at each reporting period and on the settlement date and recognizes the compensation expense over the contract life of the options or the option settlement date, whichever is earlier.

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Determination of Fair Value of Derivatives and Other Financial Instruments

The fair values of the Company's cross-currency interest rate swaps are based on credit risk adjusted discounted cash flows that require 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 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 required the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates that reflect the risk of the financial instrument.

Income Taxes

The Company's future income tax assets and liabilities are due to temporary differences between the carrying amount and tax basis of certain assets and liabilities, as well as undeducted tax losses. Estimation is required for the timing of the reversal of these temporary differences and the tax rate applied. The carrying amounts of assets and liabilities are based upon amounts recorded in the financial statements and are subject to any accounting estimates inherent in those balances. The tax basis of assets and liabilities and the amount of undeducted tax losses are based upon the applicable income tax legislation, regulations and interpretations. The timing of the reversal of the temporary differences and the timing of deduction of tax losses are based upon estimations of the Company's future financial results.

If future operating results differ from our current expectations, if enacted tax rates change, if tax legislation or regulations change, or if our interpretations of income tax legislation change, then our expectations of future timing difference reversals may also change and require material future income tax adjustments.

Contingencies

Amounts are accrued for the financial resolution of contingent liabilities if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the financial statements and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company and its subsidiaries. The adequacy of contingent liability accruals are regularly assessed as new information becomes available.

The Company does not record contingent assets.

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Financial Instruments and Other Instruments

The Company's risk management strategy is to minimize exposure to currencies other than the Canadian dollar and, with the exception of revolving lines of credit, to fix substantially all of its floating interest rate debt. The financial 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 information on the Company's long-term debt and the hedging activities used to manage the foreign currency and interest rate risks associated therewith.

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 conclude 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, 2010.

As well, as of the end of the fiscal year ended December 31, 2010, the Chief Executive Officer and Chief Financial Officer have evaluated and conclude that the Company's internal controls over financial reporting, designed under the Committee of Sponsoring Organization's internal control integrated framework, are adequately designed and effective for providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

During 2010, there was neither material weakness nor change in the Company's disclosure controls and procedures or its internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, these controls.

Definitions of Other Terms Used in the MD&A

Gross gaming win – the amount wagered on gaming activities, less the payout or prizes to winning customers.

Racebook – an off-racetrack wagering facility.

Revenues – means the sum of the following:

- Casino gaming in BC – gaming revenues are net of commissions paid to BCLC (commissions are 60% of the win on most table games and 75% of the slot machine win) and are net of accruals for

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anticipated payouts of progressive slot machine jackpots and progressive table game payouts.

- Bingo and slots at a community gaming centre in BC – gaming revenues are net of commissions paid to BCLC (commissions are 75% of the win on slots, and 40% to 75% of the weekly bingo win) and are net of prizes.
- Horseracing in BC and Ontario – Racetrack revenues represent the Company's share of total wagering less amounts returned as winning wagers, provincial and federal taxes, and includes the host track share of wagering on the Company's races simulcast to other associations.
- Casino gaming in Washington – gaming revenues are net of county gaming taxes at various rates ranging from 10% to 11% for card and progressive jackpot games, 5% on pull-tabs and 2% on amusement games.
- Casino gaming in Nova Scotia – gaming revenues are approximately equal to 52.725% of the gross gaming win.
- Slot commissions in Ontario – slot machine commissions represent 10% of the win from slot machines, all of which are operated by OLG.
- Facility Development Commission ("FDC") – revenues earned from BCLC as a fixed percentage of gross gaming win, subject to the Company incurring sufficient Approved Amounts (a defined term in the casino operating service agreements and generally consists of approved capital and operating expenditures related to the development or improvement of gaming properties). Specifically, BCLC's program permits a 3% FDC commission on gross gaming win from casinos, racetracks and community gaming centres and provides an additional, accelerated 2% of gross gaming win towards site-specific reimbursements of new gaming redevelopments.
- Hospitality and other revenues:
 - Food and beverage revenues – revenues are recorded at the retail price at the time of service. Food and beverage revenues in Nova Scotia are generally recorded at retail price less the 47.275% revenue retained by the NSGC.
 - Hotel revenues – revenues are recognized as services are performed.
 - Other revenues – 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.

