



# GREAT CANADIAN GAMING CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Month and Nine Month Periods Ended  
September 30, 2008

*As at November 13, 2008*

*(Expressed in millions, except for share information)*

# **GREAT CANADIAN GAMING CORPORATION**

## **Management's Discussion & Analysis**

For the Three Month and Nine Month Periods Ended September 30, 2008

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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 November 13, 2008. This MD&A should be read in conjunction with our unaudited interim consolidated financial statements for the three month and nine month periods ended September 30, 2008 ("Interim Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2007 ("Annual Financial Statements") and our MD&A for the year-ended December 31, 2007.

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

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 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.

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, foreign exchange gain (loss), and non-controlling interests. EBITDA is derived from the consolidated statements of earnings, 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 net earnings under GAAP is shown in the "Consolidated Results of Operations" section in this MD&A.

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

The following non-GAAP measures have common 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 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 behavior around buying, retaining and cashing-in of casino

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chips. Table hold is calculated as the table drop plus or minus the net change in casino chip inventory. Table hold percentage is the ratio of table hold divided by table drop. Table hold percentage fluctuates with the statistical variations or volatility inherent in casino games, as well as with changes in customer behavior 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 of money customers have placed into slots or electronic machines. Slot win is the slot coin-in less the payout or prizes to winning customers. Slot win per machine per day ("Slot Win/Slot/Day") is the average daily slot win earned 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 Statements**

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

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

The Company cautions that this list of factors is not exhaustive. These factors and other risks and uncertainties are discussed in the Company's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the "Risk Factors" section of the Company's Annual Information Form for fiscal 2007, and as identified in the Company's disclosure record on [www.sedar.com](http://www.sedar.com).

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

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#### FINANCIAL HIGHLIGHTS

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Revenues	\$ 105.1	\$ 103.2	2%	\$ 307.0	\$ 296.5	4%
EBITDA <sup>(1)</sup>	\$ 29.5	\$ 30.9	(5%)	\$ 84.1	\$ 83.1	1%
Human resources as a % of Revenues before Promotional allowances	42.7%	42.6%		43.2%	44.2%	
EBITDA as a % of Revenues	28.1%	29.9%		27.4%	28.0%	
Net earnings	\$ 5.7	\$ 12.6	(55%)	\$ 15.2	\$ 22.8	(33%)
Earnings per common share:						
Basic	\$ 0.07	\$ 0.15		\$ 0.18	\$ 0.26	
Diluted	\$ 0.07	\$ 0.15		\$ 0.18	\$ 0.26	
Total assets	\$ 1,008.6	\$ 954.0		\$ 1,008.6	\$ 954.0	
Long-term debt, excluding current portior	\$ 385.4	\$ 329.4		\$ 385.4	\$ 329.4	
Derivative liabilities	\$ 43.9	\$ 62.8		\$ 43.9	\$ 62.8	

<sup>(1)</sup> 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 September 30, 2008 ("third quarter of 2008") and the nine month period ended September 30, 2008 ("first nine months of 2008"), Great Canadian Gaming Corporation ("the Company") recorded the highest third quarter and first nine month revenues in its history.

For the third quarter of 2008, revenues rose to \$105.1, a 2% increase over the third quarter of 2007, generating EBITDA of \$29.5, a 5% decline from the third quarter of 2007. For the first nine months of 2008, revenues rose to \$307.0, a 4% increase over the first nine months of 2007, while EBITDA rose to \$84.1, a 1% increase over the first nine months of 2007.

The year-over-year revenue increases reflect continued growth at the Company's flagship property, the River Rock Casino Resort ("River Rock"), which continued its double-digit growth, improving revenues by 14% over the third quarter of 2007 and 13% over the first nine months of that year. The revenue growth also reflects the addition of new gaming devices at both Fraser Downs and Hastings Racecourse ("Hastings"), which combined to improve revenues at BC Racinos by 15% over the third quarter of 2007 and 19% over the first nine months of that year. These increases were partially offset by the absence of revenues from the Casino on Broadway, which the Company closed in November 2007.

The Company's EBITDA production was led by River Rock, where EBITDA grew by 17% over the third quarter of 2007. The Company's Nova Scotia Casinos continued their improvement, growing EBITDA by 24% over the third quarter of 2007. Georgian Downs and Flamboro Downs, the Company's two racetracks in Ontario, also generated modest improvements. These increases were offset by the aforementioned closure of the Casino on Broadway, and declines at the Company's other properties, including the BC Racinos and Boulevard Casino ("Boulevard"), which benefited from an accelerated Facility Development Commission ("FDC") catch-up payment of \$0.8 in the third quarter of 2007.

For the third quarter of 2008, the Company's EBITDA as a percentage of revenues was 28.1%, a 1.8 percentage point decrease from the third quarter of 2007. For the first nine months of 2008, this percentage was 27.4%, a slight decline from the level achieved in the first nine months of 2007. This metric benefited from continued growth at River Rock and operational changes at the Nova Scotia Casinos. These improvements were offset by increased expenses associated with the ramp-up of the

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additional gaming capacity at the BC Racinos, and the lack of the aforementioned accelerated FDC catch-up payment at Boulevard.

Net earnings for the third quarter of 2008 were \$5.7, a decrease of 55% from the third quarter of 2007, primarily related to decreased EBITDA and increases in amortization expense, interest and financing costs, net and income taxes that were only partially offset by lower stock-based compensation expense and restructuring and other costs.

Net earnings for the first nine months of 2008 were \$15.2, a decrease of 33% from the first nine months of 2007, primarily related to increases in amortization, restructuring and other costs primarily associated with Casino Nova Scotia, interest and financing costs, net and income taxes that were only partly offset by increased EBITDA and lower foreign exchange losses.

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#### RECENT DEVELOPMENTS

The Canadian economy is currently undergoing a period of economic uncertainty. Although the Company's markets currently remain healthy, no business is completely immune to the current economic situation. Given this economic uncertainty, the Company has chosen to take a conservative approach to capital deployment. Certain projects have had their timelines revised, and further revisions may be necessary if the Company's markets display evidence of vulnerability to the economic situation.

The following table summarizes the Company's current facility redevelopment projects:

Property	Scope of Development	Estimated Completion Date	Planned or Estimated Total Budget/Spent to September 30, 2008/Spent in Q3, 2008
River Rock Casino Resort	Hotel footings and infrastructure, 1,200 stall parking garage; 21,000 sq ft of commercial space; 320 hotel parking spaces (\$90.0)  New gaming capacity, upgraded VIP facilities, enhanced F&B offerings, atrium renovation (\$51.0)  5 storey, 191 room hotel tower (\$28.0)	600 stalls completed in September 2008, balance by November 2009  January 2010  Pending revision	\$169.0/\$58.2/\$20.8
Georgian Downs	550 slot machine expansion	400 new slots installed by Q3, 2009, balance to come online in Q2, 2010	\$30.3/\$6.4/\$3.0
Hastings Racecourse	Installation of 600 slots and amenity upgrades	600 slots installed in Q3, 2008	\$40.0/\$30.2/\$6.6
View Royal	540 stall parking garage, new gaming capacity (\$25.0)  New gaming capacity, amenity upgrades (\$25.0)	Parking garage by end of 2008, new gaming capacity in first half of 2009  Pending revision	\$50.0/\$15.0/\$9.4

#### **British Columbia**

##### *Development Pipeline Revisions*

Given the uncertainty of the economic climate, the Company has elected to revise the timelines of two of its current development projects: The third hotel tower at River Rock, which had a construction cost of approximately \$28.0, and the casino enhancement at View Royal, which had a construction cost of approximately \$25.0. Both these projects will be completed as originally scoped, but at a later date than

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originally anticipated. New timelines for their completion will be announced once greater clarity is available around future market conditions.

The Company has reallocated the capital originally intended for these projects towards enhancements of the existing River Rock facility. These enhancements will take full advantage of the increased traffic generated by the Canada Line, Vancouver's new mass transit system that is expected to open in 2009, and position River Rock to maintain its leading position in the Vancouver market. The enhancements include room for additional gaming capacity at the facility, should the anticipated increase in traffic warrant it, as well as upgrades to the property's amenities and VIP offerings. This project should reach completion by January of 2010, at a cost of approximately \$51.0.

#### *River Rock Casino Resort*

In December 2006, the Company entered into a letter of intent with the South Coast British Columbia Transportation Authority ("TransLink") and Canada Line Rapid Transit Inc. ("Canada Line") to build and operate a 1,200 stall multi-level parking garage at Bridgeport Station, across from River Rock in Richmond, British Columbia. On August 22, 2008, the Company entered into definitive agreements for this transaction.

Under the terms of the agreements, the Company will reserve 1,200 parking stalls for Canada Line passengers on weekdays between 5:30am and 7:00pm and 600 stalls for all other times. As compensation for the cost of providing these future parking services, TransLink has agreed to provide the Company with approximately 5 acres of land (with an estimated market value of \$17.2 as at June 2008), 2.6 acres of which is being used for the new parking garage, and \$2.5 in cash. As at September 30, 2008 the Company has received legal title to approximately 3.8 acres of the land and the remaining 1.2 acres will be transferred to the Company once its sub-division has been approved by the local municipality. The Company will also receive from TransLink a \$2.0 cash payment for an option to purchase the portion of the parking garage used by the 1,200 stalls. TransLink may only exercise this option if certain events defined in the agreement occur. Examples of these include the relocation of the River Rock, or the Company failing to provide Canada Line's passengers access to the parking stalls as set out in the agreement.

The first 600 stalls of the parking garage were completed in September 2008 and are currently available for use. The remaining 600 stalls are expected to reach completion by November 2009, at which time the agreed parking services for Canada Line passengers will commence.

The new parking garage will address River Rock's existing weekend and evening parking shortage, in addition to providing additional capacity for future patron demand. As at September 30, 2008, BCLC has approved \$14.1 of this parking facility's incurred capital expenditures to date for accelerated FDC reimbursement. The Company will also receive incremental revenue from the operation of the parking garage during the hours the stalls are dedicated to Canada Line passengers. The additional 2.4 acres of land to be received will provide the Company future opportunities for new development in a style and function that is complementary to the existing River Rock facility.

In conjunction with the parking garage, the Company is developing 320 additional parking spaces and approximately 21,000 square feet of commercial space. These facilities, including the Canada Line Bridgeport station, will connect directly to the existing River Rock complex using an enclosed sky bridge. The additional parking spaces and commercial space are expected to reach completion by January of 2010, prior to the 2010 Vancouver Olympic Games.

