



# GREAT CANADIAN GAMING CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Month Period Ended  
March 31, 2008

*As at May 12, 2008*

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

# **GREAT CANADIAN GAMING CORPORATION**

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

For the Three Month Period Ended March 31, 2008  
(Expressed in millions, except for share information)

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### **INTRODUCTION**

#### **Basis of Discussion and Analysis**

This management's discussion and analysis ("MD&A") of the financial highlights, recent developments, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other financial information of Great Canadian Gaming Corporation (the "Company", "we", "our") is dated as of May 12, 2008. This MD&A should be read in conjunction with our unaudited interim consolidated financial statements for the three month period ended March 31, 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, 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 behaviour around buying, retaining and cashing-in of casino

## **GREAT CANADIAN GAMING CORPORATION**

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

For the Three Month Period Ended March 31, 2008  
(Expressed in millions, except for share information)

---

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 behaviour around buying, retaining and cashing-in of casino chips. Poker rake is the commission we earn from poker games at our casinos, and is calculated as a fixed percentage of the amount wagered by customers on every hand of poker played. Slot coin in is the aggregate 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; 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.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### FINANCIAL HIGHLIGHTS

	First Quarter		
	2008	2007	% Chg
Revenues	\$ 100.3	\$ 95.6	5%
EBITDA <sup>(1)</sup>	\$ 26.9	\$ 25.4	6%
Human resources as a % of Revenues before Promotional allowances	43.8%	44.4%	
EBITDA as a % of Revenues	26.8%	26.6%	
Net earnings	\$ 5.4	\$ 4.3	26%
Earnings per common share:			
Basic	\$ 0.06	\$ 0.05	
Diluted	\$ 0.06	\$ 0.05	
<hr/>			
Total assets	\$ 953.9	\$ 991.5	
Long-term debt, excluding current portion	\$ 340.4	\$ 385.9	
Derivative liabilities	\$ 57.1	\$ 13.1	

<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 March 31, 2008 ("first quarter of 2008"), Great Canadian Gaming Corporation ("the Company") recorded a 5% improvement in revenues, which rose to \$100.3, and a 6% improvement in EBITDA, which rose to \$26.9 compared to the first quarter of 2007. The improvement in revenues reflects continued double-digit year-over-year gains at River Rock Casino Resort ("River Rock") and Boulevard Casino ("Boulevard") (13% and 14%, respectively) and the addition of new gaming devices at both Fraser Downs and Hastings Racecourse ("Hastings"), which generated a 24% improvement in BC Racino revenues. These gains were partially offset by the loss of revenue from the Casino on Broadway, which the Company closed in late 2007.

The year-over-year EBITDA gain primarily reflects 26% and 31% improvements in EBITDA generated by the River Rock and Boulevard properties (\$4.8 in aggregate), respectively, as well as modest improvements from the Vancouver Island casinos. These increases were partially offset by declines at both the BC Racinos and the Nova Scotia casinos.

The Company's EBITDA as a percentage of revenues of 26.8% was consistent with the level achieved in the first quarter of 2007. While both River Rock and Boulevard continued to improve this metric, their performance was offset by decreases at the Nova Scotia casinos and the increased scope of the BC Racino properties.

Net earnings increased by \$1.1 to \$5.4, or \$0.06 per common share, largely due to increased EBITDA and substantively enacted reductions to the British Columbia provincial corporate income tax rate that were only partially reduced by higher interest and financing costs, net and higher non-cash items such as amortization and stock-based compensation.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### RECENT DEVELOPMENTS

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

Property	Scope of Project/Gaming Positions	Estimated Completion Date	Planned or Estimated Total Budget/Spent to Date/Spent 1Q '08
River Rock Casino Resort	1,200 stall parking garage; 5 story, 191 room hotel featuring 350 additional parking spaces; 21,000 sq ft of commercial space	Initial 600 stalls in 3Q'08 Remaining 950 stalls by 4Q'09 New hotel by early 2010	\$118.0/\$19.6/\$11.6
Georgian Downs	550 slot machine expansion	400 new slots installed by 2Q '09 Balance to come online by early 2010	\$30.3/\$2.2/\$0.7 (OLG also plans to spend approximately \$45.7 for facility upgrades)
Hastings Racecourse	Installation of 600 slots and new food, beverage and entertainment facilities	150 machines installed in 4Q '07 Balance of redevelopment to be completed by early 2009	\$40.0/\$13.4/\$5.5
View Royal	37,000 sq ft for slots, poker and Racebook; F&B upgrade; entertainment lounge; back-of-house space; 380 additional parking spaces	Parking garage: 4Q '08 Facility: 4Q '09	\$50.0/\$1.1/\$0.5

#### **British Columbia**

The Company is developing a new 1,200 space-minimum multi-level parking garage adjacent to River Rock that will address that property's current peak-period guest parking shortage. We expect approximately 600 of these spaces to be available to our customers during the third quarter of 2008, with the remainder completed by the fourth quarter of 2009.

In conjunction with the parking garage, the Company is also developing a new five story, 191 room hotel at River Rock. The planned expansion will feature 350 additional parking spaces, 15,000 square feet of street level retail space and 6,000 square feet of office space. The new hotel and related structures and amenities will be built on top of the multi-level parking garage currently under construction. The new facilities, including the Canada Line mass transit station, will utilize an enclosed sky bridge to facilitate a full integration with our existing River Rock complex. Construction of the new hotel, additional parking spaces and retail and office space are expected to reach completion in late 2009 or early 2010, prior to the 2010 Vancouver Olympic Games. Construction of the new facilities, including the multi-level parking garage, is expected to total approximately \$118.0.

We continue to review opportunities to further develop our flagship River Rock property.

In September 2007, the Company announced the commencement of the formal planning phase for the redevelopment of the View Royal Casino. The redevelopment plans include increasing the existing floor area by approximately 37,000 square feet, or 115%, to accommodate new gaming and hospitality offerings. The Company also entered into an agreement to acquire approximately 1.5 acres of commercial property adjacent to the casino that will create parking capacity for an additional 380 vehicles. This capacity is expected to come online at the end of 2008, while the facility's redevelopment is expected to reach completion prior to the end of 2009.

## **GREAT CANADIAN GAMING CORPORATION**

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

For the Three Month Period Ended March 31, 2008  
(Expressed in millions, except for share information)

---

In November 2007, the Company introduced 150 slot machines at Hastings. This installation represented the first stage of a redevelopment project that will ultimately house a total of 600 slot machines. This phase should reach completion by early 2009, and includes an estimated \$40.0 in capital improvements during the initial five-year term of the operating agreement with the City of Vancouver.

In January 2008, the Company purchased for cash consideration of \$1.0 the assets and undertaking of Ridge Meadows Bingo Association. 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 upgrading of this facility into a Community Gaming Centre.

In addition, through TBC Teletheatre B.C. ("TBC"), the Company recently opened new Racebooks in Surrey and New Westminster during the first quarter of 2008 while closing one in Courtenay. TBC has licensed third parties the right to operate these Racebooks and will pay them a commission based on a percentage of the wagering generated.

Since the fourth quarter of 2007, the Company has introduced a new training course at each of its British Columbia facilities. This course emphasizes the importance of exceptional customer service, and is responsible for minor 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 has estimated it will spend a further \$45.7 on various facility upgrades. 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 short-term disruption will be more than offset by a corresponding long-term benefit.

