



GREAT CANADIAN GAMING CORPORATION

GREAT CANADIAN GAMING CORPORATION REPORTS SECOND QUARTER 2005 RESULTS

STRONG GROWTH, SUCCESSFUL INTEGRATIONS

August 8, 2005 – Richmond, BC – Great Canadian Gaming Corporation [TSX:GCD] (“the Company”) is pleased to announce its financial results for the period ended June 30, 2005.

For the six month period ended June 30, 2005, the Company’s revenues reached \$121.8 million, a 72% increase from the same period in 2004. Net income was \$19.7 million, an 83% increase from last year. Basic and diluted earnings per share were both \$0.26, with basic earnings per share 53% higher than last year and diluted earnings per share 73% higher than last year. EBITDA (see note regarding non-GAAP measures in the Highlights section) reached \$36.0 million, a 73% increase from last year.

For the three month period ended June 30, 2005 (second quarter), revenues were \$68.5 million, an 83% increase from the second quarter of 2004 and a 29% increase from the first quarter of 2005. Net income was \$10.5 million, a 93% increase from the second quarter of 2004 and a 13% increase from the first quarter of 2005. Basic and diluted earnings per share were both \$0.14, both 75% higher than the corresponding earnings per share for the second quarter of 2004 and 17% higher than the first quarter of 2005. EBITDA was \$19.4 million, an 83% increase from the second quarter of 2004 and a 17% increase from the first quarter of 2005.

“The second quarter has been a period of acquisition and integration of our operations and expansion of our capital structure. We continue to see the improved performance of our US operations. Our BC operations have met our expectations and sustained their performance and levels of profitability in the face of significant expansion by our competitors. Our major construction projects at River Rock Casino Resort and Coquitlam Boulevard Casino are anticipated to conclude this quarter,” said Mr. Anthony R. Martin, President and Chief Operating Officer.

The financial results for the three month period ended June 30, 2005 include the results of operation of Orangeville Raceway Ltd., which operates Fraser Downs and Sandown, for the full quarter, Metropolitan Entertainment Group, which operates the two casinos in Nova Scotia, from June 1, 2005, and the River Rock Casino Resort (opened June 24, 2004) for the full quarter.

The Company’s operations have diversified into non-casino gaming products, including horseracing, food and beverage, hospitality and entertainment products. These products are offered primarily to increase the traffic into the core casino business, where the company enjoys strong margins. EBITDA margins on non-gaming products are lower than those derived from gaming operations, and are expected to improve with additional revenues from coordinating events between racetracks, increased cross-marketing and promotion, and expansion of

teletheatres. In addition, the opening and achievement of full scale operations at food and beverage, hotel and theatre facilities will allow the Company to achieve full economies of scale.

“In the short-term, our restructuring activities have resulted in profitability in the United States operations for the third consecutive quarter. We formed an Integration Team earlier this year, whose sole mandate is to improve the financial performance of recently acquired operations and integrate them with our overall business,” said Mr. Martin. “Importantly, we remain committed to long-term growth with the delivery of our capital projects later this year, maintenance of a flexible financing structure, a strong balance sheet, and the pursuit of attractive expansion opportunities across Canada.”

“In British Columbia, we have maintained our strategy of capital investment in our properties, which we expect will grow the size of the gaming market and through the offering of exceptional products, secure a larger market share for our Company. We have been focused on the Coquitlam Boulevard Casino expansion, scheduled to open this quarter, the Fraser Downs Casino expansion, which was virtually completed in June, the completion of the River Rock Casino Resort hotel, scheduled to open on August 19, and the renovation of Hastings Racecourse, targeted to commence construction in the near term,” said Mr. Ross McLeod, Chairman and Chief Executive Officer.

“Beyond British Columbia, we have steadily developed our position as Canada’s largest gaming company. We added four gaming and entertainment facilities to our already outstanding roster of properties. They are Casino Halifax and Casino Sydney, both in Nova Scotia, and, subject to regulatory approval, Georgian Downs Racetrack and Slots, and Flamboro Downs Racetrack and Slots, both in Ontario.” added Mr. McLeod. “These acquisitions and our facilities’ continued development in British Columbia only serve to secure Great Canadian’s potential for this year and into the future.”

HIGHLIGHTS/OVERALL PERFORMANCE

In thousands, except per share	Three Months Ended June 30,			Six Months Ended June 30,		
	2005	2004	% Chg	2005	2004	% Chg
Revenues	\$ 68,548	\$ 37,513	83%	\$ 121,775	\$ 70,777	72%
EBITDA ⁽¹⁾	\$ 19,427	\$ 10,614	83%	\$ 36,011	\$ 20,843	73%
Adjusted EBITDA ⁽¹⁾	\$ 23,728	\$ 13,148	80%	\$ 44,019	\$ 25,907	70%
Net Income	\$ 10,459	\$ 5,427	93%	\$ 19,718	\$ 10,754	83%
Earnings per common share:						
Basic	\$ 0.14	\$ 0.08	75%	\$ 0.26	\$ 0.17	53%
Diluted	\$ 0.14	\$ 0.08	75%	\$ 0.26	\$ 0.15	73%

(1) See "Definitions used in MD&A"

Note: Certain of the prior year’s comparative figures have been reclassified to conform to the current period’s presentation. EBITDA means Earnings Before Interest, income Taxes, Depreciation and Amortization, stock-based compensation, and other non-operating items. Adjusted EBITDA means EBITDA plus amount received from Provincial Gaming Corporations in respect of capital reimbursement. Adjusted EBITDA and EBITDA are non-generally accepted accounting principles measures.