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#### *View Royal Casino*

In May 2008, the Company commenced the redevelopment of the View Royal Casino, including the construction of a 540 stall parking garage. The Company also entered into an agreement to acquire approximately 1.5 acres of commercial property adjacent to the casino, which will create 160 stalls of additional parking capacity. On October 1, 2008, 186 stalls of the parking garage reached completion and are available for use. The balance of the parking stalls are expected to reach completion by the end of 2008. The Company also plans to increase View Royal's slot gaming capacity by approximately 33% within the first half of 2009, subject to BCLC approval. Approximately \$5.7 of the related capital expenditures incurred to date have been approved by the BCLC for accelerated FDC reimbursement.

#### *Hastings Racecourse*

On August 15, 2008, the Company completed the installation of 600 slot machines at Hastings Racecourse, and thus the gaming component of that facility's redevelopment. The complete redevelopment includes an estimated \$40.0 in capital improvements during the initial five-year term of Hastings' operating agreement with the City of Vancouver.

#### *Haney Bingo Plex*

In January 2008, the Company purchased the assets and undertakings of Ridge Meadows Bingo Association for cash consideration of \$1.0. The acquired assets include the Haney Bingo Plex, a 525-seat bingo gaming hall located in downtown Maple Ridge, 45 kilometres east of Vancouver. The agreement also provides for potential additional future consideration of up to \$1.3 over ten years if BCLC and the District of Maple Ridge approve the upgrade of this facility into a Community Gaming Centre and once slot machines are installed.

#### *Customer Service*

Since the fourth quarter of 2007, the Company has introduced a new customer service training program at each of its British Columbia facilities. This program emphasizes the importance of exceptional customer service, and will generate increases in Property, Marketing, and Administration expenses at all British Columbia facilities.

#### **Ontario**

The Company is expanding Georgian Downs to allow OLG to increase that property's slot capacity. Slot machines at Georgian Downs are owned and operated by OLG. The Company will spend an estimated \$30.3 on this redevelopment, while OLG will bear the costs for upgrades to the slot floor, food and beverage offerings, and various back-of-house operations. The Company anticipates that OLG will add 400 machines to Georgian Downs by the second quarter of 2009, and that the balance of the new slot capacity will reach completion in early 2010.

#### **Construction Considerations**

As described above, the Company is undertaking several capital projects designed to improve both its facilities and future guest experiences. These necessary developments may have an unquantifiable impact on attendance in the short-term, as the disruption caused by construction may impact facilities' appearances and operations. The Company will make efforts to minimize the disruption and is confident that not only will these redevelopments both increase revenues and allow properties to meet future market demand, but also that any disruption will be more than offset by a corresponding long-term benefit.

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Currently, construction at View Royal Casino has required that facility to temporarily operate with 415 slot machines and reduced hospitality offerings. Construction at River Rock has required that facility to temporarily close both some food and beverage offerings and approximately 10% of its hotel capacity.

#### ***Normal Course Issuer Bid***

The Company received approval from the TSX to commence a normal course issuer bid on September 19, 2008. The bid will end on September 18, 2009 or earlier if the number of common shares sought in the issuer bid have been obtained. The Company has reserved the right to terminate the bid earlier if it feels it is appropriate to do so. Pursuant to TSX policies, daily purchases made by the Company will not exceed 65,172 common shares.

During the three months ended September 30, 2008, the Company purchased 223,500 common shares at a cost of \$1.6 and during the nine months ended September 30, 2008, the Company purchased 2,385,400 common shares at a cost of \$27.1. Subsequent to September 30, 2008, the Company purchased an additional 362,400 of its common shares at a cost of \$2.1, bringing its total shares purchased under the latest normal course issuer bid to 529,700 common shares for an aggregate consideration of \$3.2.

The Company can purchase up to an additional 5.7 million of its common shares under the issuer bid through September 18, 2009 or earlier if the number of shares sought in the issuer bid have been obtained.

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### CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes the consolidated operating results for the three month and nine month periods ended September 30, 2008 with comparatives for the prior period.

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming revenues	\$ 74.2	\$ 72.8	2%	\$ 215.3	\$ 212.5	1%
Racetrack revenues	8.6	8.5	1%	24.3	23.4	4%
Facility Development Commission	7.2	6.9	4%	22.3	16.9	32%
Hospitality and other revenues	18.2	17.7	3%	53.6	51.3	4%
	<b>108.2</b>	105.9	2%	<b>315.5</b>	304.1	4%
Less: Promotional allowances	(3.1)	(2.7)	15%	(8.5)	(7.6)	12%
<b>Revenues</b>	<b>105.1</b>	103.2	2%	<b>307.0</b>	296.5	4%
Human resources	46.2	45.1	2%	136.4	134.5	1%
Property, marketing and administration	29.4	27.2	8%	86.5	78.9	10%
	<b>75.6</b>	72.3	5%	<b>222.9</b>	213.4	4%
<b>EBITDA</b>	<b>29.5</b>	30.9	(5%)	<b>84.1</b>	83.1	1%
Human resources as a % of Revenues before Promotional allowances	42.7%	42.6%		43.2%	44.2%	
EBITDA as a % of Revenues	28.1%	29.9%		27.4%	28.0%	
Amortization	11.2	9.9	13%	31.8	28.3	12%
Stock-based compensation	1.4	1.8	(22%)	5.4	5.2	4%
Restructuring and other	0.1	0.6	(83%)	1.8	0.6	200%
Interest and financing costs, net	6.8	5.5	24%	20.9	18.9	11%
Other expenses	0.3	0.7	(57%)	0.6	1.6	(63%)
Income taxes	4.0	(0.2)		8.4	5.7	47%
<b>Net earnings</b>	<b>\$ 5.7</b>	\$ 12.6	(55%)	<b>\$ 15.2</b>	\$ 22.8	(33%)
Earnings per common share:						
Basic	\$ 0.07	\$ 0.15		\$ 0.18	\$ 0.26	
Diluted	\$ 0.07	\$ 0.15		\$ 0.18	\$ 0.26	
Weighted average number of common shares (in thousands):						
Basic	82,614	86,434		83,392	86,502	
Diluted	82,638	86,793		83,492	86,896	

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#### Discussion of Results

Our 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

	Third Quarter			First Nine Months of		
	2008	2007	% Change	2008	2007	% Change
<b>REVENUES</b>						
<b>Casinos</b>						
River Rock Casino Resort	\$ 30.9	\$ 27.2	14%	\$ 94.1	\$ 83.2	13%
Boulevard Casino	17.7	18.7	(5%)	52.1	50.1	4%
Vancouver Island Casinos	10.6	10.6	0%	32.4	31.5	3%
Other BC Casinos	1.6	4.4	(64%)	4.9	13.0	(62%)
Nova Scotia Casinos	13.1	13.6	(4%)	35.3	36.3	(3%)
Great American Casinos	6.1	6.3	(3%)	18.5	20.5	(10%)
	<b>80.0</b>	<b>80.8</b>	<b>(1%)</b>	<b>237.3</b>	<b>234.6</b>	<b>1%</b>
<b>Racinos</b>						
BC Racinos	14.6	12.7	15%	41.1	34.6	19%
Georgian Downs	4.3	4.2	2%	11.7	11.1	5%
Flamboro Downs	5.8	5.2	12%	16.3	15.7	4%
	<b>24.7</b>	<b>22.1</b>	<b>12%</b>	<b>69.1</b>	<b>61.4</b>	<b>13%</b>
<b>Corporate &amp; Other</b>	<b>0.4</b>	<b>0.3</b>	<b>33%</b>	<b>0.6</b>	<b>0.5</b>	<b>20%</b>
<b>Total Revenues</b>	<b>\$ 105.1</b>	<b>\$ 103.2</b>	<b>2%</b>	<b>\$ 307.0</b>	<b>\$ 296.5</b>	<b>4%</b>
<b>EBITDA</b>						
<b>Casinos</b>						
River Rock Casino Resort	\$ 11.9	\$ 10.2	17%	\$ 36.7	\$ 31.8	15%
Boulevard Casino	7.9	9.1	(13%)	22.6	21.9	3%
Vancouver Island Casinos	5.7	5.9	(3%)	17.4	17.3	1%
Other BC Casinos	0.5	1.1	(55%)	1.5	3.2	(53%)
Nova Scotia Casinos	4.2	3.4	24%	8.1	7.1	14%
Great American Casinos	0.7	1.2	(42%)	2.9	4.3	(33%)
	<b>30.9</b>	<b>30.9</b>	<b>0%</b>	<b>89.2</b>	<b>85.6</b>	<b>4%</b>
<b>Racinos</b>						
BC Racinos	2.1	3.6	(42%)	6.1	9.3	(34%)
Georgian Downs	1.7	1.6	6%	4.7	3.9	21%
Flamboro Downs	2.1	1.7	24%	5.8	5.3	9%
	<b>5.9</b>	<b>6.9</b>	<b>(14%)</b>	<b>16.6</b>	<b>18.5</b>	<b>(10%)</b>
<b>Corporate &amp; Other</b>	<b>(7.3)</b>	<b>(6.9)</b>	<b>(6%)</b>	<b>(21.7)</b>	<b>(21.0)</b>	<b>(3%)</b>
<b>Total EBITDA</b>	<b>\$ 29.5</b>	<b>\$ 30.9</b>	<b>(5%)</b>	<b>\$ 84.1</b>	<b>\$ 83.1</b>	<b>1%</b>

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#### Casinos

##### *River Rock Casino Resort* <sup>(1)</sup>

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming revenues	\$ 21.5	\$ 19.0	13%	\$ 63.8	\$ 58.6	9%
Facility Development Commission	2.9	1.7	71%	9.5	5.1	86%
Hospitality and other revenues	7.4	6.9	7%	22.9	21.0	9%
Revenues before Promotional allowances	31.8	27.6	15%	96.2	84.7	14%
Less: Promotional allowances	(0.9)	(0.4)	125%	(2.1)	(1.5)	40%
Revenues	30.9	27.2	14%	94.1	83.2	13%
Human resources	12.6	11.5	10%	37.2	34.6	8%
Property, marketing and administration	6.4	5.5	16%	20.2	16.8	20%
EBITDA	\$ 11.9	\$ 10.2	17%	\$ 36.7	\$ 31.8	15%
Human resources as a % of Revenues before Promotional allowances	39.6%	41.7%		38.7%	40.9%	
EBITDA as a % of Revenues	38.5%	37.5%		39.0%	38.2%	

<sup>(1)</sup> The results of the Racebook (formerly known as teletheatre) at the River Rock are included in the results of our BC Racinos as it is operated by TBC Teletheatre B.C.