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

Pursuant to the normal course issuer bid that commenced on July 23, 2007, during the three months ended March 31, 2008, the Company purchased 878,100 of its common shares at a cost of \$12.2. Subsequent to March 31, 2008, the Company purchased an additional 370,500 of its common shares for an aggregate consideration of \$4.2, bringing its total shares purchased under the normal course issuer bid to 3,521,800 common shares for an aggregate consideration of \$47.7. These purchases were financed through existing cash balances. The Company can purchase up to an additional 2.9 million of its common shares under its issuer bid through July 22, 2008 or earlier if the number of shares sought in the issuer bid have been obtained.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes the consolidated operating results for the three month period ended March 31, 2008 with comparatives for the prior period.

	First Quarter		%
	2008	2007	Chg
Gaming revenues	\$ 71.7	\$ 70.7	1%
Racetrack revenues	7.2	6.6	9%
Facility Development Commission	7.6	5.0	52%
Hospitality and other revenues	16.5	15.8	4%
	<b>103.0</b>	98.1	5%
Less: Promotional allowances	(2.7)	(2.5)	8%
<b>Revenues</b>	<b>100.3</b>	95.6	5%
Human resources	45.1	43.6	3%
Property, marketing and administration	28.3	26.6	6%
	<b>73.4</b>	70.2	5%
<b>EBITDA</b>	<b>26.9</b>	25.4	6%
Human resources as a % of Revenues before Promotional allowances	43.8%	44.4%	
EBITDA as a % of Revenues	26.8%	26.6%	
Amortization	10.0	9.4	6%
Stock-based compensation	2.1	1.4	50%
Restructuring and other	0.3	-	
Interest and financing costs, net	7.5	6.8	10%
Other expenses	0.1	0.2	(50%)
Income taxes	1.5	3.3	(55%)
<b>Net earnings</b>	<b>\$ 5.4</b>	\$ 4.3	26%
Earnings per common share:			
Basic	\$ 0.06	\$ 0.05	
Diluted	\$ 0.06	\$ 0.05	
Weighted average number of common shares (in thousands):			
Basic	84,214	86,408	
Diluted	84,491	86,802	

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### 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

	First Quarter		%
	2008	2007	Change
<b>REVENUES</b>			
<b>Casinos</b>			
River Rock Casino Resort	\$ 33.5	\$ 29.6	13%
Boulevard Casino	17.0	14.9	14%
Vancouver Island Casinos	10.9	10.3	6%
Other BC Casinos	1.6	4.4	(64%)
Nova Scotia Casinos	10.7	11.0	(3%)
Great American Casinos	5.9	7.6	(22%)
	<b>79.6</b>	<b>77.8</b>	<b>2%</b>
<b>Racinos</b>			
BC Racinos	12.2	9.8	24%
Georgian Downs	3.4	2.8	21%
Flamboro Downs	5.0	5.1	(2%)
	<b>20.6</b>	<b>17.7</b>	<b>16%</b>
<b>Corporate &amp; Other</b>	<b>0.1</b>	<b>0.1</b>	<b>0%</b>
<b>Total Revenues</b>	<b>\$ 100.3</b>	<b>\$ 95.6</b>	<b>5%</b>
<b>EBITDA</b>			
<b>Casinos</b>			
River Rock Casino Resort	\$ 14.8	\$ 11.7	26%
Boulevard Casino	7.2	5.5	31%
Vancouver Island Casinos	5.6	5.5	2%
Other BC Casinos	0.4	1.2	(67%)
Nova Scotia Casinos	0.9	2.2	(59%)
Great American Casinos	0.9	1.8	(50%)
	<b>29.8</b>	<b>27.9</b>	<b>7%</b>
<b>Racinos</b>			
BC Racinos	1.5	2.2	(32%)
Georgian Downs	1.3	0.8	63%
Flamboro Downs	1.4	1.6	(13%)
	<b>4.2</b>	<b>4.6</b>	<b>(9%)</b>
<b>Corporate &amp; Other</b>	<b>(7.1)</b>	<b>(7.1)</b>	<b>0%</b>
<b>Total EBITDA</b>	<b>\$ 26.9</b>	<b>\$ 25.4</b>	<b>6%</b>

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### Casinos

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

	First Quarter		%
	2008	2007	Chg
Gaming revenues	\$ 23.1	\$ 21.5	7%
Facility Development Commission	3.8	1.8	111%
Hospitality and other revenues	7.2	6.9	4%
Revenues before Promotional allowances	34.1	30.2	13%
Less: Promotional allowances	(0.6)	(0.6)	0%
Revenues	33.5	29.6	13%
Human resources	12.0	11.5	4%
Property, marketing and administration	6.7	6.4	5%
EBITDA	\$ 14.8	\$ 11.7	26%
Human resources as a % of Revenues before Promotional allowances	35.2%	38.1%	
EBITDA as a % of Revenues	44.2%	39.5%	

(1) 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.

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Average
Table Drop	\$ 147.5	\$ 146.0	\$ 121.7	\$ 119.9	\$ 134.2	\$ 122.0	\$ 122.7	\$ 116.6	
Table Hold	\$ 37.3	\$ 30.7	\$ 25.8	\$ 24.2	\$ 32.8	\$ 27.3	\$ 30.7	\$ 26.8	
Table Hold %	25.3%	21.0%	21.2%	20.2%	24.4%	22.4%	25.0%	23.0%	22.9%
Poker Rake	\$ 1.6	\$ 1.7	\$ 1.5	\$ 1.7	\$ 1.9	\$ 2.1	\$ 1.8	\$ 1.6	
Slot Coin In	\$ 401.0	\$ 420.9	\$ 429.3	\$ 400.8	\$ 374.0	\$ 363.4	\$ 378.8	\$ 374.3	
Slot Win	\$ 27.9	\$ 29.7	\$ 30.3	\$ 27.9	\$ 27.3	\$ 27.1	\$ 28.8	\$ 27.8	
Slot Win/Slot/Day <sup>(2)</sup>	\$ 335	\$ 351	\$ 358	\$ 333	\$ 330	\$ 320	\$ 340	\$ 333	
Slot Win %	7.0%	7.1%	7.1%	7.0%	7.3%	7.5%	7.6%	7.4%	7.2%

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

#### Revenues

Gaming revenues for River Rock in the first quarter of 2008 increased by 7% compared to the first quarter of 2007 resulting primarily from improved table game and slot performance. Table drop in the first quarter of 2008 increased by \$13.3, or 10%, compared to the first quarter of 2007. Slot coin-in in the first quarter of 2008 increased by \$27.0, or 7%, compared to the first quarter of 2007. The increased table drop and slot coin-in reflect the benefits of additional entertainment offerings. These include the show theatre, more effective marketing and promotional programs, and the conference centre that opened in July 2007. In comparison to the first quarter of 2007, table hold increased by \$4.5, or 14%, table hold percentage increased 0.9 percentage points to 25.3% and slot win increased by \$0.6 or 2%.

During the first quarter of 2008, we received \$1.8 from BCLC in accelerated FDC payments related to the capital costs previously incurred to build the River Rock Conference Centre. As a result, FDC revenue increased by 111% when compared to the first quarter of 2007.

