



## GREAT CANADIAN GAMING CORPORATION

### **GREAT CANADIAN ANNOUNCES IMPROVEMENTS TO OPERATIONS AT HASTINGS RACECOURSE AND FRASER DOWNS**

#### **DEVELOPMENT OF SLOT MACHINE FACILITY AT HASTINGS RACECOURSE**

#### **UPGRADING GAMING OFFERINGS AT FRASER DOWNS RACETRACK AND CASINO**

October 2, 2007 – Richmond, BC – Great Canadian Gaming Corporation [TSX:GC] (the “Company”) announces an interim agreement with British Columbia Lottery Corporation (“BCLC”) whereby it will be proceeding with the introduction of slot machines at Hastings Racecourse in Vancouver, British Columbia (“Hastings”) and also with the upgrade of the gaming operations at Fraser Downs Racetrack and Casino in Surrey, British Columbia (“Fraser Downs”). Great Canadian will cease operations at its Great Canadian Casino on Broadway property during the fourth quarter of 2007.

#### **Hastings Racecourse**

Pursuant to the Company’s interim agreement with BCLC, the initial phase of redevelopment at Hastings will see the installation of approximately 150 slot machines. This initial phase of development utilizes existing floor space and is expected to be completed during the fourth quarter of 2007.

Consistent with other British Columbia casinos, the Company will receive a BCLC service fee of 28% on slot net win (inclusive of Facility Development Commission (“FDC”). In order to recover its capital investment on all phases of the Hastings redevelopment, the Company will be eligible to apply to BCLC for an additional commission of 2% on slot net win pursuant to BCLC’s policy of Accelerated Facility Development Commission (“AFDC”).

The second phase of the Hastings redevelopment will increase the total number of slot machines at Hastings to 600, subject to BCLC approval, and add new food, beverage and entertainment amenities. The Company anticipates the Phase 2 redevelopment could be completed by late 2008 or early 2009 with an estimated \$40 million in capital improvements during the initial five-year term of the proposed operating agreement with the City of Vancouver. A fifteen-year renewal term of the proposed operating agreement provides for the construction of additional parking and backstretch facilities.

The redevelopment of Hastings and proposed installation of slot machines is subject to the City of Vancouver permit process, the execution of the formal operating agreement with the City of Vancouver consistent with the form and terms agreed with the City of Vancouver in September 2007, and conclusion of a definitive Casino Operational Services Agreement (“COSA”) with BCLC. In addition, litigation brought against the City of Vancouver by the Hastings Park

Conservancy related to the City of Vancouver rezoning by-law remains outstanding in the British Columbia Court of Appeal. The Company is confident that the appeal will not be successful and although not party to the appeal, the Company is monitoring the litigation closely.

Ross J. McLeod, Chairman and CEO of Great Canadian Gaming, commented, "We are pleased to be moving forward with the introduction of slot machines at Hastings Racecourse. The development of new gaming and entertainment offerings at this facility has been a priority for the Company since first receiving approval for slot machines in 2004. The addition of slot machines at Hastings Racecourse, combined with the attractive economics of the revenue commission formula, will be instrumental in driving patronage, revenue growth and profitability at the property.

"The history and tradition of the horse racing industry is important to Great Canadian. The contribution from slot machine revenues to the racing purse pool is a vital step towards rejuvenating the horse racing industry for all stakeholders through higher purse pools and stronger breeders programs. The redevelopment of Hastings Racecourse will modernize the facility and further improve the entertainment value for all visitors to Hastings."

Hastings Racecourse is a live thoroughbred racing facility with associated simulcast, food and beverage amenities. The property generated revenues before promotional allowances for the twelve months ending June 30, 2007 of approximately \$13.8 million and EBITDA of approximately negative \$0.1 million.

### **Fraser Downs Racetrack and Casino**

The Company also announced today significant improvements that will upgrade the gaming operations at Fraser Downs in Surrey, British Columbia and a BCLC service fee for slots and table games at that property that is consistent with other British Columbia casinos.