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Drop	\$ 134.3	\$ 136.5	\$ 147.5	\$ 146.0	\$ 121.7	\$ 119.9	\$ 134.2	\$ 122.0	
Table Hold	\$ 33.3	\$ 26.9	\$ 37.3	\$ 30.7	\$ 25.8	\$ 24.2	\$ 32.8	\$ 27.3	
Table Hold %	24.8%	19.7%	25.3%	21.0%	21.2%	20.2%	24.4%	22.4%	22.4%
Poker Rake	\$ 1.5	\$ 1.6	\$ 1.6	\$ 1.7	\$ 1.5	\$ 1.7	\$ 1.9	\$ 2.1	
Slot Coin-In	\$ 413.7	\$ 420.8	\$ 401.0	\$ 420.9	\$ 429.3	\$ 400.8	\$ 374.0	\$ 363.4	
Slot Win	\$ 28.3	\$ 29.1	\$ 27.9	\$ 29.7	\$ 30.3	\$ 27.9	\$ 27.3	\$ 27.1	
Slot Win/Slot/Day <sup>(2)</sup>	\$ 341	\$ 354	\$ 335	\$ 351	\$ 358	\$ 333	\$ 330	\$ 320	
Slot Win %	6.8%	6.9%	7.0%	7.1%	7.1%	7.0%	7.3%	7.5%	7.1%

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

#### Revenues

Gaming revenues for River Rock in the third quarter of 2008 increased by 13% from the third quarter of 2007. This increase was primarily due to both improved table drop and an increase in table hold percentage. Table drop in the third quarter of 2008 increased by \$12.6, or 10%, compared to the third quarter of 2007. Slot coin-in in the third quarter of 2008 decreased by \$15.6, or 4%, compared to the third quarter of 2007. The increase in gaming revenues reflects the benefit of expanded marketing and entertainment campaigns at the property, and was achieved despite disruptions caused by construction at the facility. In comparison to the third quarter of 2007, table hold increased by \$7.5, or 29%, table hold percentage increased 3.6 percentage points to 24.8%, and slot win decreased by \$2.0, or 7%.

Gaming revenues for River Rock in the first nine months of 2008 increased by 9% compared to the first nine months of 2007. This increase was primarily due to improved table game and slot performance, and was assisted by a strong Chinese New Year.

FDC revenues increased by 71% for the third quarter and 86% for the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These increases resulted from the receipt of \$3.9 in accelerated FDC revenues that River Rock did not receive during the first nine months of 2007.

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Hospitality and other revenues increased by 7% in the third quarter and 9% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These increases were driven by both an increased occupancy rate and improvements to River Rock's hospitality offerings, including the River Rock Conference Centre.

River Rock's average daily revenue per available room was \$157 in the third quarter of 2008, compared to \$136 in the third quarter of 2007. This increase was primarily due to a 5.2 percentage point increase in the average hotel occupancy rate to 86.1%, coupled with a \$15 increase in the average daily room rate to \$182.

#### Expenses

Human resources as a percentage of revenues before promotional allowances improved by 2.1 percentage points in the third quarter and 2.2 percentage points in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These improvements were due to the increased revenues generated by the expanded marketing and entertainment campaigns.

Property, marketing and administration expenses increased by 16% in the third quarter and by 20% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These increases were primarily attributable to increased marketing and entertainment expenditures designed to reduce the impact of new competition, and the recent implementation of a customer service training program.

#### EBITDA

EBITDA increased by 17% for the third quarter and by 15% for the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These increases were primarily attributable to both the improved gaming revenues and the addition of accelerated FDC, and were partially offset by the increased marketing and entertainment expenditures.

EBITDA as a percentage of revenues increased by 1.0 percentage point for the third quarter and 0.8 percentage points for the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These increases were also driven by both the improved gaming revenues and the addition of accelerated FDC, and were partially offset by the increased marketing and entertainment expenditures.

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#### **Boulevard Casino <sup>(1)</sup>**

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming revenues	\$ 13.7	\$ 13.7	0%	\$ 40.3	\$ 39.5	2%
Facility Development Commission	2.3	3.2	(28%)	6.7	5.7	18%
Hospitality and other revenues	2.0	2.1	(5%)	6.2	5.9	5%
Revenues before Promotional allowances	18.0	19.0	(5%)	53.2	51.1	4%
Less: Promotional allowances	(0.3)	(0.3)	0%	(1.1)	(1.0)	10%
Revenues	17.7	18.7	(5%)	52.1	50.1	4%
Human resources	6.7	6.4	5%	19.8	19.1	4%
Property, marketing and administration	3.1	3.2	(3%)	9.7	9.1	7%
EBITDA	\$ 7.9	\$ 9.1	(13%)	\$ 22.6	\$ 21.9	3%
Human resources as a % of Revenues before Promotional allowances	37.2%	33.7%		37.2%	37.4%	
EBITDA as a % of Revenues	44.6%	48.7%		43.4%	43.7%	

<sup>(1)</sup> The results of the Racebook (formerly known as teletheatre) at the Boulevard Casino are included in the results of our BC Racinos as it is operated by TBC Teletheatre B.C.

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Drop	\$ 52.7	\$ 51.8	\$ 50.9	\$ 50.4	\$ 48.6	\$ 50.4	\$ 47.1	\$ 51.4	
Table Hold	\$ 10.2	\$ 9.3	\$ 9.5	\$ 11.2	\$ 9.9	\$ 10.8	\$ 9.5	\$ 11.5	
Table Hold %	19.4%	18.0%	18.7%	22.2%	20.4%	21.4%	20.2%	22.4%	20.3%
Poker Rake	\$ 1.3	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.2	\$ 1.4	\$ 1.4	\$ 1.4	
Slot Coin-In	\$ 521.7	\$ 531.4	\$ 515.9	\$ 504.6	\$ 512.1	\$ 493.0	\$ 443.3	\$ 404.7	
Slot Win	\$ 35.1	\$ 35.2	\$ 34.3	\$ 33.8	\$ 35.0	\$ 33.1	\$ 30.7	\$ 28.9	
Slot Win/Slot/Day <sup>(2)</sup>	\$ 406	\$ 401	\$ 397	\$ 391	\$ 414	\$ 387	\$ 364	\$ 335	
Slot Win %	6.7%	6.6%	6.6%	6.7%	6.8%	6.7%	6.9%	7.1%	6.8%

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

#### Revenues, Expenses and EBITDA

Gaming revenues at Boulevard were unchanged in the third quarter and increased by 2% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. This modest improvement can be attributed to improved slot performance, which was partially offset by table hold percentages during the first nine months of 2008 that were below Boulevard's eight quarter average.

FDC revenues decreased by 28% for the third quarter of 2008, when compared to the third quarter of 2007. This decrease can be attributed to an accelerated FDC catch-up payment of \$0.8 in the third quarter of 2007 that was not received during 2008. FDC revenues increased by 18% for the first nine months of 2008, when compared to the first nine months of 2007. This increase can be attributed to the \$1.8 of accelerated FDC revenues Boulevard received during the first two quarters of 2008 that it did not receive during 2007.

Property, marketing and administration expenses decreased by 3% in the third quarter of 2008, when compared to the third quarter of 2007. This decrease can be attributed to a property tax reduction of \$0.1. Property, marketing and administration expenses increased by 7% in the first nine months of 2008, when compared to the first nine months of 2007. This increase can primarily be attributed to expanded marketing and entertainment campaigns designed to establish Boulevard as the premier entertainment option in its market.

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EBITDA decreased by 13% for the third quarter of 2008 when compared to the third quarter of 2007. This decrease can primarily be attributed to the lack of the accelerated FDC catch-up payment that Boulevard received during the third quarter of 2007. EBITDA increased by 3% for the first nine months of 2008, when compared to the first nine months of 2007.

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#### Vancouver Island Casinos (View Royal Casino and Nanaimo Casino)

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming revenues	\$ 8.9	\$ 8.8	1%	\$ 26.9	\$ 26.1	3%
Facility Development Commission	1.0	1.0	0%	3.0	3.0	0%
Hospitality and other revenues	1.0	1.1	(9%)	3.2	3.2	0%
Revenues before Promotional allowances	10.9	10.9	0%	33.1	32.3	2%
Less: Promotional allowances	(0.3)	(0.3)	0%	(0.7)	(0.8)	(13%)
Revenues	10.6	10.6	0%	32.4	31.5	3%
Human resources	3.6	3.4	6%	10.5	10.2	3%
Property, marketing and administration	1.3	1.3	0%	4.5	4.0	13%
EBITDA	\$ 5.7	\$ 5.9	(3%)	\$ 17.4	\$ 17.3	1%
Human resources as a % of Revenues before Promotional allowances	33.0%	31.2%		31.7%	31.6%	
EBITDA as a % of Revenues	53.8%	55.7%		53.7%	54.9%	

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Drop	\$ 15.2	\$ 16.3	\$ 16.5	\$ 16.8	\$ 14.9	\$ 15.4	\$ 15.3	\$ 15.5	
Table Hold	\$ 3.6	\$ 3.6	\$ 3.7	\$ 3.8	\$ 3.3	\$ 3.6	\$ 3.7	\$ 3.7	
Table Hold %	23.7%	22.1%	22.4%	22.6%	22.1%	23.4%	24.2%	23.9%	23.0%
Slot Coin-In	\$ 429.4	\$ 433.5	\$ 407.8	\$ 404.4	\$ 418.1	\$ 403.9	\$ 393.3	\$ 399.4	
Slot Win	\$ 30.3	\$ 30.9	\$ 30.1	\$ 30.1	\$ 30.8	\$ 30.2	\$ 29.0	\$ 29.2	
Slot Win/Slot/Day <sup>(1)</sup>	\$ 418	\$ 419	\$ 405	\$ 414	\$ 413	\$ 409	\$ 394	\$ 388	
Slot Win %	7.1%	7.1%	7.4%	7.4%	7.4%	7.5%	7.4%	7.3%	7.3%

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

#### Revenues, Expenses and EBITDA

Revenues at the Company's Vancouver Island Casinos were unchanged in the third quarter and increased by 3% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. This modest improvement remains within the relatively consistent quarterly levels of table drop and slot coin-in we have experienced in the region during the past two years, and was achieved despite disruptions caused by construction at the View Royal Casino. The Company believes the continued revenue growth provides evidence that the View Royal Casino is capacity constrained and therefore limited in terms of the additional revenues they can generate. The Company's current initiatives to alleviate these constraints are described in the "Recent Developments" section of this MD&A.