Hospitality and other revenues in the first quarter of 2008 increased by 4% compared to the first quarter of 2007. This increase can be attributed to recent improvements to the hospitality outlets, as well as the presence of the conference centre.

River Rock's average daily revenue per available room was \$124 in the first quarter of 2008 compared to \$105 in the first quarter of 2007. This increase is primarily due to a 7.0 percentage point increase in the

## **GREAT CANADIAN GAMING CORPORATION**

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

For the Three Month Period Ended March 31, 2008  
(Expressed in millions, except for share information)

---

average hotel occupancy rate to 76%, coupled with a \$12 increase in the average daily room rate to \$164.

#### Expenses

Human resources as a percentage of revenues before promotional allowances for the first quarter of 2008 improved by 2.9 percentage points compared to the first quarter of 2007 as a result of revenues increasing more than the increase in human resource costs over these periods.

Property, marketing and administration expenses increased 5% in the first quarter of 2008 compared to the first quarter of 2007 primarily due to increased food and beverage costs arising from higher hospitality revenues and increased marketing expenses.

#### EBITDA

EBITDA for River Rock increased by 26% in the first quarter of 2008 compared to the first quarter of 2007 primarily due to the aforementioned increase in gaming revenues and FDC revenues. EBITDA as a percentage of revenues for the first quarter of 2008 improved by 4.7 percentage points compared to the first quarter of 2007.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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

	First Quarter		%
	2008	2007	Chg
Gaming revenues	\$ 13.3	\$ 12.4	7%
Facility Development Commission	2.2	1.2	83%
Hospitality and other revenues	1.9	1.7	12%
Revenues before Promotional allowances	17.4	15.3	14%
Less: Promotional allowances	(0.4)	(0.4)	0%
Revenues	17.0	14.9	14%
Human resources	6.6	6.2	6%
Property, marketing and administration	3.2	3.2	0%
EBITDA	\$ 7.2	\$ 5.5	31%
Human resources as a % of Revenues before Promotional allowances	37.9%	40.5%	
EBITDA as a % of Revenues	42.4%	36.9%	

(1) 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.

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Average
Table Drop	\$ 50.9	\$ 50.4	\$ 48.6	\$ 50.4	\$ 47.1	\$ 51.4	\$ 51.9	\$ 52.2	
Table Hold	\$ 9.5	\$ 11.2	\$ 9.9	\$ 10.8	\$ 9.5	\$ 11.5	\$ 10.3	\$ 9.0	
Table Hold %	18.7%	22.2%	20.4%	21.4%	20.2%	22.4%	19.8%	17.2%	20.3%
Poker Rake	\$ 1.3	\$ 1.4	\$ 1.2	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.3	\$ 1.1	
Slot Coin In	\$ 515.9	\$ 504.6	\$ 512.1	\$ 493.0	\$ 443.3	\$ 404.7	\$ 405.2	\$ 405.0	
Slot Win	\$ 34.3	\$ 33.8	\$ 35.0	\$ 33.1	\$ 30.7	\$ 28.9	\$ 28.8	\$ 28.5	
Slot Win/Slot/Day <sup>(2)</sup>	\$ 397	\$ 391	\$ 414	\$ 387	\$ 364	\$ 335	\$ 330	\$ 318	
Slot Win %	6.6%	6.7%	6.8%	6.7%	6.9%	7.1%	7.1%	7.0%	6.9%

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

#### Revenues

Gaming revenues for Boulevard in the first quarter of 2008 increased by 7% compared to the first quarter of 2007. This improvement is primarily attributable to an increase in slot win of \$3.6 driven by an increase of \$72.6, or 16%, in slot coin in, partially offset by a decline in slot win percentage. Table hold for the first quarter of 2008 remained consistent with first quarter of 2007 at \$9.5, on a \$3.8 increase in table drop, which was offset by a 1.5 percentage point decrease in table hold percentage. Table hold percentage in the first quarter of 2008 decreased 3.5 percentage points from the fourth quarter of 2007 and was lower than the prior eight-quarter average. The increases in slot coin in and table drop can be attributed to improved on-floor food and beverage services, expanded marketing efforts, and the public's greater awareness of the Red Robinson Show Theatre, the only major venue for live entertainment in the eastern suburbs of Metro Vancouver.

During the first quarter of 2008, the Company received \$0.9 from BCLC in accelerated FDC payments related to the \$32.0 of capital costs previously incurred to build the Red Robinson Show Theatre. As a result, FDC revenue increased by 83% in the first quarter of 2008 compared to the first quarter of 2007.

Hospitality and other revenues increased by 12% in the first quarter of 2008 compared to the first quarter of 2007 reflecting the increased visitation to the property driven by the factors mentioned above.

## **GREAT CANADIAN GAMING CORPORATION**

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

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

---

#### Expenses

Human resources as a percentage of revenues before promotional allowances for the first quarter of 2008 improved by 2.6 percentage points compared to the first quarter of 2007 due to the revenue increases mentioned earlier and continued efforts to improve labour efficiency.

#### EBITDA

EBITDA for Boulevard increased by 31% in the first quarter of 2008 compared to the first quarter of 2007 primarily due to the above-mentioned revenue increases and increased efficiencies.

EBITDA as a percentage of revenues improved by 5.5 percentage points in the first quarter of 2008 compared to the first quarter of 2007, primarily due to the increases in both gaming revenue and FDC revenue noted above.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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

	First Quarter 2008	2007	%
			Chg
Gaming revenues	\$ 9.0	\$ 8.5	6%
Facility Development Commission	1.0	1.0	0%
Hospitality and other revenues	1.1	1.0	10%
Revenues before Promotional allowances	11.1	10.5	6%
Less: Promotional allowances	(0.2)	(0.2)	0%
Revenues	10.9	10.3	6%
Human resources	3.5	3.4	3%
Property, marketing and administration	1.8	1.4	29%
EBITDA	\$ 5.6	\$ 5.5	2%
Human resources as a % of Revenues before Promotional allowances	31.5%	32.4%	
EBITDA as a % of Revenues	51.4%	53.4%	

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Average
Table Drop	\$ 16.5	\$ 16.8	\$ 14.9	\$ 15.4	\$ 15.3	\$ 15.5	\$ 16.6	\$ 16.4	
Table Hold	\$ 3.7	\$ 3.8	\$ 3.3	\$ 3.6	\$ 3.7	\$ 3.7	\$ 3.7	\$ 4.0	
Table Hold %	22.4%	22.6%	22.1%	23.4%	24.2%	23.9%	22.3%	24.4%	23.2%
Slot Coin In	\$ 407.8	\$ 404.4	\$ 418.1	\$ 403.9	\$ 393.3	\$ 399.4	\$ 412.0	\$ 408.2	
Slot Win	\$ 30.1	\$ 30.1	\$ 30.8	\$ 30.2	\$ 29.0	\$ 29.2	\$ 30.1	\$ 29.7	
Slot Win/Slot/Day <sup>(1)</sup>	\$ 405	\$ 414	\$ 413	\$ 409	\$ 394	\$ 388	\$ 400	\$ 399	
Slot Win %	7.4%	7.4%	7.4%	7.5%	7.4%	7.3%	7.3%	7.3%	7.4%