Additional Information

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

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

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SUPPLEMENTAL FINANCIAL INFORMATION

Consolidated Quarterly Results Trend

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009
Gaming Revenues					
River Rock Casino Resort	\$ 22.7	\$ 21.2	\$ 21.8	\$ 20.5	\$ 20.4
Boulevard Casino	11.3	11.7	12.5	12.3	12.3
Vancouver Island Casinos	8.1	8.3	8.3	7.8	8.3
Other BC Casinos	1.8	1.2	1.2	1.1	1.2
Nova Scotia Casinos	9.5	11.2	10.0	9.4	9.8
Great American Casinos	4.8	4.8	4.2	5.4	5.2
BC Racinos	4.8	4.9	4.7	4.3	4.9
Georgian Downs	3.1	3.5	3.2	2.8	2.9
Flamboro Downs	3.0	3.2	3.1	2.9	2.9
Corporate & Other	-	0.3	-	-	-
	69.1	70.3	69.0	66.5	67.9
Facility Development Commission					
River Rock Casino Resort	3.3	3.1	3.2	3.0	3.1
Boulevard Casino	1.9	2.0	2.0	2.0	2.0
Vancouver Island Casinos	1.3	1.3	1.4	1.3	1.3
Other BC Casinos	0.7	0.1	0.1	0.1	0.1
BC Racinos	0.9	1.0	0.8	0.8	0.9
	8.1	7.5	7.5	7.2	7.4
Hospitality and Other Revenues					
River Rock Casino Resort	8.8	7.9	8.4	7.8	8.0
Boulevard Casino	2.6	2.1	2.4	2.3	2.5
Vancouver Island Casinos	0.9	0.8	0.9	0.8	0.8
Other BC Casinos	0.4	0.3	0.3	0.3	0.3
Nova Scotia Casinos	1.5	1.0	0.6	1.5	1.1
Great American Casinos	1.1	1.1	1.1	1.1	1.1
BC Racinos	1.4	2.1	2.0	1.3	1.7
Georgian Downs	0.6	0.5	0.5	0.2	0.6
Flamboro Downs	0.7	0.7	0.7	0.6	1.0
Corporate & Other	-	0.1	0.1	-	-
	18.0	16.6	17.0	15.9	17.1
Racetrack Revenues					
BC Racinos	4.2	3.9	4.9	5.0	5.3
Georgian Downs	0.4	0.5	0.5	0.3	0.4
Flamboro Downs	0.8	0.9	0.9	0.9	0.9
	5.4	5.3	6.3	6.2	6.6
Promotional Allowances	(3.4)	(3.4)	(2.8)	(2.8)	(2.7)
Revenues	\$ 97.2	\$ 96.3	\$ 97.0	\$ 93.0	\$ 96.3
EBITDA					
River Rock Casino Resort	\$ 15.3	\$ 13.9	\$ 15.5	\$ 13.8	\$ 14.1
Boulevard Casino	6.1	6.6	7.8	7.7	7.6
Vancouver Island Casinos	5.6	6.0	6.1	5.6	6.3
Other BC Casinos	1.5	0.6	0.5	0.4	0.5
Nova Scotia Casinos	2.6	3.8	2.0	2.6	2.6
Great American Casinos	1.4	0.9	0.2	1.2	1.0
BC Racinos	4.0	3.4	3.6	2.0	3.1
Georgian Downs	2.1	2.4	2.4	1.8	1.8
Flamboro Downs	1.8	2.3	2.1	1.6	1.5
Corporate & Other	(5.4)	(4.9)	(5.2)	(5.3)	(5.5)
	\$ 35.0	\$ 35.0	\$ 35.0	\$ 31.4	\$ 33.0