Property, marketing and administration expenses were unchanged in the third quarter and increased by \$0.5 in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These increases were primarily due to the implementation of a new customer service training program.

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#### **Other BC Casinos (Chances Gaming Entertainment in Dawson Creek, Haney Bingo Plex, and Casino on Broadway)**

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming revenues	\$ 1.2	\$ 3.7	(68%)	\$ 3.6	\$ 11.1	(68%)
Facility Development Commission	0.1	0.3	(67%)	0.3	1.0	(70%)
Hospitality and other revenues	0.3	0.5	(40%)	1.0	1.3	(23%)
Revenues before Promotional allowances	1.6	4.5	(64%)	4.9	13.4	(63%)
Less: Promotional allowances	-	(0.1)	(100%)	-	(0.4)	(100%)
Revenues	1.6	4.4	(64%)	4.9	13.0	(62%)
Human resources	0.7	2.5	(72%)	2.1	7.7	(73%)
Property, marketing and administration	0.4	0.8	(50%)	1.3	2.1	(38%)
EBITDA	\$ 0.5	\$ 1.1	(55%)	\$ 1.5	\$ 3.2	(53%)
Human resources as a % of Revenues						
before Promotional allowances	43.8%	55.6%		42.9%	57.5%	
EBITDA as a % of Revenues	31.3%	25.0%		30.6%	24.6%	

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Drop	-	-	-	\$ 14.7	\$ 30.9	\$ 32.1	\$ 33.3	\$ 31.0	
Table Hold	-	-	-	\$ 3.1	\$ 6.1	\$ 5.7	\$ 6.6	\$ 6.2	
Table Hold %				21.1%	19.7%	17.8%	19.8%	20.0%	19.5%
Poker Rake	-	-	-	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.4	
Slot Coin-In	\$ 58.5	\$ 54.2	\$ 60.6	\$ 59.1	\$ 66.6	\$ 70.0	\$ 63.4	\$ 55.6	
Slot Win	\$ 3.3	\$ 3.1	\$ 3.3	\$ 3.1	\$ 3.7	\$ 3.9	\$ 3.7	\$ 3.1	
Slot Win/Slot/Day <sup>(1)</sup>	\$ 342	\$ 227	\$ 242	\$ 225	\$ 268	\$ 286	\$ 274	\$ 242	
Slot Win %	5.6%	5.7%	5.4%	5.2%	5.6%	5.6%	5.8%	5.6%	5.6%

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

#### Revenues

Revenues for the Company's Other BC Casinos decreased by 64% in the third quarter and 62% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These decreases were primarily due to the permanent closure of the Casino on Broadway in November 2007.

Decreases in slot coin-in and slot win at Chances Gaming Entertainment in Dawson Creek ("Chances Dawson Creek") during the third quarter and first nine months of 2008 compared to same periods in 2007 also contributed to the overall decline in gaming revenues at the Company's Other BC Casinos. These decreases are primarily due to a weakening economy in the Dawson Creek area, and competition from a new community gaming centre in Fort St. John, British Columbia, which is approximately 72 kilometres from Chances Dawson Creek.

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#### Expenses

Human resources expenses decreased by 72% in the third quarter and 73% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. Property, marketing and administration expenses decreased by 50% in the third quarter and 38% in the first nine months of 2008, compared to the third quarter and first nine months of 2007. These reductions were due to the Casino on Broadway closure.

#### EBITDA

EBITDA for the Company's Other BC Casinos decreased by \$0.6, or 55%, in the third quarter, and by \$1.7, or 53%, in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These decreases were due to the Casino on Broadway closure.

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

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming revenues	\$ 12.0	\$ 12.9	(7%)	\$ 32.7	\$ 34.0	(4%)
Hospitality and other revenues	1.8	1.7	6%	4.7	4.6	2%
Revenues before Promotional allowances	13.8	14.6	(5%)	37.4	38.6	(3%)
Less: Promotional allowances	(0.7)	(1.0)	(30%)	(2.1)	(2.3)	(9%)
Revenues	13.1	13.6	(4%)	35.3	36.3	(3%)
Human resources	4.6	5.6	(18%)	15.0	16.3	(8%)
Property, marketing and administration	4.3	4.6	(7%)	12.2	12.9	(5%)
EBITDA	\$ 4.2	\$ 3.4	24%	\$ 8.1	\$ 7.1	14%

Human resources as a % of Revenues

before Promotional allowances **33.3%** 38.4% **40.1%** 42.2%

EBITDA as a % of Revenues **32.1%** 25.0% **22.9%** 19.6%

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Drop	\$ 12.3	\$ 11.8	\$ 10.9	\$ 12.6	\$ 13.9	\$ 13.5	\$ 13.0	\$ 14.9	
Table Hold	\$ 2.4	\$ 2.2	\$ 2.0	\$ 2.4	\$ 2.8	\$ 2.8	\$ 2.5	\$ 2.9	
Table Hold %	19.5%	18.6%	18.3%	19.0%	20.1%	20.7%	19.2%	19.5%	19.4%
Poker Rake	\$ 0.4	\$ 0.5	\$ 0.6	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.4	
Slot Coin-In	\$ 258.2	\$ 232.5	\$ 218.8	\$ 223.3	\$ 276.9	\$ 234.3	\$ 217.7	\$ 247.7	
Slot Win	\$ 20.2	\$ 17.6	\$ 16.7	\$ 17.5	\$ 21.6	\$ 17.6	\$ 16.6	\$ 18.9	
Slot Win/Slot/Day <sup>(1)</sup>	\$ 238	\$ 198	\$ 175	\$ 181	\$ 223	\$ 184	\$ 175	\$ 195	
Slot Win %	7.8%	7.6%	7.6%	7.8%	7.8%	7.5%	7.6%	7.6%	7.7%

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

#### Revenues

Revenues for the Nova Scotia casinos decreased by 4% in the third quarter and 3% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These decreases were due to a weakening economy in Nova Scotia, increased competition in Sydney, and anti-gaming messages produced by the Nova Scotia Department of Health Promotion and Protection.

Table drop in the third quarter of 2008 decreased by \$1.6, or 12%, compared to the third quarter of 2007. Slot coin-in in the third quarter of 2008 decreased by \$18.7, or 7%, compared to the third quarter of 2007. In comparison to the third quarter of 2007, table hold decreased by \$0.4, or 14%, table hold percentage decreased 0.6 percentage points to 19.5%, and slot win decreased by \$1.4, or 6%.

#### Expenses and Operational Improvements

At the beginning of the second quarter of 2008, the Company implemented significant operational changes at its Nova Scotia casinos. These changes, which resulted in \$1.0 of associated restructuring charges, sought to better align the Nova Scotia casinos' offerings with their markets' demands. In pursuit of this objective, the Company adjusted gaming capacity at both locations, reduced staff, and scaled back the operating hours of the Halifax Casino.

Human resources as a percentage of revenues before promotional allowances improved by 5.1 percentage points in the third quarter and 2.1 percentage points in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These improvements resulted from the staff reductions.

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Property, marketing and administration expenses decreased by 7% in the third quarter and 5% in the first nine months of 2008, compared to the third quarter and first nine months of 2007. These decreases can be attributed to the reduced scope of the Nova Scotia casinos.

#### EBITDA

EBITDA for the Nova Scotia casinos increased by \$0.8, or 24%, in the third quarter, and by \$1.0, or 14%, in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These increases resulted from the rightsizing of the facilities, and improved alignment of their offerings to market demand.

#### Union Certification Update

On November 1, 2007, the Nova Scotia Labour Relations Board ("NSLRB") issued an order effective September 7, 2007, certifying the Service Employees International Union, Local 902, as the bargaining agent for the bargaining unit consisting of all full-time and regular part-time employees of Casino Nova Scotia Halifax excluding office and clerical workers (including finance and marketing employees), human resource employees, management information services employees, surveillance employees, security employees, supervisors and those above the rank of supervisor. Bargaining for the first collective agreement commenced during February 2008 and concluded on August 21, 2008. The duration of this collective agreement is 48 months covering February 1, 2008 through January 31, 2012 and provides modest wage increases during this period. The Company anticipates that the agreement, in combination with a wage revision at Casino Nova Scotia Sydney, will increase human resources expenses at the Nova Scotia casinos by approximately \$0.3 in the fourth quarter of 2008

On January 18, 2008, the NSLRB issued an order effective December 21, 2007, certifying the Service Employees International Union, Local 902, as the bargaining agent for a second bargaining unit consisting of all full-time and regular part-time security employees of Casino Nova Scotia Halifax excluding supervisors and those above the rank of supervisor. A judicial review of the NSLRB decision took place on April 21, 2008, and upheld the earlier NSLRB decision. Casino Nova Scotia is appealing that provincial Supreme Court decision that allows security guards at its Halifax location to unionize. In court documents filed July 9, 2008, lawyers for the casino argued the court applied the wrong standard of review when it upheld an earlier NSLRB decision. The appeal is scheduled to be heard in December 2008. Bargaining for the first collective agreement commenced on June 23, 2008 and is ongoing.

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#### Great American Casinos

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming revenues	\$ 5.4	\$ 5.4	0%	\$ 15.9	\$ 17.6	(10%)
Hospitality and other revenues	1.0	1.1	(9%)	3.3	3.6	(8%)
Revenues before Promotional allowances	6.4	6.5	(2%)	19.2	21.2	(9%)
Less: Promotional allowances	(0.3)	(0.2)	50%	(0.7)	(0.7)	0%
Revenues	6.1	6.3	(3%)	18.5	20.5	(10%)
Human resources	3.5	3.5	0%	10.2	11.0	(7%)
Property, marketing and administration	1.9	1.6	19%	5.4	5.2	4%
EBITDA	\$ 0.7	\$ 1.2	(42%)	\$ 2.9	\$ 4.3	(33%)
Human resources as a % of Revenues before Promotional allowances	54.7%	53.8%		53.1%	51.9%	
EBITDA as a % of Revenues	11.5%	19.0%		15.7%	21.0%	

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Drop	\$ 25.9	\$ 26.9	\$ 25.7	\$ 24.1	\$ 24.1	\$ 26.8	\$ 25.2	\$ 25.3	
Table Hold	\$ 6.0	\$ 6.2	\$ 5.9	\$ 5.9	\$ 5.9	\$ 6.0	\$ 6.5	\$ 6.4	
Table Hold %	23.2%	23.0%	23.0%	24.5%	24.5%	22.4%	25.8%	25.3%	23.9%
Poker Rake	\$ -	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	

#### Revenues and EBITDA

Revenues at the Company's Great American Casinos decreased by 3% in the third quarter and by 10% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. This decline can be attributed to reduced food and beverage sales and increases in the value of the U.S. dollar relative to the Canadian dollar. These increases in the U.S. dollar relative to the Canadian dollar amounted to 1% in the third quarter of 2008, when compared to the third quarter of 2007, and 8% in first nine months of 2008, when compared to the first nine months of 2007.