The inclusion of River Rock, Fraser Downs and the two Casinos in Nova Scotia have had a positive impact on the increased financial performance of the second quarter of 2005 as compared to the same quarter of 2004 and the first quarter of 2005.

The Washington state operations continue to show growth, with a significant turnaround in results following the restructuring undertaken late last year. In the second quarter of 2005, the results were positively impacted by the recognition of a previously unrecognized tax loss.

Total assets increased to \$688.1 million at June 30, 2005, an increase of 90% from the year-end and a 48% increase from March 31, 2005. These increases are due primarily to the acquisition of Orangeville, the acquisition of MEG, the continued construction at River Rock and Coquitlam, and the deposit for the Georgian Downs acquisition. Working capital increased to \$28.9 million at June 30, 2005, an increase of 7% from the year-end and a decrease of 7% from March 31, 2005.

Due from Provincial Gaming Corporations ("PGC") increased from \$117 million to \$227.7 million. Property, plant and equipment increased to \$257.5 million at June 30, 2005. Due from PGC and property, plant and equipment, collectively, have increased by 100% from December 31, 2004 and 48% from the previous quarter, representing the continued capital investment on facilities construction, and the acquisitions of Orangeville and MEG.

Subsequent to June 30, 2005, the Company acquired additional financing through the issuance of \$150 million Series B Senior Secured Notes and a private placement of special warrants for gross proceeds of \$75 million, used to reduce the credit facility.

Please refer to the Interim Consolidated Financial Statements and Management Discussion and Analysis at www.gcgaming.com (available on August 8, 2005) or www.sedar.com (available on August 9, 2005) for detailed financial information and analysis.

The Company will hold a conference call for investors and analysts on Tuesday, August 9th, 2005 at 8:30 am Eastern Daylight Time, or 5:30 am Pacific Daylight Time. The Company will discuss its financial results for the quarter ended June 30, 2005, and provide an update on the Company's activities. To participate in the conference call, please dial 416-695-6622, or toll free at 1-888-789-0150. This call is solely for investors and analysts.

All media representatives and other interested parties are asked to forward their enquiries to Mr. Howard Blank, Vice President, Media & Entertainment. Mr. Blank can be reached at 604-512-6066.

Great Canadian, home to approximately 5,000 employees, is a multi-jurisdictional gaming and entertainment operator with facilities in British Columbia, Nova Scotia and Washington State. Great Canadian operates casinos, thoroughbred and standardbred racecourses, a community gaming centre, and various food and beverage and entertainment facilities.

GREAT CANADIAN GAMING CORPORATION [TSX:GCD]

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ON BEHALF OF

GREAT CANADIAN GAMING CORPORATION

“Original signed by Howard S. Hum”

Howard S. Hum, CA

Chief Financial Officer

GREAT CANADIAN GAMING CORPORATION

Interim Consolidated Balance Sheets

(Unaudited - Prepared by Management)

(In thousands)

As at June 30, 2005 and December 31, 2004

	June 30, 2005	December 31, 2004
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 47,815	\$ 43,133
Accounts receivable	8,227	6,040
Promissory notes receivable	1,026	1,639
Due from Provincial Gaming Corporations	31,518	15,000
Prepaid expenses and deposits	12,723	3,201
	101,309	69,013
Promissory notes receivable	723	7,462
Due from Provincial Gaming Corporations	196,163	102,065
Property, plant and equipment	257,511	125,352
Goodwill	21,618	20,038
Intangible assets	49,857	28,629
Advance and deposit on acquisitions	48,124	4,000
Other assets	12,762	5,856
	\$ 688,067	\$ 362,415
LIABILITIES		
CURRENT		
Gaming revenue payables	\$ 5,804	\$ 6,272
Accounts payable and accrued liabilities	62,811	33,044
Income taxes payable	3,086	1,797
Current portion of long-term debt	710	860
	72,411	41,973
Long-term debt	330,079	154,000
Future income taxes	41,407	11,536
Non-controlling interest	806	836
	444,703	208,345
SHAREHOLDERS' EQUITY		
Share capital and other equity	170,682	101,801
Cumulative foreign currency translation	(5,213)	(5,908)
Retained earnings	77,895	58,177
	243,364	154,070
	\$ 688,067	\$ 362,415

Summary statement - Readers should refer to the complete Interim Consolidated Financial Statements