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

#### Revenues, Expenses and EBITDA

The Company's Vancouver Island casinos showed modest improvements for the first quarter of 2008 compared to the first quarter of 2007, as gaming revenue increased 6% due to an 8% increase in table drop and a 4% increase in slot coin in. These improvements remain 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 provide further evidence that the Vancouver Island casinos are both capacity constrained and 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 increased in \$0.4 in the first quarter of 2008 compared to the first quarter of 2007 due to increased staff training, marketing and site maintenance expenditures.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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

	First Quarter		%
	2008	2007	Chg
Gaming revenues	\$ 1.2	\$ 3.8	(68%)
Facility Development Commission	0.1	0.3	(67%)
Hospitality and other revenues	0.3	0.5	(40%)
Revenues before Promotional allowances	1.6	4.6	(65%)
Less: Promotional allowances	-	(0.2)	(100%)
Revenues	1.6	4.4	(64%)
Human resources	0.7	2.6	(73%)
Property, marketing and administration	0.5	0.6	(17%)
EBITDA	\$ 0.4	\$ 1.2	(67%)
Human resources as a % of Revenues before Promotional allowances	43.8%	56.5%	
EBITDA as a % of Revenues	25.0%	27.3%	

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Average
Table Drop	\$ -	\$ 14.7	\$ 30.9	\$ 32.1	\$ 33.3	\$ 31.0	\$ 29.6	\$ 29.7	
Table Hold	\$ -	\$ 3.1	\$ 6.1	\$ 5.7	\$ 6.6	\$ 6.2	\$ 5.3	\$ 5.7	
Table Hold %		21.1%	19.7%	17.8%	19.8%	20.0%	17.9%	19.2%	19.2%
Poker Rake	\$ -	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.4	\$ 0.5	
Slot Coin In	\$ 60.6	\$ 59.1	\$ 66.6	\$ 70.0	\$ 63.4	\$ 55.6	\$ 54.0	\$ 22.6	
Slot Win	\$ 3.3	\$ 3.1	\$ 3.7	\$ 3.9	\$ 3.7	\$ 3.1	\$ 3.3	\$ 1.7	
Slot Win/Slot/Day <sup>(1)</sup>	\$ 242	\$ 225	\$ 268	\$ 286	\$ 274	\$ 242	\$ 278	\$ 236	
Slot Win %	5.4%	5.2%	5.6%	5.6%	5.8%	5.6%	6.1%	7.5%	5.7%

<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 first quarter compared to the first quarter of 2007, largely due to the permanent closure of the Casino on Broadway in November, 2007. This closure was effected concurrent with BCLC's approval of our accelerated FDC submission for Boulevard Casino's Red Robinson Show Theatre, the introduction of slots at Hastings, and the slot and table gaming additions at Fraser Downs. The resulting increase in financial performance at Fraser Downs in the first quarter of 2008 and the receipt of accelerated FDC revenue at Boulevard more than offset the decline in financial performance that resulted from the Casino on Broadway closure.

Decreases in slot coin in and slot win at Chances Gaming Entertainment in Dawson Creek ("Chances") during the first quarter of 2008 compared to the prior year also contributed to the overall decline in gaming revenue at the Company's other BC casinos. These decreases are primarily attributable to the introduction of competition via a new community gaming centre in Fort St. John, British Columbia, which is approximately 72 kilometres from Chances. We expect that new commercial developments around the Dawson Creek area will gradually offset this impact.

Our newly acquired Haney Bingo Plex operation in Maple Ridge contributed two months of revenue, or \$0.4, to the first quarter of 2008.

## **GREAT CANADIAN GAMING CORPORATION**

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

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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#### Expenses

Human resources expenses decreased by 73% in the first quarter of 2008 due to the Casino on Broadway closure and human resources as a percentage of revenue before promotional allowances decreased by 12.7 percentage points to 43.8%.

#### EBITDA

EBITDA for the Company's other BC casinos decreased by \$0.8 or 67% in the first quarter of 2008 compared to the first quarter of 2007, primarily due to the closure of Casino on Broadway.

The incremental gaming and related revenues arising from new arrangements with BCLC for several of the Company's British Columbia properties (as described elsewhere in this MD&A) are expected to more than offset the foregone EBITDA generated by Casino on Broadway and the costs associated with the property closing.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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

	First Quarter		%
	2008	2007	Chg
Gaming revenues	\$ 10.0	\$ 10.3	(3%)
Hospitality and other revenues	1.4	1.3	8%
Revenues before Promotional allowances	11.4	11.6	(2%)
Less: Promotional allowances	(0.7)	(0.6)	17%
Revenues	10.7	11.0	(3%)
Human resources	5.5	5.0	10%
Property, marketing and administration	4.3	3.8	13%
EBITDA	\$ 0.9	\$ 2.2	(59%)

Human resources as a % of Revenues before Promotional allowances **48.2%** 43.1%

EBITDA as a % of Revenues **8.4%** 20.0%

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Average
Table Drop	\$ 10.9	\$ 12.6	\$ 13.9	\$ 13.5	\$ 13.0	\$ 14.9	\$ 17.0	\$ 13.2	
Table Hold	\$ 2.0	\$ 2.4	\$ 2.8	\$ 2.8	\$ 2.5	\$ 2.9	\$ 3.2	\$ 2.7	
Table Hold %	18.3%	19.0%	20.1%	20.7%	19.2%	19.5%	18.8%	20.5%	19.5%
Poker Rake	\$ 0.6	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.5	\$ 0.4	
Slot Coin In	\$ 218.8	\$ 223.3	\$ 276.9	\$ 234.3	\$ 217.7	\$ 247.7	\$ 288.8	\$ 256.2	
Slot Win	\$ 16.7	\$ 17.5	\$ 21.6	\$ 17.6	\$ 16.6	\$ 18.9	\$ 21.9	\$ 18.8	
Slot Win/Slot/Day <sup>(1)</sup>	\$ 175	\$ 181	\$ 223	\$ 184	\$ 175	\$ 195	\$ 222	\$ 184	
Slot Win %	7.6%	7.8%	7.8%	7.5%	7.6%	7.6%	7.6%	7.3%	7.6%

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

#### Revenues

Gaming revenues for the Nova Scotia casinos decreased by 3% in the first quarter of 2008 compared to the first quarter of 2007. This decrease can be attributed to several market specific factors, including the ongoing impact of a province-wide smoking ban, increased competition in Sydney, and anti-gaming messages produced by the Nova Scotia Department of Health Promotion and Protection. Table drop decreased by \$2.1 or 16% and table hold decreased by \$0.5 or 20% in the first quarter of 2008 compared to the first quarter of 2007. Slot coin in was relatively consistent between the first quarter of 2008 and the first quarter of 2007.

#### Expenses and Operational Improvements

Human resources expenses as a percentage of revenues before promotional allowances increased by 5.1 percentage points in the first quarter of 2008 relative to the first quarter of 2007 due to staffing levels exceeding customer demand.

We recently commenced operational changes to our Nova Scotia casinos. These changes will improve the overall gaming product, and result in reductions to the casinos' operating hours, gaming capacity, and workforce. These reductions will be implemented in the second quarter of 2008 and will result in an estimated maximum of \$2.0 in restructuring charges. We believe that these steps will result in sustainable improvements to both EBITDA and EBITDA as a percentage of revenues, and that results will be visible as early as the second quarter.