In U.S. dollar terms, revenues were unchanged in the third quarter and decreased 2% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007.

EBITDA decreased by \$0.5 in the third quarter and \$1.4 in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. On July 24, 2008, the Great American Casino in Everett, Washington moved to a temporary facility to accommodate the remodeling of its permanent location, where it will return during November, 2008. The EBITDA decline in the third quarter can be attributed to costs related to this temporary relocation, as well as the aforementioned revenue variances resulting from changes in the value of the U.S. dollar relative to the Canadian dollar. The EBITDA decline for the first nine months of 2008, when compared to the first nine months of 2007, can also be attributed to these variances.

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#### Racinos

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

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming revenues	\$ 4.9	\$ 3.1	58%	\$ 13.8	\$ 8.7	59%
Facility Development Commission	1.0	0.7	43%	2.8	2.1	33%
Racetrack revenues	6.8	7.0	(3%)	19.6	19.0	3%
Hospitality and other revenues	2.3	2.2	5%	5.8	5.5	5%
Revenues before Promotional allowances	15.0	13.0	15%	42.0	35.3	19%
Less: Promotional allowances	(0.4)	(0.3)	33%	(0.9)	(0.7)	29%
Revenues	14.6	12.7	15%	41.1	34.6	19%
Human resources	6.6	4.6	43%	18.3	12.3	49%
Property, marketing and administration	5.9	4.5	31%	16.7	13.0	28%
EBITDA	\$ 2.1	\$ 3.6	(42%)	\$ 6.1	\$ 9.3	(34%)

#### Human resources as a % of Revenues

before Promotional allowances	44.0%	35.4%	43.6%	34.8%
EBITDA as a % of Revenues	14.4%	28.3%	14.8%	26.9%

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Drop	\$ 4.8	\$ 4.7	\$ 4.2	\$ 1.8	-	-	-	-	
Table Hold	\$ 1.3	\$ 1.0	\$ 1.0	\$ 0.3	-	-	-	-	
Table Hold %	27.1%	21.3%	23.8%	16.7%	-	-	-	-	23.2%
Slot Coin-In	\$ 239.4	\$ 214.9	\$ 224.2	\$ 222.3	\$ 209.7	\$ 207.3	\$ 185.6	\$ 173.5	
Slot Win	\$ 18.5	\$ 15.8	\$ 17.1	\$ 16.8	\$ 15.8	\$ 15.5	\$ 13.7	\$ 13.0	
Slot Win/Slot/Day <sup>(1)</sup>	\$ 234	\$ 266	\$ 283	\$ 293	\$ 391	\$ 390	\$ 349	\$ 323	
Slot Win %	7.7%	7.4%	7.6%	7.6%	7.5%	7.5%	7.4%	7.5%	7.5%

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

#### Revenues

Gaming revenues at the Company's BC Racinos increased by 58% in the third quarter and 59% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These increases were primarily due to the additional gaming capacity installed at Fraser Downs and Hastings in the fourth quarter of 2007 and third quarter of 2008, and were partially offset by the impact of a provincial wide smoking ban at Fraser Downs. This smoking ban, which took effect on April 1, 2008, forced the closure of that property's smoking permitted slot room, and thus had an impact on visitation.

Racetrack revenues decreased by 3% in the third quarter of 2008, when compared to the third quarter of 2007. This is primarily attributable to a decrease in live race wagering at Hastings Racecourse. Racetrack revenues increased by 3% for the first nine months of 2008, when compared to the first nine months of 2007. This increase can be attributed to increased revenues generated by TBC Teletheatre B.C., which opened two new Racebook locations in Metro Vancouver during the first quarter of 2008.

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#### Expenses

Human resources expenses increased by \$2.0, or 43%, in the third quarter and \$6.0, or 49%, in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These increases resulted from the additional gaming capacity installed at Fraser Downs and Hastings in the fourth quarter of 2007 and third quarter of 2008, which introduced new gaming staff and infrastructure to both properties.

Human resources as a percentage of revenues before promotional allowances increased by 8.6 percentage points in the third quarter and 8.8 percentage points in the first nine months of 2008 compared to the third quarter and first nine months of 2007. These increases resulted from the additional human resource costs associated with the new gaming capacity, which has yet to reach maturation.

Property, marketing and administration expenses increased by \$1.4, or 31%, in the third quarter and \$3.7, or 28%, in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These increases were due to expanded marketing programs and higher property lease costs at both Fraser Downs and Hastings.

#### EBITDA

EBITDA at the BC Racinos decreased by \$1.5, or 42%, in the third quarter and \$3.2, or 34%, in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. This was primarily due to increases in both human resources and property, marketing, and administration expenses, which both grew in conjunction with the new gaming capacity.

EBITDA as a percentage of revenues decreased by 13.9 percentage points in the third quarter and 12.1 percentage points in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These metrics are expected to improve as demand for the new gaming offerings matures, and as further experience with these operations allows for better management of their expenses.

#### Operational Improvements

Both Fraser Downs and Hastings are in the process of introducing new gaming products to their respective markets, and their third quarter and first nine months of 2008 results reflect the ramp-up periods that typically accompany this process. However, the Company is taking steps to accelerate these maturation periods.

On September 15, 2008, the Company altered the format of Fraser Downs' gaming floor. Gaming capacity at the facility, which had previously been divided, was moved to a single area, and reduced to 459 slot machines and 8 table games. This new format is expected to both enhance customer experience and reduce operating costs, without creating a negative impact on either slot coin-in or table drop.

On August 15, 2008, the Company completed the development of Hastings' permanent gaming facility, and installed an additional 450 slot machines. In conjunction with this increase in slot capacity, the Company has begun a targeted marketing initiative in an attempt to increase visitation. The Company is also aggressively investigating opportunities to reduce costs at this facility during its ramp-up period.

#### Hastings Collective Bargaining

Previously, a collective agreement between Hastings Entertainment Inc. and UNITE HERE!, Local 40, with a term covering April 1, 2005 through March 31, 2008, governed wages and working conditions of employees engaged in the food and beverage dispensing at the Hastings Park Racecourse. Bargaining for a renewed collective agreement commenced in April 2008 and successfully concluded on August 9, 2008. The collective agreement has been renewed retroactively for a 33-month period covering April 1, 2008 through December 31, 2010 and provides modest wage increases during this period.

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A collective agreement between Hastings Entertainment Inc. and Canadian Office and Professional Employees Union (COPE), Local 378, with a term covering August 1, 2005 through July 31, 2008, currently governs wages and working conditions of Employees of Hastings Entertainment Inc., Hastings Park Racecourse employed at Exhibition Park except those excluded by the Code, employed by Hastings Entertainment Inc. Notice to commence collective bargaining for a renewed collective agreement has been received.

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#### Georgian Downs

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming revenues	\$ 2.9	\$ 2.6	12%	\$ 7.7	\$ 7.0	10%
Racetrack revenues	0.5	0.6	(17%)	1.4	1.3	8%
Hospitality and other revenues	1.1	1.0	10%	3.1	2.8	11%
Revenues before Promotional allowances	4.5	4.2	7%	12.2	11.1	10%
Less: Promotional allowances	(0.2)	-		(0.5)	-	
Revenues	4.3	4.2	2%	11.7	11.1	5%
Human resources	1.0	1.0	0%	2.8	2.7	4%
Property, marketing and administration	1.6	1.6	0%	4.2	4.5	(7%)
EBITDA	\$ 1.7	\$ 1.6	6%	\$ 4.7	\$ 3.9	21%
Human resources as a % of Revenues						
before Promotional allowances	22.2%	23.8%		23.0%	24.3%	
EBITDA as a % of Revenues	39.5%	38.1%		40.2%	35.1%	

#### Revenues

Revenues at Georgian Downs increased by 2% in the third quarter and by 5% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. During the first quarter of 2007, Georgian Downs' horse racing contract with the Ontario Harness Horse Association ("OHHA") expired without being renewed, resulting in a temporary cessation of live and simulcast racing at the property. This resulted in significantly lower customer visitation and lower gaming revenues during the first quarter of 2007.

#### Expenses

Human resources expenses as a percentage of revenues in the third quarter and first nine months of 2008 improved modestly when compared to the third quarter and first nine months of 2007. Property, marketing and administration expenses for the third quarter of 2008 were unchanged from the third quarter of 2007. Property, marketing and administration expenses for the first nine months of 2008 decreased modestly when compared to the first nine months of 2007.

#### EBITDA

EBITDA at Georgian Downs increased by \$0.1, or 6%, in the third quarter and by \$0.8, or 21%, in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. The third quarter increase was primarily due to the growth in gaming revenues, while the nine month increase was primarily due to the prior year's temporary cessation of live racing.

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#### *Flamboro Downs*

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming revenues	\$ 3.5	\$ 3.3	6%	\$ 10.1	\$ 9.6	5%
Racetrack revenues	1.2	0.9	33%	3.2	3.1	3%
Hospitality and other revenues	1.2	1.1	9%	3.3	3.2	3%
Revenues before Promotional allowances	5.9	5.3	11%	16.6	15.9	4%
Less: Promotional allowances	(0.1)	(0.1)	0%	(0.3)	(0.2)	50%
Revenues	5.8	5.2	12%	16.3	15.7	4%
Human resources	1.7	1.7	0%	5.2	5.3	(2%)
Property, marketing and administration	2.0	1.8	11%	5.3	5.1	4%
EBITDA	\$ 2.1	\$ 1.7	24%	\$ 5.8	\$ 5.3	9%
Human resources as a % of Revenues						
before Promotional allowances	28.8%	32.1%		31.3%	33.3%	
EBITDA as a % of Revenues	36.2%	32.7%		35.6%	33.8%	

#### Revenues

Revenues at Flamboro Downs increased by 12% in the third quarter and by 4% in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. On June 1, 2008, a labour issue forced the temporary closure of the Brantford Casino, a competitor located 37 km away from Flamboro Downs. This issue, which reached resolution on July 30, 2008, positively impacted Flamboro Downs' visitation, and contributed to the modest improvements in its gaming revenues.