GREAT CANADIAN GAMING CORPORATION

Interim Consolidated Statements of Income

(Unaudited - Prepared by Management)

(In thousands, except for share and per share information)

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
REVENUES	\$ 68,548	\$ 37,513	\$ 121,775	\$ 70,777
EXPENSES				
Amortization	2,136	1,269	3,603	2,078
Human resources	32,948	19,469	59,525	36,992
Stock-based compensation	1,185	296	1,906	987
Marketing and promotion	4,742	1,593	7,753	3,759
Occupancy costs	4,672	2,588	7,797	4,199
Operating supplies	6,759	3,249	10,689	4,984
	52,442	28,464	91,273	52,999
INCOME FROM OPERATIONS	16,106	9,049	30,502	17,778
Income (loss) from investments	(98)	271	39	133
Interest and financing, net	(1,804)	(637)	(2,869)	(798)
Accretive income from Provincial Gaming Corporations	1,778	-	3,202	-
Foreign exchange gain (loss)	(60)	153	84	377
INCOME BEFORE INCOME TAXES	15,922	8,836	30,958	17,490
Income taxes	5,135	3,291	10,933	6,625
INCOME BEFORE NON-CONTROLLING INTEREST	10,787	5,545	20,025	10,865
Non-controlling interest	328	118	307	111
NET INCOME	\$ 10,459	\$ 5,427	\$ 19,718	\$ 10,754
EARNINGS PER COMMON SHARE				
Basic	\$ 0.14	\$ 0.08	\$ 0.26	\$ 0.17
Diluted	\$ 0.14	\$ 0.08	\$ 0.26	\$ 0.15
WEIGHTED AVERAGE NUMBER OF COMMON SHARES				
Basic	75,172,593	65,144,020	74,549,141	64,163,533
Diluted	77,263,628	70,005,730	76,766,826	69,429,115

Certain of the prior period's comparative figures have been reclassified to conform to the current period's presentation. Specifically, the FDIF accretive income previously shown as Revenues is now presented as Accretive income from Provincial Gaming Corporations. Historical common share information has been recomputed to reflect the subdivision of the Company's common shares on a five for two basis.

Summary statement - Readers should refer to the complete Interim Consolidated Financial Statements

GREAT CANADIAN GAMING CORPORATION
Interim Consolidated Statements of Cash Flows

(Unaudited - Prepared by Management)

(In thousands)

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Cash Flows from Operating Activities				
Net income	\$ 10,459	\$ 5,427	\$ 19,718	\$ 10,754
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization	2,136	1,269	3,603	2,078
Accretive income from Provincial Gaming Corporations	(1,778)	-	(3,202)	-
Stock based compensation	1,185	296	1,906	987
Operating expenses reduced by FDIF	(200)	(107)	(2,561)	(363)
Other activities	393	68	1,839	269
Future income taxes	(184)	(13)	(184)	(19)
Changes in non-cash operating working capital	4,750	(3,552)	(4,315)	(4,321)
Net cash provided by operating activities	16,761	3,388	16,804	9,385
Cash Flows from Financing Activities				
Proceeds from long-term debt	162,708	54,194	176,244	54,991
Repayment of long-term debt	(178)	(8,218)	(636)	(9,416)
Deferred financing costs	(616)	-	(616)	-
Common shares issued for cash, net of issuance costs	2,013	5,863	65,911	10,389
Net cash provided by financing activities	163,927	51,839	240,903	55,964
Cash Flows from Investing Activities				
Investment in and advances to equity investees	(156)	(3)	(221)	(241)
Funds received from Provincial Gaming Corporations	4,301	2,534	8,008	5,064
Purchase of property, plant and equipment, net of related accounts payable	(46,109)	(44,857)	(77,219)	(69,651)
Acquisition of MEG, net of cash acquired	(86,148)	-	(86,148)	-
Acquisition of Orangeville, net of cash acquired and deposit	(72)	-	(33,108)	-
Acquisition of Weinlager, net of bank indebtedness	-	-	(1,469)	-
River Rock prepaid lease	-	-	(9,262)	-
Advance on acquisition of Georgian Downs	(48,124)	-	(48,124)	-
Acquisition of HEI, net of cash acquired	-	(2,907)	-	(4,917)
Acquisition of Pair O'Dice, net of cash acquired	-	(13)	-	(139)
Promissory notes and advances receivable, net	209	(281)	(5,556)	(27)
Net cash used in investing activities	(176,099)	(45,527)	(253,099)	(69,911)
Effect of foreign exchange on cash and cash equivalents	87	239	74	387
Net Cash Inflow (Outflow)	4,676	9,939	4,682	(4,175)
Cash and cash equivalents, Beginning of Period	43,139	20,079	43,133	34,193
Cash and cash equivalents, End of Period	\$ 47,815	\$ 30,018	\$ 47,815	\$ 30,018

Summary statement - Readers should refer to the complete Interim Consolidated Financial Statements