Property, marketing and administration expenses in the first quarter of 2008 increased by 13% compared to the first quarter of 2007, primarily due to increased marketing and entertainment initiatives aimed at expanding the customer base and growing the revenues and increases in food and beverage expenses related to higher levels of hospitality and other revenues.

## **GREAT CANADIAN GAMING CORPORATION**

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

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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#### EBITDA

EBITDA for the Nova Scotia casinos decreased by 59% in the first quarter of 2008 compared to the first quarter of 2007 primarily due to the lower gaming revenues and higher human resources, marketing, and food and beverage expenses. As stated above, we are currently implementing operational changes to enhance the operating efficiency of the Nova Scotia casinos.

#### Union Certification Update

On November 1, 2007, the Labour Relations Board of Nova Scotia 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, human resource employees, management information services employees, surveillance employees, security employees, supervisors and those above the rank of supervisor. Bargaining for this unit's first collective agreement commenced in February 2008 and is ongoing.

On January 18, 2008, the Labour Relations Board of Nova Scotia 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 LRB decision was held April 21, 2008, with decision to follow. Bargaining for this unit's first collective agreement has not yet commenced.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### Great American Casinos

	First Quarter		%
	2008	2007	Chg
Gaming revenues	\$ 5.1	\$ 6.5	(22%)
Hospitality and other revenues	1.1	1.3	(15%)
Revenues before Promotional allowances	6.2	7.8	(21%)
Less: Promotional allowances	(0.3)	(0.2)	50%
Revenues	5.9	7.6	(22%)
Human resources	3.3	3.9	(15%)
Property, marketing and administration	1.7	1.9	(11%)
EBITDA	\$ 0.9	\$ 1.8	(50%)
Human resources as a % of Revenues before Promotional allowances	53.2%	50.0%	
EBITDA as a % of Revenues	15.3%	23.7%	

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Average
Table Drop	\$ 24.8	\$ 23.2	\$ 23.2	\$ 25.8	\$ 24.3	\$ 24.4	\$ 22.0	\$ 22.3	
Table Hold	\$ 5.7	\$ 5.7	\$ 5.7	\$ 5.8	\$ 6.2	\$ 6.1	\$ 5.3	\$ 5.7	
Table Hold %	23.0%	24.6%	24.6%	22.5%	25.5%	25.0%	24.1%	25.6%	24.3%
Poker Rake	\$ 0.1	\$ 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 in the first quarter of 2008 decreased by 22% compared to the first quarter of 2007, primarily as a result of a 17% increase in the value of the Canadian dollar, relative to the U.S. dollar. In U.S. dollar terms, revenues decreased 8% in the first quarter of 2008 compared to the first quarter of 2007. This decrease was primarily due to a decrease in table hold percentage. As a result, first quarter 2008 EBITDA decreased by \$0.9 when compared to the first quarter of 2007. The Company will continue its efforts to improve the efficiency of these operations, including the use of cost-efficient targeted marketing initiatives.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### Racinos

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

	First Quarter		%
	2008	2007	Chg
Gaming revenues	\$ 4.6	\$ 2.6	77%
Facility Development Commission	0.5	0.7	(29%)
Racetrack revenues	5.8	5.4	7%
Hospitality and other revenues	1.5	1.3	15%
Revenues before Promotional allowances	12.4	10.0	24%
Less: Promotional allowances	(0.2)	(0.2)	0%
Revenues	12.2	9.8	24%
Human resources	5.5	3.5	57%
Property, marketing and administration	5.2	4.1	27%
EBITDA	\$ 1.5	\$ 2.2	(32%)
Human resources as a % of Revenues before Promotional allowances	44.4%	35.0%	
EBITDA as a % of Revenues	12.3%	22.4%	

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Average
Table Drop	\$ 4.2	\$ 1.8	-	-	-	-	-	-	-
Table Hold	\$ 1.0	\$ 0.3	-	-	-	-	-	-	-
Table Hold %	23.8%	16.7%	-	-	-	-	-	-	-
Slot Coin In	\$ 224.2	\$ 222.3	\$ 209.7	\$ 207.3	\$ 185.6	\$ 173.5	\$ 169.6	\$ 168.2	
Slot Win	\$ 17.1	\$ 16.8	\$ 15.8	\$ 15.5	\$ 13.7	\$ 13.0	\$ 13.2	\$ 13.0	
Average # Slots	664	622	439	437	436	437	434	421	
Slot Win/Slot/Day <sup>(1)</sup>	\$ 283	\$ 293	\$ 391	\$ 390	\$ 349	\$ 323	\$ 331	\$ 339	
Slot Win %	7.6%	7.6%	7.5%	7.5%	7.4%	7.5%	7.8%	7.7%	7.6%

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

#### Revenues

Gaming revenues for the BC Racinos increased by 77% in the first quarter of 2008 compared to the first quarter of 2007 primarily due to the addition of table games and the strong performance of slot machines at Fraser Downs and the addition of 150 slot machines at Hastings in November of 2007.

Racetrack revenues increased 7% in the first quarter of 2008 compared to the first quarter of 2007 primarily due to increased revenues generated by TBC Teletheatre B.C. following the opening of two new Racebook locations in Metro Vancouver during the first quarter of 2008. This increase was partly offset by declines in wagering at Fraser Downs and at Hastings compared to the first quarter of 2007. These declines resulted from increased off-track wagering at our River Rock and Boulevard Racebooks, ongoing construction at Hastings, and less facility space dedicated to pari mutuel operations at Fraser Downs.

## **GREAT CANADIAN GAMING CORPORATION**

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

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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#### Expenses

Human resources expenses increased \$2.0 or 57% in the first quarter of 2008 compared to the first quarter of 2007 as a result of the November 2007 additions of 12 table games and 90 slot machines at Fraser Downs and the addition of slot machines at Hastings. Human resources expense as a percentage of revenues before promotional allowances increased by 9.4 percentage points in the first quarter of 2008 compared to the first quarter of 2007. This resulted from the aforementioned scope increases, and was partially offset by both higher gaming revenues and a higher proportion of racetrack revenues from TBC Teletheatre B.C.

Property, marketing and administration expenses increased by \$1.1, or 27%, for the first quarter of 2008 compared to the first quarter of 2007 primarily due to higher property lease costs for Fraser Downs and Hastings which are adjusted for increased gaming revenues.

#### EBITDA

EBITDA at the BC Racinos decreased by \$0.7, or 32%, in the first quarter of 2008 relative to the first quarter of 2007 primarily due to higher human resources expenses and property, marketing and administration expenses. EBITDA as a percentage of revenues decreased by 10.1 percentage points to 12.3% in the first quarter of 2008 compared to the first quarter 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. The Company is increasing marketing efforts to raise customer awareness of the new offerings, and will continue its efforts to improve the efficiency of these operations while simultaneously growing revenues. The Company is also implementing improvements to Fraser Downs' gaming floor and hospitality outlets.