#### Expenses

Human resources expenses as a percentage of revenues in the third quarter and first nine months of 2008 improved modestly when compared to the third quarter and first nine months of 2007. Property, marketing and administration expenses increased by \$0.2, or 11%, in the third quarter and by \$0.2, or 4%, in first nine months of 2008, when compared to the third quarter and first nine months of 2007.

#### EBITDA

EBITDA at Flamboro Downs increased by \$0.4, or 24%, in the third quarter and by \$0.5, or 9%, in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. These increases were primarily due to the additional revenues generated by increased property visitation.

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#### Corporate & Other

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Revenues	\$ 0.4	\$ 0.3	33%	\$ 0.6	\$ 0.5	20%
Human resources	5.2	4.9	6%	15.2	15.3	(1%)
Property, marketing and administration	2.5	2.3	9%	7.1	6.2	15%
EBITDA	\$ (7.3)	\$ (6.9)	(6%)	\$ (21.7)	\$ (21.0)	(3%)

#### EBITDA

EBITDA from Corporate & Other decreased by \$0.4, or 6%, in the third quarter and by \$0.7, or 3%, in the first nine months of 2008, when compared to the third quarter and first nine months of 2007. This decrease can primarily be attributed to increased legal fees relating to both union negotiations and the Company's dispute with a former consultant in Ontario.

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#### Discussion of Items Excluded from EBITDA

##### Amortization

Amortization increased by \$1.3 in the third quarter and by \$3.5 in the first nine months of 2008 relative to the third quarter and first nine months of 2007. This is primarily a result of the increased amortization of property, plant and equipment arising from the property redevelopments completed in the last twelve months as well as increased amortization of the intangible asset associated with Hastings since the installation of slot machines in November 2007.

As a result of the Company's continued cooperation with the NSGC, the operational performance of our Nova Scotia casinos has improved since 2008. However, since our original acquisition of this business, the operating environment in Nova Scotia has become more challenging. Unanticipated issues include the unionization of employees at our Halifax casino, the province's weakened tourism base, and the continued negative effect of the province-wide smoking ban. Consequently, in September 2008, the Company revised the estimated remaining useful lives of its building and intangible assets associated with its Nova Scotia casinos so that they coincided with July 1, 2015, the end of the initial term of the related casino operating agreement with the NSGC, rather than July 1, 2025, the end of the Company's optional extension term. The effect of this change in estimate is a \$4.3 increase in the annual non-cash amortization expense (\$2.8 after tax) related to these assets on a prospective basis. We will continue to collaborate with the NSGC to further improve the operational results of the Nova Scotia casinos.

##### Stock-Based Compensation

Stock-based compensation decreased by \$0.4 or 22% in the third quarter of 2008 compared to 2007 primarily due to the reduction in the value of non-employee stock options. Stock-based compensation increased by \$0.2 or 4% in the first nine months of 2008 compared to the same period in 2007 primarily due to the granting of the annual employee stock options two months earlier in 2008 than in 2007.

##### Restructuring and Other

Restructuring and other expenses in the third quarter and first nine months of 2008 primarily related to severance associated with staff reductions made at the Company's Nova Scotia casinos as well as other costs associated with investigating business and acquisition opportunities. Restructuring and other expenses in the third quarter and first nine months of 2007 primarily related to contract termination costs associated with the November 2007 closure of the Company's Casino on Broadway in Vancouver, B.C.

##### Interest and Financing Costs, net

In February 2007, as part of our debt refinancing we entered into an undrawn \$200.0 Senior Secured Revolving Credit Facility ("Revolving Credit Facility"), a US\$170.0 Senior Secured Term Loan B ("Term Loan B") and US\$170.0 Senior Subordinated Notes ("Subordinated Notes") as described in our Annual Financial Statements. As the Term Loan B and Subordinated Notes are denominated in U.S. dollars and our revenues are primarily in Canadian dollars, the Company entered into cross-currency interest rate swap agreements to effectively convert this debt into Canadian dollar fixed interest rate debt.

Interest and financing costs, net of interest income increased by \$1.3 in the third quarter of 2008 compared to the third quarter of 2007. This increase was primarily the result of \$1.1 lower interest income earned in the third quarter of 2008 compared to the third quarter of 2007 that resulted from a lower average level of short-term investments.

Interest and financing costs, net of interest income increased by \$2.0 in the first nine months of 2008 compared to the first nine months of 2007. This was primarily due to a \$1.1 higher write-down of the fair value of our embedded derivative arising from the early redemption option on our Subordinated Notes (as described in our Annual Financial Statements) and \$2.5 lower interest income that resulted from a lower average level of short-term investments in the first nine months of 2008 compared to the first nine months

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of 2007. These increases in interest and financing costs, net of interest income were offset by \$0.6 less interest expense as a result of the repayment of the \$41.7 Flamboro Promissory Note in July of 2007 and the first quarter of 2007's relatively higher costs associated with our former Bridge Credit Facility that was obtained in September 2006 and repaid in February 2007.

#### Other Expenses

Other expenses, including foreign exchange gains and losses and non-controlling interest, in the third quarter and first nine months of 2008 decreased relative to the third quarter and first nine months of 2007 primarily due to a strengthening of the U.S. dollar relative to the Canadian dollar during the third quarter and first nine months of 2008 compared to a strengthening of the Canadian dollar relative to the U.S. dollar in the prior year's periods.

#### Income Taxes

Income taxes increased \$4.2 in the third quarter and \$2.7 in the first nine months of 2008 compared to the third quarter and first nine months of 2007, respectively. The increases were primarily the result of the \$5.0 non-cash future income tax recoveries that arose in the third quarter of 2007 from the effect of tax rate differentials on and adjustments related to prior years' income tax provisions. These increases were offset by lower earnings before income taxes for the third quarter and first nine months of 2008 compared to the third quarter and first nine months of 2007, resulting in decreased income taxes of \$1.0 and \$1.7, respectively. In addition, the reductions in federal and B.C. provincial corporate income tax rates resulted in decreased income taxes of \$0.3 and \$0.8 in the third quarter and first nine months of 2008 compared to the third quarter and first nine months of 2007. The first nine months of 2008 and 2007 also included the benefits of non-cash future income tax recoveries of \$1.1 and \$1.0, respectively, due to decreases in substantively enacted corporate income tax rates.

#### Net Earnings

Net earnings for the third quarter of 2008 were \$5.7, a decrease of 55% from the third quarter of 2007, primarily related to decreased EBITDA and increases in amortization expense, interest and financing costs, net and income taxes that were only partially offset by lower stock-based compensation expense and restructuring and other costs.

Net earnings for the first nine months of 2008 were \$15.2, a decrease of 33% from the first nine months of 2007, primarily related to increases in amortization, restructuring and other costs primarily associated with Casino Nova Scotia, interest and financing costs, net and income taxes that were only partly offset by increased EBITDA and lower foreign exchange losses.

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#### CONSOLIDATED QUARTERLY RESULTS TREND

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006
Revenues	\$ 105.1	\$ 101.6	\$ 100.3	\$ 100.7	\$ 103.2	\$ 97.7	\$ 95.6	\$ 98.1
EBITDA	\$ 29.5	\$ 27.7	\$ 26.9	\$ 27.9	\$ 30.9	\$ 26.8	\$ 25.4	\$ 25.4
EBITDA as a % of Revenues	28.1%	27.3%	26.8%	27.7%	29.9%	27.4%	26.6%	25.9%
Net earnings (loss)	\$ 5.7	\$ 4.1	\$ 5.4	\$ 13.0	\$ 12.6	\$ 5.9	\$ 4.3	\$ (11.5)
Earnings (loss) per common share:								
Basic	\$ 0.07	\$ 0.05	\$ 0.06	\$ 0.15	\$ 0.15	\$ 0.07	\$ 0.05	\$ (0.13)
Diluted	\$ 0.07	\$ 0.05	\$ 0.06	\$ 0.15	\$ 0.15	\$ 0.07	\$ 0.05	\$ (0.13)

Revenues in the third quarter of 2008 increased by 2% and EBITDA decreased by 5% as compared to the third quarter of 2007. This translated to a 1.8 percentage point decrease in EBITDA as a percentage of revenues for the third quarter of 2008 compared to the third quarter of 2007. During the first nine months of 2008, EBITDA and EBITDA as a percentage of revenues benefited from continued growth at River Rock and operational changes at the Nova Scotia casinos. These improvements were offset by increased expenses associated with the ramp-up of the additional gaming capacity at the BC Racinos.

#### LIQUIDITY AND CAPITAL RESOURCES

Although the Canadian and global economies are currently undergoing a period of economic uncertainty, we believe the Company is well positioned to mitigate the risks associated with this market. The Company manages these 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 September 30, 2008, the Company had:

- No exposure to asset backed commercial paper or sub-prime mortgage-backed investments;
- Relatively low levels of receivables of which the majority of these are due from reputable racetrack operators, the Nova Scotia Gaming Corporation (a branch of that province's government), interest earned from financial institutions and sales tax rebates from the federal government;
- Low exposure to foreign currency exchange rate movements since it has cross-currency interest rate swaps that hedge the cash flows associated with its U.S. dollar denominated Term Loan B and Senior Subordinated Notes and has relatively low levels of foreign denominated assets and liabilities;
- \$119.3 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 September 30, 2008	As at December 31, 2007	%
Cash and cash equivalents	\$ 75.2	\$ 107.1	(30%)
Due from Nova Scotia Gaming Corporation	4.2	17.2	(76%)
Other current assets	40.3	28.9	39%
Property, plant and equipment	663.9	567.3	17%
Other long-term assets	225.0	233.5	(4%)
	<b>\$ 1,008.6</b>	<b>\$ 954.0</b>	<b>6%</b>
Current liabilities	86.2	81.9	5%
Long-term debt, excluding current portion	385.4	329.4	17%
Other long-term liabilities	134.4	132.5	1%
Shareholders' equity	402.6	410.2	(2%)
	<b>\$ 1,008.6</b>	<b>\$ 954.0</b>	<b>6%</b>

Cash and cash equivalents have decreased since December 31, 2007 primarily due to the purchase of property, plant and equipment associated with development projects at existing properties and the purchase of the Company's common shares that were partially offset by cash generated from operations and a \$35.0 borrowing under the Company's Revolving Credit Facility. Cash equivalents at September 30, 2008 comprised \$8.8 invested in U.S. federal treasury bills. As at September 30, 2008, the Company had no exposure to asset backed commercial paper or sub-prime mortgage-backed investments.

The amounts due from Nova Scotia Gaming Corporation decreased since December 31, 2007 due to the collection of outstanding amounts.

Other current assets increased since December 31, 2007 due to a \$10.0 increase in restricted cash related to ongoing construction and an increase in income taxes receivable.