The improvements to the gaming operations at Fraser Downs will include the addition of 90 slot games and 12 live table games. The slot games will be a mix of traditional slot machines and electronic community table games. The Company expects to invest approximately \$8 million in capital improvements in connection with these upgrades. The improvements to Fraser Downs are in keeping with BCLC's vision for developing higher quality properties with exceptional entertainment amenities, sized to fit the marketplace. Consistent with this vision, the Great Canadian Casino on Broadway in Vancouver, British Columbia will cease operations on or about November 17, 2007.

In connection with the increased gaming supply at Fraser Downs, the Company will receive a BCLC service fee of 28% from slot net win and 43% from table win (inclusive of FDC), representing an increase of 3% and thereby making its service fee compensation consistent with other British Columbia casinos.

Additionally, the Company may apply to BCLC to receive AFDC of 2% of gaming revenues generated at Fraser Downs in order to reimburse the estimated \$8 million in capital improvements to the facility.

The specific nature and scope of the improvements to the gaming operations at Fraser Downs and the associated capital improvements remain subject to ongoing discussions with BCLC and the normal construction permitting process with the host local government.

Mr. McLeod added, "As with the redevelopment of Hastings Racecourse, the additional slot machines and introduction of table games at Fraser Downs will be an important development for the Company. Fraser Downs is located in Surrey, the second largest city in British Columbia and one of the fastest growing cities in Canada. The additional gaming options at Fraser Downs combined with the new casino operational services agreement and AFDC will enhance the contribution from this property to the Company and will more than offset the effects of the closure of Casino on Broadway.

"As the first permanent casino facility in British Columbia, the Casino on Broadway will always be an important part of our heritage. The quality of service provided by the Casino on Broadway staff has been exemplary and is a reflection of the significance that Great Canadian puts on the service that we provide to our guests at all of our properties. As a table-only location with limited on-site amenities and zoning impediments, this facility does not meet the expectations of current marketplace demand. We are working on a transition plan for our valued employees at the property and hope to have as many of them as practical contributing at our other Greater Vancouver properties."

In addition to the foregoing, BCLC has accepted the Company's application for an additional 2% of gaming revenues from the Boulevard Casino in Coquitlam, British Columbia, as an AFDC to reimburse capital costs of approximately \$32 million previously incurred to build the Red Robinson Show Theatre at the Boulevard Casino.

Opened in 1986, Casino on Broadway is an 18,000 square foot leased facility that operates 36 table games. The Company will apply to BCLC to recover the modest closing costs associated with Casino on Broadway once these costs are determined.

Fraser Downs is a live standard-bred racing facility currently with 449 slot game positions as well as associated simulcast, entertainment, food and beverage amenities. For the last twelve months ended June 30, 2007 the property generated revenues before promotional allowances of approximately \$21.2 million and EBITDA of approximately \$7.3 million. The existing slot games generated a daily average win per machine of \$394 for the three-month period ended June 30, 2007.

## **ABOUT GREAT CANADIAN**

Great Canadian is a multi-jurisdictional gaming and entertainment operator with facilities in British Columbia, Ontario, Nova Scotia and Washington State. Great Canadian operates fourteen casinos, five thoroughbred or standardbred racecourses, a community gaming centre, a hotel, two show theatres, and various food and beverage facilities. Further information is available on the Company's website, [www.gcgaming.com](http://www.gcgaming.com).

## **DISCLAIMER**

This news release 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, ongoing requirements to comply with financial covenants associated with credit facilities, limited terms of operational service agreements with gaming regulators, pending and proposed legislative or regulatory developments, competition from established competitors and new entrants in the gaming business, dependence on key personnel, no assurance that systems, procedures and controls will be adequate to support expanding operations, potential undisclosed liabilities and capital expenditures associated with acquisitions, negative connotations linked to the gaming industry, First Nations claims with respect to public lands on which we conduct our operations, impact of legal proceedings, impact of smoking bans, 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 materials filed with the Canadian securities regulatory authorities from time to time, including in the "Risks Factors" section of the Company's Annual Information Form for fiscal 2006, or as identified in the Company's disclosure record on [www.sedar.com](http://www.sedar.com). The forward-looking statements included in this news release are made only as of the date of this news release and the Company does not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise.

ON BEHALF OF GREAT CANADIAN GAMING CORPORATION

"Original signed by Thomas Bell"

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