#### Hastings Union Collective Bargaining

A collective agreement between Hastings Entertainment Inc. and UNITE HERE!, Local 40, with a term covering April 01, 2005 through March 31, 2008, governs wages and working conditions of employees engaged in the food and beverage dispensing at the Hastings Park Racecourse. Bargaining for a renewal collective agreement commenced in April 2008 and is ongoing.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### *Georgian Downs*

	First Quarter		%
	2008	2007	Chg
Gaming revenues	\$ 2.3	\$ 2.0	15%
Racetrack revenues	0.4	0.1	300%
Hospitality and other revenues	0.9	0.7	29%
Revenues before Promotional allowances	3.6	2.8	29%
Less: Promotional allowances	(0.2)	-	
Revenues	3.4	2.8	21%
Human resources	0.9	0.7	29%
Property, marketing and administration	1.2	1.3	(8%)
EBITDA	\$ 1.3	\$ 0.8	63%
Human resources as a % of Revenues before Promotional allowances	25.0%	25.0%	
EBITDA as a % of Revenues	38.2%	28.6%	

#### Revenues

Revenues at Georgian Downs increased by 21% in the first quarter of 2008 compared to the first quarter 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 the cessation of live and simulcast racing at the property from January 1 to March 10, 2007 when a new agreement was reached and racing resumed. During that time, the slot floor operated by OLG remained open, but the absence of live racing, combined with demonstrations by members of OHHA resulted in significantly lower customer visitation and lower gaming revenues during the first quarter of 2007. Revenues have subsequently recovered.

#### Expenses

Human resources expenses as a percentage of revenues in the first quarter of 2008 were consistent with the levels achieved in the first quarter of 2007, as the increased revenue offset higher human resources costs.

Property, marketing and administration expenses in the first quarter of 2008 remained consistent with the first quarter of 2007.

#### EBITDA

EBITDA at Georgian Downs increased by 63% to \$1.3 in the first quarter of 2008 compared to the first quarter of 2007 due to the prior year's live racing stoppage mentioned above.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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#### *Flamboro Downs*

	First Quarter		%
	2008	2007	Chg
Gaming revenues	\$ 3.1	\$ 3.1	0%
Racetrack revenues	1.0	1.1	(9%)
Hospitality and other revenues	1.0	1.0	0%
Revenues before Promotional allowances	5.1	5.2	(2%)
Less: Promotional allowances	(0.1)	(0.1)	0%
Revenues	5.0	5.1	(2%)
Human resources	1.8	1.8	0%
Property, marketing and administration	1.8	1.7	6%
EBITDA	\$ 1.4	\$ 1.6	(13%)
Human resources as a % of Revenues before Promotional allowances	35.3%	34.6%	
EBITDA as a % of Revenues	28.0%	31.4%	

#### Revenues, Expenses, and EBITDA

Despite poor winter weather forcing the cancellation of six live race days at Flamboro Downs in the first quarter of 2008, revenues, expenses, and EBITDA all remained relatively consistent with the first quarter of 2007.

The Company continues to pursue opportunities to improve visitation, and will introduce a new player rewards program during the second quarter of 2008. This program is expected to both attract and retain guests, and will also be offered to our online and phone wagering customers.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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#### Corporate & Other

	First Quarter		%
	2008	2007	Chg
Revenues	\$ 0.1	\$ 0.1	0%
Human resources	5.2	5.0	4%
Property, marketing and administration	2.0	2.2	(9%)
EBITDA	\$ (7.1)	\$ (7.1)	0%

#### EBITDA

EBITDA from Corporate & Other was consistent in the first quarters of 2008 and 2007.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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#### Discussion of Items Excluded from EBITDA

##### Amortization

Amortization increased by \$0.6 in the first quarter of 2008 relative to the first quarter of 2007 primarily as a result of the amortization of the intangible asset associated with Hastings Racecourse since the installation of slot machines in November 2007. In addition, amortization of property, plant and equipment increased from the property redevelopments completed in the last twelve months.

##### Stock-Based Compensation

Stock-based compensation increased by \$0.7 or 50% in the first quarter of 2008 compared to the first quarter of 2007 primarily due to the annual grants of options between the end of the first quarter of 2007 and the end of the first quarter of 2008.

##### 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, a US\$170.0 Senior Secured Term Loan B and US\$170.0 Senior Subordinated Notes (as described in our Annual Financial Statements). As this debt is denominated in U.S. dollars and our revenues are primarily in Canadian dollars, the Company entered into cross-currency interest rate swap agreements to effectively convert this debt into Canadian dollar fixed interest rate debt.

Interest and financing costs, net of interest income increased by \$0.7 in the first quarter of 2008 compared to the first quarter of 2007. The increase resulted from the combination of several factors, including a \$1.3 decrease in fair value of our embedded derivatives, higher amortization from deferred transaction costs in the first quarter of 2008 related to the debt refinancing completed February 2007, and \$0.2 lower interest income in the first quarter of 2008 compared to the first quarter of 2007 due to a lower average level of interest bearing receivables from the Nova Scotia Gaming Corporation. These increases in interest and financing costs, net of interest income were partly offset by 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. The average debt levels during the first quarter of 2007 and the first quarter of 2007 were relatively consistent and consequently resulted in similar interest expenses for these periods.

##### Other Expenses

Other expenses, including foreign exchange gains and non-controlling interest, in the first quarter of 2008 were consistent with the first quarter of 2007.

##### Income Taxes

Income taxes decreased \$1.8 in the first quarter of 2008 compared to the first quarter of 2007. The decrease is primarily the result of the substantively enacted British Columbia corporate income tax rate reductions during the first quarter of 2008 that have reduced the current period income tax expense and the provision for future income taxes by \$1.2.

##### Net Earnings

Net earnings increased by \$1.1 to \$5.4, or \$0.06 per common share, largely due to increased EBITDA and substantively enacted reductions to the British Columbia provincial corporate income tax rate that were only partially reduced by higher interest and financing costs, net and higher non-cash items such as amortization and stock-based compensation.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### CONSOLIDATED QUARTERLY RESULTS TREND

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Revenues	\$ 100.3	\$ 100.7	\$ 103.2	\$ 97.7	\$ 95.6	\$ 98.1	\$ 100.2	\$ 95.6
EBITDA	\$ 26.9	\$ 27.9	\$ 30.9	\$ 26.8	\$ 25.4	\$ 25.4	\$ 27.0	\$ 24.1
EBITDA as a % of Revenues	26.8%	27.7%	29.9%	27.4%	26.6%	25.9%	26.9%	25.2%
Net earnings (loss)	\$ 5.4	\$ 13.0	\$ 12.6	\$ 5.9	\$ 4.3	\$ (11.5)	\$ (14.1)	\$ 6.1
Earnings (loss) per common share:								
Basic	\$ 0.06	\$ 0.15	\$ 0.15	\$ 0.07	\$ 0.05	\$ (0.13)	\$ (0.16)	\$ 0.07
Diluted	\$ 0.06	\$ 0.15	\$ 0.15	\$ 0.07	\$ 0.05	\$ (0.13)	\$ (0.16)	\$ 0.07

The first quarter of 2008 showed continued progress towards our goals of driving revenue growth and operating efficiencies at both the site and head office levels. Revenues in the first quarter of 2008 increased by 5% and our EBITDA increased by 6% as compared to the first quarter of 2007. This translated to consistent EBITDA as a percentage for revenues for the first quarter of 2008 at 26.8% compared to 26.6% in the first quarter of 2007. EBITDA as a percentage of revenues declined from 27.7% in the fourth quarter of 2007 primarily reflecting the Boulevard Casino's first quarter of 2008 table hold percentage that was lower than the prior eight quarter average and its fourth quarter of 2007 table hold percentage that was higher than the prior eight quarter average. In addition, our BC Racinos had higher expenses in the first quarter of 2008 related to the introduction of new gaming offerings for which revenues are beginning to mature.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