The additions to property, plant and equipment in the first nine months of 2008 were primarily related to improvements of our existing properties.

Current liabilities have increased since December 31, 2007, primarily due to increases in accounts payable and accrued liabilities related to ongoing improvements of our existing properties partially offset by a decrease in income taxes payable and a trailing payment relating to a past acquisition.

For both September 30, 2008 and December 31, 2007, long-term debt, excluding current portion, consisted primarily of the Company's Term Loan B and Subordinated Notes. This balance increased since December 31, 2007 primarily due to the weakening of the Canadian dollar's effect on the underlying U.S. dollar debt and a \$35.0 borrowing under our Revolving Credit Facility. In September 2008, the Company repaid the remaining balance of the Hastings Promissory Note.

The other long-term liabilities have increased 1% since December 31, 2007. This was due to a \$20.5 increase in deferred credits, other liabilities and non-controlling interests primarily arising from the transfer of land and cash from TransLink as compensation for the cost of providing future parking services (as described in the Financial Highlights section of this MD&A) offset by a \$18.9 decrease in the Company's derivative liabilities, which represents the fair value of the Company's cross-currency interest rate swaps as at September 30, 2008.

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The Company's Shareholders' equity decreased primarily due to the purchase and cancellation of its common shares pursuant to its normal course issuer bids (as described in the Financial Highlights section of this MD&A), the effect of which was only partly offset by the period's net earnings addition to retained earnings.

#### Changes in Cash Flows

	Third Quarter			First Nine Months of		
	2008	2007	% Chg	2008	2007	% Chg
Cash inflow from operating activities	\$ 18.4	\$ 35.4	(48%)	\$ 50.3	\$ 72.3	(30%)
Cash outflow from investing activities	(38.1)	(10.1)	(277%)	(85.6)	(16.8)	(410%)
Cash inflow (outflow) from financing activities	19.9	(51.1)		2.5	(2.5)	
Effect of foreign exchange on cash and cash equivalents	0.4	(0.9)		0.9	(2.0)	
Increase (decrease) in cash	\$ 0.6	\$ (26.7)		\$ (31.9)	\$ 51.0	

The decrease in the cash inflow from operating activities in the third quarter of 2008 relative to the third quarter of 2007 was primarily due to a reduction of EBITDA and increases in non-cash operating working capital, that primarily related to the timing of the settlement of various receivables and payables. The decrease in the cash inflow from operating activities in the first nine months of 2008 relative to the first nine months of 2007 was also primarily due to increases in non-cash operating working capital that occurred for primarily the same reasons and which were only partly offset by increased EBITDA.

The increases in the cash outflow from investing activities in the third quarter and first nine months of 2008 relative to the third quarter and first nine months of 2007 were primarily due to the significant construction projects that were in progress in the third quarter and first nine months of 2008. These included the additional multi-level parking garage and footings and infrastructure associated with the third hotel tower at River Rock, the Hastings redevelopment, the View Royal parking garage, the Fraser Downs gaming floor format alteration, and the Georgian Downs redevelopment. The main construction project underway in the third quarter and first nine months of 2007 was the River Rock Conference Centre (opened in July 2007).

Cash inflow from financing activities in the third quarter and first nine months of 2008 primarily relates to the proceeds from our borrowings under the Revolving Credit Facility offset by the purchase of the Company's common shares and the repayment of the Hastings Promissory Note. Cash outflows from financing activities in the third quarter of 2007 were primarily due to the July 2007 repayment of the Flamboro Promissory Note and the purchase of the Company's common shares. Cash outflows from financing activities in the first nine months of 2007 related to the purchase of the Company's common shares partially offset by net cash inflows from the debt refinancing that was completed in that period.

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#### Capital Resources

##### Long-Term Debt and Equity

	September 30, 2008	December 31, 2007
Term Loan B, net of unamortized transaction costs of \$2.6 (2007 - \$3.0)	\$ 175.2	\$ 164.1
Senior Subordinated Notes and unamortized premium of \$1.7 (2007 - \$1.9) net of unamortized transaction costs of \$5.5 (2007 - \$6.2)	177.1	164.2
Senior Secured Revolving Credit Facility	35.0	-
Hastings Promissory Note	-	2.9
Obligations under capital leases and other debt	0.2	1.3
	<b>387.5</b>	<b>332.5</b>
Less: current portion	2.1	3.1
	<b>\$ 385.4</b>	<b>\$ 329.4</b>

The Company and its debt facilities are rated as follows:

	Moody's	Standard & Poor's
Corporate	Ba3 Stable	BB Stable
Revolving Credit Facility and Senior Secured Term Loan B	Ba2	BBB-
Senior Subordinated Notes <sup>(1)</sup>	B2	BB

<sup>(1)</sup> Standard & Poor's initial rating of the Company's Senior Subordinated Notes was B+ as of January 19, 2007. On March 19, 2008, Standard & Poor's upgraded this rating to BB.

Subsequent to September 30, 2008, the Company committed to borrow an additional \$5.5 from the Revolving Credit Facility.

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

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

The cross-currency interest rate agreements as at September 30, 2008 are as follows:

Debt	Notional Principal		Interest Rate		Maturity Date
	Receive (USD)	Pay (CAD)	Receive (USD)	Pay (CAD)	
Term Loan B	\$167.4 <sup>(1)</sup>	\$197.8 <sup>(1)</sup>	US LIBOR+1.50%	6.1%	February 13, 2014
Subordinated Notes	\$170.0	\$201.1	7.25%	6.6%	February 15, 2015

<sup>(1)</sup> 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.

As at September 30, 2008, the cross-currency interest rate swaps have been recorded as long-term derivative liabilities at their fair value of \$43.9 (December 31, 2007 - \$62.8). The Company has evaluated these cross-currency interest rate swaps and designated 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,

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have been recorded in other comprehensive income.

The fair values of our cross-currency interest rate swaps at September 30, 2008 were determined based on a discounted cash flow model. This model makes assumptions regarding the U.S. dollar exchange rate and discount rates, which are based on the prevailing U.S. dollar exchange rates and prevailing interest rates in Canada and the U.S. at September 30, 2008.

If the US LIBOR interest rate changes and the Canadian dollar declines compared to the U.S. dollar relative to where it was at the inception of our swaps, the value of the Company's swaps could move to an asset position. 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 September 30, 2008, there were 82,448,926 common shares outstanding as compared to 84,815,476 as at December 31, 2007. The decrease in outstanding common shares was primarily the result of 2,218,100 common shares purchased in the first seven months of 2008 by the Company at a cost of \$26.0 through a normal course issuer bid that ended in July 2008. A new normal course issuer bid commenced in September 2008 and the Company purchased an additional 167,300 common shares in the third quarter of 2008 at a cost of \$1.1. Subsequent to September 30, 2008, the Company purchased an additional 362,400 common shares at a cost of \$2.1. The Company can purchase up to an additional 5.7 million of its common shares under its issuer bid through September 18, 2009 or earlier if the number of shares sought in the issuer bid have been obtained.

As at September 30, 2008, there were 6,890,234 stock options outstanding at a weighted average exercise price of \$12.36. Subsequent to September 30, 2008, 2,139,997 stock options were forfeited at an average exercise price of \$13.44 and 7,500 stock options were granted at an exercise price of \$5.15. As at November 12, 2008, there were 82,086,526 common shares outstanding and 4,757,737 stock options outstanding.

#### **Capital Spending and Development**

The majority of our capital expenditures on gaming operations in British Columbia and Nova Scotia are eligible for reimbursement by the provincial gaming authorities. During the third quarter and first nine months of 2008 our capital expenditures net of related accounts payable totaled \$36.4 and \$82.0 respectively. Maintenance capital expenditures primarily related to various property upgrades and information technology. Development capital expenditures are primarily related to the ongoing construction costs associated with the multi-level parking garage at River Rock, the building costs for our redevelopment at Hastings Racecourse, the table format alteration at Fraser Downs, the Georgian Downs redevelopment and construction at View Royal. For the remaining three months of 2008, we estimate maintenance expenditures will total \$4.0.

As at September 30, 2008, the Company has \$357.2 (December 31, 2007 – \$342.3) in Approved Amounts (a term defined in the Company's casino operating service agreements with the BCLC) to be recovered by future FDC payments. Approved Amounts have not been recorded in the consolidated statements of financial position. Since FDC is earned as a fixed percentage of gaming win, subject to the Company incurring sufficient Approved Amounts, recovery of Approved Amounts requires that our operating agreements with BCLC remain in good standing.

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#### **Contingencies**

We have issued letters of credit to guarantee performance, primarily under construction contracts and gaming cash floats in the aggregate amount of \$45.7 at September 30, 2008 (December 31, 2007 - \$32.3). As part of certain acquisition agreements including those entered into on the acquisition of Bear Mountain Community Gaming Centre (now "Chances Dawson Creek") and Haney Bingo Plex, we have agreed to make future contingent payments dependent on operations at these locations.

#### **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 has also filed a suit in the Ontario Superior Court of Justice seeking a declaration that the agreement has been properly terminated by the Company. The Company is of the belief that it has acted appropriately with respect to both the termination and the tendering of payment to the consultant and intends to vigorously defend its position. 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.

#### **Guarantees and Indemnifications**

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

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

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#### Commitments

The Company expects the following maturities of its financial liabilities (including interest) and operating leases and contracts:

	Expected payments by period as at September 30, 2008				Total
	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years	
Accounts payable and accrued liabilities	\$ 83.9	-	-	-	\$ 83.9
Payments related to cross-currency interest rate swaps	27.7	55.0	54.5	415.0	552.2
Receipts related to cross-currency interest rate swaps	(22.9)	(45.5)	(45.1)	(373.8)	(487.3)
Term Loan B and Subordinated Notes	22.9	45.5	45.1	373.8	487.3
Revolving Credit Facility	1.6	3.1	35.6	-	40.3
Operating leases and contracts	8.1	12.5	9.0	6.6	36.2
<b>Total</b>	<b>\$ 121.3</b>	<b>\$ 70.6</b>	<b>\$ 99.1</b>	<b>\$ 421.6</b>	<b>\$ 712.6</b>

The expected payments related to the cross-currency interest rate swaps represent the Canadian dollar fixed interest and principal payments we are 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 September 30, 2008 foreign currency exchange rate.

The Term Loan B and the Subordinated Notes amounts represent interest and principal payments, converted to Canadian dollars at the September 30, 2008 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 September 30, 2008 of 4.30% has been applied to all future periods in the above table. The Subordinated Notes bear interest at a fixed rate of 7.25%.