## LIQUIDITY AND CAPITAL RESOURCES

### Financial Position

	As at March 31, 2008	As at December 31, 2007	% Change
Cash and cash equivalents	\$ 98.5	\$ 107.1	(8%)
Due from Nova Scotia Gaming Corporation	13.8	17.2	(20%)
Other current assets	30.1	28.9	4%
Property, plant and equipment	579.6	567.3	2%
Other long-term assets	231.9	236.9	(2%)
	<b>\$ 953.9</b>	<b>\$ 957.4</b>	<b>(0%)</b>
Current liabilities	86.6	81.9	6%
Long-term debt, excluding current portion	340.4	329.4	3%
Other long-term liabilities	124.2	135.9	(9%)
Shareholders' equity	402.7	410.2	(2%)
	<b>\$ 953.9</b>	<b>\$ 957.4</b>	<b>(0%)</b>

Cash and cash equivalents have decreased since December 31, 2007 primarily due to the purchase of the Company's common shares and the purchase of property, plant and equipment associated with development projects at existing properties that were partially offset by cash generated from operations. Cash equivalents at March 31, 2008 were \$37.6 and comprised \$22.6 invested in Canadian treasury bills, \$6.6 invested in bearer deposit notes, and \$8.4 invested in banker's acceptances. As at March 31, 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 were consistent with the balance at December 31, 2007.

The additions to property, plant and equipment in first quarter 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 property redevelopments and an increase in the current portion of long-term debt due to a weakening of the Canadian dollar relative to the U.S. dollar. These increases were partially offset by a decrease in income taxes payable.

For both March 31, 2008 and December 31, 2007, long-term debt, excluding current portion, consisted primarily of the Company's Term Loan B and Senior 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 debts.

Other long-term liabilities have decreased since December 31, 2007 due primarily to decreases in the Company's derivative liabilities, which represents the fair value of the Company's cross currency interest rate swaps as at March 31, 2008, and reductions in our future income tax liabilities as a result of substantively enacted corporate income tax rate reductions during the first quarter of 2008.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### Changes in Cash Flows

	First Quarter	
	2008	2007
Cash inflow from operating activities	\$ 22.7	\$ 16.2
Cash outflow from investing activities	(18.3)	(1.1)
Cash (outflow) inflow from financing activities	(13.5)	48.6
Effect of foreign exchange on cash and cash equivalents	0.5	-
(Decrease) increase in cash	\$ (8.6)	\$ 63.7

The increase in the cash inflow from operating activities in the first quarter of 2008 relative to the first quarter of 2007 was primarily due to increased EBITDA.

The increase in the cash outflow from investing activities in the first quarter of 2008 relative to the first quarter of 2007 was primarily due to the significant construction projects that were in progress in the first quarter of 2008. These included the additional multi-level parking garage at the River Rock, the phase two Hastings redevelopment, the View Royal redevelopment and the Georgian Downs redevelopment. The main construction project underway in the first quarter of 2007 was the River Rock Conference Centre (opened in July 2007).

Cash outflow from financing activities in the first quarter of 2008 primarily relates to the purchase of the Company's common shares. Cash inflows from financing activities in the first quarter of 2007 related to net cash inflows from the debt refinancing that was completed in that quarter.

#### Capital Resources

##### Long-Term Debt and Equity

	March 31, 2008	December 31, 2007
Term Loan B, net of unamortized transaction costs of \$2.9 (2007 - \$3.0)	\$ 169.7	\$ 164.1
Senior Subordinated Notes and unamortized premium of \$1.8 (2007 - \$1.9) net of unamortized transaction costs of \$5.9 (2007 - \$6.2)	170.4	164.2
Hastings Promissory Note	2.8	2.9
Obligations under capital leases and other debt	0.5	1.3
Total long-term debt (including current portion)	\$ 343.4	\$ 332.5

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	B2	BB <sup>(1)</sup>

<sup>(1)</sup>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.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### *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 Senior Subordinated Notes ("Subordinated Notes") into Canadian dollar fixed interest rate debt.

The cross-currency interest rate agreements as at March 31, 2008 are as follows:

Debt	Notional Principal		Interest Rate		Maturity Date
	Receive (USD)	Pay (CAD)	Receive (USD)	Pay (CAD)	
Term Loan B	\$168.3 <sup>(1)</sup>	\$198.8 <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.

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

As at March 31, 2008, the cross-currency interest rate swaps have been recorded as long-term derivative liabilities at their fair value of \$57.1 (December 31, 2007 - \$62.8). The cross-currency interest rate swaps were determined to be effective hedges of the cash flows associated with the Term Loan B and the Subordinated Notes, and accordingly 100% of the changes in fair values, net of taxes, have been recorded in other comprehensive income as changes in fair values of derivatives designated as cash flow hedges.

The fair values of our cross-currency interest rate swaps at March 31, 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 March 31, 2008.

#### *Outstanding Share Data*

As at March 31, 2008, there were 83,949,976 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 878,100 common shares purchased in the first quarter of 2008 by the Company at a cost of \$12.2 through our normal course issuer bid announced in July 2007. Subsequent to March 31, 2008, the Company purchased an additional 370,500 common shares at a cost of \$4.2.

As at March 31, 2008, there were 7,935,551 stock options outstanding at a weighted average exercise price of \$13.09. As at May 9, 2008, there were 83,585,726 common shares outstanding and 7,797,051 stock options outstanding.

## **GREAT CANADIAN GAMING CORPORATION**

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

For the Three Month Period Ended March 31, 2008  
(Expressed in millions, except for share information)

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#### **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 first quarter of 2008 our capital expenditures net of related accounts payable totalled \$19.0. Maintenance capital expenditures primarily related to company-wide property upgrades and information technology. Development capital expenditures primarily related to the ongoing construction costs associated with the multi-level parking garage at River Rock, the building costs for our planned redevelopment at Hastings Racecourse, the Georgian Downs redevelopment and preliminary construction at View Royal. For the remaining nine months of 2008, we estimate approved development capital expenditures will total approximately \$85.0.

As at March 31, 2008, the Company has \$337.4 (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.

#### **Contingencies**

We have issued letters of credit to guarantee performance, primarily under construction contracts and gaming cash floats in the aggregate amount of \$30.6 at March 31, 2008 (December 31, 2007 - \$32.3). As part of certain acquisition agreements including those entered into on the acquisition of Orangeville Raceway Ltd. (Fraser Downs), Bear Mountain Community Gaming Centre (now "Chances") 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 Down's 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.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

#### Guarantees and Indemnifications

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

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

#### Commitments

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

	<b>Expected payments (receipts) by period as at March 31, 2008</b>				
	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	\$ 76.2	-	-	-	\$ 76.2
Payments related to cross-currency interest rate swaps	27.8	55.1	54.7	428.4	566.0
Receipts related to cross-currency interest rate swaps	(22.6)	(44.9)	(44.6)	(371.8)	(483.9)
Long-term debt	22.6	44.9	44.6	371.8	483.9
Operating leases and contracts	5.6	9.9	8.7	22.8	47.0
<b>Total</b>	<b>\$ 109.6</b>	<b>\$ 65.0</b>	<b>\$ 63.4</b>	<b>\$ 451.2</b>	<b>\$ 689.2</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 March 31, 2008 foreign currency exchange rate.