The Revolving Credit Facility amounts represent expected interest and principal payments of the Company's drawings at September 30, 2008. The interest rates applicable at September 30, 2008 to the various drawings, which range between 4.41% and 4.56%, have been applied to all future periods in the above table.

Operating leases and contracts 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, an operating agreement with the City of Vancouver, BC for Hastings and commitments to NSGC to fund responsible gaming programs.

#### Future Cash Requirements

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

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equity securities may have rights, preferences, or privileges senior to our common shares.

#### OTHER FINANCIAL INFORMATION

##### Related Party Transactions

The following table summarizes the Company's related party transactions:

<b>Consolidated Statements of Earnings</b>	<b>Third Quarter</b>		<b>First Nine Months of</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Human Resources</b>				
Amounts for dealer training services provided by a company controlled by a director of the Company	\$ 0.2	\$ 0.2	\$ 0.6	\$ 0.6

This related party transaction was recorded at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

##### Change in Accounting Policies

On January 1, 2008, the Company adopted the following new accounting standards of the Canadian Institute of Chartered Accountants ("CICA"):

Handbook Section 1535 - Capital Disclosures. The new standard requires disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Company's objectives, policies and processes for managing capital, and has been applied retrospectively without prior period restatement. The required disclosure is set out in our Interim Financial Statements.

Handbook Sections 3862 - Financial Instruments Disclosures, and 3863 - Financial Instruments Presentation, which replaced Section 3861. These new standards require incremental disclosure of risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The transitional provisions of these standards provide that the incremental disclosures need not be presented for the comparative period in the year that these standards are adopted. The required disclosure is set out in our Interim Financial Statements.

Handbook Section 3031 – Inventories, which replaced Section 3030. This new standard gives guidance on measurement and disclosure of inventories and has been applied retrospectively without prior period restatement. The change in accounting policy had no material impact on the Company's consolidated financial statements at January 1, 2008.

##### Recent Accounting Pronouncement

In February 2008, the CICA issued a new accounting standard entitled Goodwill and Intangible Assets, Section 3064. The new section replaced the existing guidance on goodwill and other intangible assets and research and development costs. The new section provides additional guidance on measuring the cost of goodwill and intangible assets. The standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The Company will apply the new accounting standards at the beginning of its 2009 fiscal year. This new accounting standard is not expected to have a material impact on the Company's consolidated financial statements.

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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 the Canadian generally accepted accounting principles ("GAAP") currently employed by Canadian publicly accountable enterprises. The changeover will occur no later than fiscal years beginning January 1, 2011. As a result of this announcement, the Company has started to plan and prepare for the coming changes in financial reporting requirements. The Company's first financial statements presented in accordance with IFRS will be for the three-month period ended March 31, 2011.

The Company has started determining the potential effect of the changeover by:

- Researching and documenting expected differences between its current accounting policies that are in accordance with Canadian GAAP and those to be adopted under IFRS;
- Considering financial statement presentation and disclosure options available to the Company upon initial changeover to IFRS;
- Developing a timeline for key milestones on the changeover project including completing the initial review and impact assessment by the end of 2008 to enable a more detailed disclosure of our changeover plans in the fourth quarter and annual 2008 MD&A;
- Raising awareness of the change with accounting staff and the Audit & Risk Committee of the Company's Board;
- Considering the impacts on the Company's financial reporting systems, performance metrics, staff training, and internal/external communications; and
- Concluding the Company will not early adopt IFRS.

The calculation of the Company's debt covenants will not be directly affected by the changeover as they are structured to use the GAAP that was effective as at the date of the agreements, which was February 14, 2007. The Company's financial reporting systems will be developed to manage both external reporting requirements and covenant calculations.

The changeover will affect the presentation and valuations of balances and transactions presented in the Company's interim and annual consolidated financial statements and related notes; however the Company is currently too early in its changeover process to provide a quantification of those effects.

#### **Critical Accounting Estimates**

Our reported financial position and results of operations are dependent on our selection of accounting policies that are based on Canadian generally accepted accounting principles and accounting estimates that underlie the preparation of our consolidated financial statements. Our consolidated financial statements contain a summary of our significant accounting policies and accounting estimates. Estimates by their nature are subject to risks, uncertainties and assumptions, which could cause our financial position and operating results to differ materially from those presented in our 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 our consolidated financial statements are those relating to business combinations, long-lived asset and goodwill

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impairment, stock-based compensation, income taxes, contingencies and the fair value of our derivatives.

There have been no changes to our commentary, methods, or estimates on these critical accounting estimates compared to those presented in our MD&A for the year ended December 31, 2007.

#### **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 our long-term debt and the hedging activities used to manage the foreign currency and interest rate risks associated therewith.

#### **Definitions of Other Terms Used in the MD&A**

Racebook – an off-racetrack wagering facility (previously described as a teletheatre).

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 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.
- Horse racing in BC and Ontario – racino revenues represent total wagering less amounts returned as winning wagers, provincial and federal taxes, and includes the host track share of wagering on the Company's races simulcast to other associations.
- Casino gaming in Washington – gaming revenues are net of county gaming taxes at various rates ranging from 10% to 13% for card and progressive jackpot games, 5% on pull-tabs and 2% on amusement games.
- Casino gaming in Nova Scotia – gaming revenues are equal to 52.725% of the 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

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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 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.

Win – the amount wagered on gaming activities, less the payout or prizes to winning customers. Win, as a percentage of the slot coin in or drop, can fluctuate with the statistical variations of casino games.

#### **Additional Information**

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

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
<b>Gaming Revenues</b>					
River Rock Casino Resort	\$ 21.5	\$ 19.2	\$ 23.1	\$ 21.1	\$ 19.0
Boulevard Casino	13.7	13.4	13.3	13.8	13.7
Vancouver Island Casinos	8.9	9.1	9.0	9.0	8.8
Other BC Casinos	1.2	1.2	1.2	2.1	3.7
Nova Scotia Casinos	12.0	10.7	10.0	10.6	12.9
Great American Casinos	5.4	5.4	5.1	5.1	5.4
BC Racinos	4.9	4.3	4.6	3.8	3.1
Georgian Downs	2.9	2.6	2.3	2.4	2.6
Flamboro Downs	3.5	3.5	3.1	2.6	3.3
Corporate & Other	0.2	-	-	-	0.3
	<b>74.2</b>	<b>69.4</b>	<b>71.7</b>	<b>70.5</b>	<b>72.8</b>
<b>Racetrack Revenues</b>					
BC Racinos	6.9	7.1	5.8	6.0	7.0
Georgian Downs	0.5	0.5	0.4	0.4	0.6
Flamboro Downs	1.2	1.0	1.0	0.9	0.9
	<b>8.6</b>	<b>8.6</b>	<b>7.2</b>	<b>7.3</b>	<b>8.5</b>
<b>Facility Development Commission</b>					
River Rock Casino Resort	2.9	2.8	3.8	1.8	1.7
Boulevard Casino	2.2	2.2	2.2	2.2	3.2
Vancouver Island Casinos	1.0	1.0	1.0	1.0	1.0
Other BC Casinos	0.1	0.1	0.1	0.2	0.3
BC Racinos	1.0	1.3	0.5	0.8	0.7
	<b>7.2</b>	<b>7.4</b>	<b>7.6</b>	<b>6.0</b>	<b>6.9</b>
<b>Hospitality and Other Revenues</b>					
River Rock Casino Resort	7.4	8.3	7.2	9.1	6.9
Boulevard Casino	2.0	2.2	1.9	2.4	2.1
Vancouver Island Casinos	1.0	1.1	1.1	1.0	1.1
Other BC Casinos	0.3	0.3	0.3	0.3	0.5
Nova Scotia Casinos	1.8	1.6	1.4	1.5	1.7
Great American Casinos	1.0	1.1	1.1	1.2	1.1
BC Racinos	2.3	2.0	1.5	1.8	2.2
Georgian Downs	1.1	1.1	0.9	1.1	1.0
Flamboro Downs	1.2	1.1	1.0	1.1	1.1
Corporate & Other	0.1	0.1	0.1	0.1	-
	<b>18.2</b>	<b>18.9</b>	<b>16.5</b>	<b>19.6</b>	<b>17.7</b>
Promotional Allowances	(3.1)	(2.7)	(2.7)	(2.7)	(2.7)
<b>Revenues</b>	<b>\$ 105.1</b>	<b>\$ 101.6</b>	<b>\$ 100.3</b>	<b>\$ 100.7</b>	<b>\$ 103.2</b>
<b>EBITDA</b>					
River Rock Casino Resort	\$ 11.9	\$ 9.9	\$ 14.8	\$ 12.4	\$ 10.2
Boulevard Casino	7.9	7.5	7.2	8.7	9.1
Vancouver Island Casinos	5.7	6.1	5.6	5.9	5.9
Other BC Casinos	0.5	0.5	0.4	0.5	1.1
Nova Scotia Casinos	4.2	3.1	0.9	0.5	3.4
Great American Casinos	0.7	1.2	0.9	1.1	1.2
BC Racinos	2.1	2.6	1.5	2.7	3.6
Georgian Downs	1.7	1.6	1.3	1.4	1.6
Flamboro Downs	2.1	2.3	1.4	1.1	1.7
Corporate & Other	(7.3)	(7.1)	(7.1)	(6.4)	(6.9)
	<b>\$ 29.5</b>	<b>\$ 27.7</b>	<b>\$ 26.9</b>	<b>\$ 27.9</b>	<b>\$ 30.9</b>

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#### Presentation of Gross Revenues

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

	Third Quarter			First Nine Months of		
	2008	2007	%Chg	2008	2007	%Chg
Gross table win	\$ 60.6	\$ 57.8	5%	\$ 176.5	\$ 181.9	(3%)
Gross slot win	142.0	143.1	(1%)	414.9	403.1	3%
Gross racetrack	38.8	36.8	5%	112.0	103.0	9%
FDC revenues	7.2	6.9	4%	22.3	16.9	32%
Hospitality and other revenues	20.2	19.4	4%	59.8	55.7	
Gross revenues (a non-GAAP measure)	268.8	264.0	2%	785.5	760.6	3%
Less:						
Gaming, taxes and other commissions	(130.4)	(129.8)	0%	(382.3)	(376.9)	1%
Racetrack purses	(30.2)	(28.3)	7%	(87.7)	(79.6)	10%
Promotional allowances	(3.1)	(2.7)	15%	(8.5)	(7.6)	12%
Revenues	\$ 105.1	\$ 103.2	2%	\$ 307.0	\$ 296.5	4%