The long-term debt contractual obligations presented above include the repayments of interest and principal on the Term Loan B and the Subordinated Notes and the repayment of debts assumed on the acquisition of Hastings as well as capital leases. With regards to the expected payments under the U.S. dollar denominated Term Loan B and Subordinated notes, the March 31, 2008 foreign currency exchange rate relative to the Canadian dollar has been applied to the expected payments in future years. Similarly, as the Term Loan B bears interest at a floating rate (US LIBOR plus 1.50%), the interest rate applicable at March 31, 2008 of 4.57% has been applied to all future periods in the above table. The Subordinated Notes bear interest at a fixed rate of 7.25%.

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008  
(Expressed in millions, except for share information)

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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 Racecourse 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, our existing credit and debt facilities, and proceeds from the exercise of stock options. If we have increased cash requirements and do not want to delay, limit, or eliminate some of our plans, we may raise additional funds through the refinancing of existing debt or the issuance of non-debt securities or additional equity securities. If we raise additional funds through the issuance of equity securities or the exercise of stock options, the current shareholders' ownership percentages will be reduced and such 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>First Quarter</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

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.

## **GREAT CANADIAN GAMING CORPORATION**

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

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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#### **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 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 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 revenue is net of commissions paid to BCLC (commissions are 60% of the win on most table games and 75% of the slot machine win) and is net of accruals for anticipated payouts of progressive slot machine jackpots and progressive table game payouts.
- Bingo and slots at a community gaming centre in BC – gaming revenue is net of commissions paid to BCLC (commissions are 75% of the win on slots, and 40% to 75% of the weekly bingo win) and is net of prizes.
- 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 revenue is 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.

## **GREAT CANADIAN GAMING CORPORATION**

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

For the Three Month Period Ended March 31, 2008  
(Expressed in millions, except for share information)

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- Casino gaming in Nova Scotia – gaming revenue is equal to 52.725% of the gaming win.
- Slot commissions in Ontario – slot machine commissions represent 10% of the win from slot machines, 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).
- 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.

# GREAT CANADIAN GAMING CORPORATION

## Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

### SUPPLEMENTAL FINANCIAL INFORMATION

#### Consolidated Quarterly Results Trend

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
<b>Gaming Revenues</b>					
River Rock Casino Resort	\$ 23.1	\$ 21.1	\$ 19.0	\$ 18.1	\$ 21.5
Boulevard Casino	13.3	13.8	13.7	13.4	12.4
Vancouver Island Casinos	9.0	9.0	8.8	8.8	8.5
Other BC Casinos	1.2	2.1	3.7	3.6	3.8
Nova Scotia Casinos	10.0	10.6	12.9	10.8	10.3
Great American Casinos	5.1	5.1	5.4	5.7	6.5
BC Racinos	4.6	3.8	3.1	3.0	2.6
Georgian Downs	2.3	2.4	2.6	2.4	2.0
Flamboro Downs	3.1	2.6	3.3	3.2	3.1
Corporate & Other	-	-	0.3	-	-
	<b>71.7</b>	<b>70.5</b>	<b>72.8</b>	<b>69.0</b>	<b>70.7</b>
<b>Racetrack Revenues</b>					
BC Racinos	5.8	6.0	7.0	6.6	5.4
Georgian Downs	0.4	0.4	0.6	0.6	0.1
Flamboro Downs	1.0	0.9	0.9	1.1	1.1
	<b>7.2</b>	<b>7.3</b>	<b>8.5</b>	<b>8.3</b>	<b>6.6</b>
<b>Facility Development Commission</b>					
River Rock Casino Resort	3.8	1.8	1.7	1.6	1.8
Boulevard Casino	2.2	2.2	3.2	1.3	1.2
Vancouver Island Casinos	1.0	1.0	1.0	1.0	1.0
Other BC Casinos	0.1	0.2	0.3	0.4	0.3
BC Racinos	0.5	0.8	0.7	0.7	0.7
	<b>7.6</b>	<b>6.0</b>	<b>6.9</b>	<b>5.0</b>	<b>5.0</b>
<b>Hospitality and Other Revenues</b>					
River Rock Casino Resort	7.2	9.1	6.9	7.2	6.9
Boulevard Casino	1.9	2.4	2.1	2.1	1.7
Vancouver Island Casinos	1.1	1.0	1.1	1.1	1.0
Other BC Casinos	0.3	0.3	0.5	0.3	0.5
Nova Scotia Casinos	1.4	1.5	1.7	1.6	1.3
Great American Casinos	1.1	1.2	1.1	1.2	1.3
BC Racinos	1.5	1.8	2.2	2.0	1.3
Georgian Downs	0.9	1.1	1.0	1.1	0.7
Flamboro Downs	1.0	1.1	1.1	1.1	1.0
Corporate & Other	0.1	0.1	-	0.1	0.1
	<b>16.5</b>	<b>19.6</b>	<b>17.7</b>	<b>17.8</b>	<b>15.8</b>
Promotional Allowances	(2.7)	(2.7)	(2.7)	(2.4)	(2.5)
<b>Revenues</b>	<b>\$ 100.3</b>	<b>\$ 100.7</b>	<b>\$ 103.2</b>	<b>\$ 97.7</b>	<b>\$ 95.6</b>
<b>EBITDA</b>					
River Rock Casino Resort	\$ 14.8	\$ 12.4	\$ 10.2	\$ 9.9	\$ 11.7
Boulevard Casino	7.2	8.7	9.1	7.3	5.5
Vancouver Island Casinos	5.6	5.9	5.9	5.9	5.5
Other BC Casinos	0.4	0.5	1.1	0.9	1.2
Nova Scotia Casinos	0.9	0.5	3.4	1.5	2.2
Great American Casinos	0.9	1.1	1.2	1.3	1.8
BC Racinos	1.5	2.7	3.6	3.5	2.2
Georgian Downs	1.3	1.4	1.6	1.5	0.8
Flamboro Downs	1.4	1.1	1.7	2.0	1.6
Corporate & Other	(7.1)	(6.4)	(6.9)	(7.0)	(7.1)
	<b>\$ 26.9</b>	<b>\$ 27.9</b>	<b>\$ 30.9</b>	<b>\$ 26.8</b>	<b>\$ 25.4</b>

## GREAT CANADIAN GAMING CORPORATION

### Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2008

(Expressed in millions, except for share information)

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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.

	First Quarter		
	2008	2007	%Chg
Gross table win	\$ 63.2	\$ 66.6	(5%)
Gross slot win	135.0	126.1	7%
Gross racetrack	32.3	30.2	7%
FDC revenues	7.6	5.0	52%
Hospitality and other revenues	18.5	17.1	8%
Gross revenues (a non-GAAP measure)	256.6	245.0	5%
Less:			
Gaming, taxes and other commissions	(128.4)	(123.3)	4%
Racetrack purses	(25.2)	(23.6)	7%
Promotional allowances	(2.7)	(2.5)	8%
Revenues	\$ 100.3	\$ 95.6	5%