

**FORM 51-102F3**  
***Material Change Report***

Item 1. **Name and Address of Company**

Evergreen Gaming Corporation  
15 S Grady Way #409  
Renton, Washington  
98499

Item 2. **Date of Material Change**

March 14, 2012

Item 3. **News Release**

A news release dated March 20, 2012 concerning the material change was forwarded to Canada Stockwatch and Market News for dissemination and was SEDAR filed with the British Columbia and Alberta Securities Commissions and the TSX Venture Exchange.

Item 4. **Summary of Material Change**

The Company has entered into a comprehensive management agreement with a related party with respect to management of its casino operations.

Item 5. **Full Description of Material Change**

Evergreen Gaming Corporation (“Evergreen”) and its subsidiary corporations (the “Company”) have entered into a Management Agreement with Michels Development, LLC (“MDL”) and Michels Management Services, LLC (“MMSL”) of Kirkland, Washington. MDL was the vendor of the Palace Lakewood and Chips Lakewood casinos acquired by the Company in February 2011, as announced by news releases of November 3, 2010 and February 21, 2011 (the “Lakewood Acquisitions”). The Company also owes certain obligations to MDL in connection with the acquisition of the Goldies casino, announced February 28 and March 8, 2011 (the “Goldies Acquisition”). In connection with the Lakewood Acquisition and the Goldies Acquisition, the Company owes MDL approximately \$3.7 million (the “MDL Obligations”). MDL is wholly owned by Steve Michels, who was elected to Evergreen’s Board of Directors at the Annual General Meeting held December 13, 2011. Accordingly, Michels and Evergreen are related parties under TSX Venture Exchange (“Exchange”) policy 5.9.

Under the Management Agreement, MDL will assume management of all facets of the Company’s casino operations, including day-to-day operations, hiring and firing, implementing controls and procedures, security, collection and disbursement of revenues and all other attendant management functions. The agreement provides for the formation of a Management Committee with two

representatives, one appointed by MDL and one appointed by Evergreen. The Management Committee will meet at least once monthly to consider management issues raised by either representative, and can act only by unanimous resolution of the representatives. Yearly, the Management Committee will adopt an annual operating budget. Once approved, MDL may make expenditures consistent with the annual budget without further approval.

The Management Agreement also contemplates that the Company may acquire additional casino operations currently owned by MDL (the “Additional Operations”). Any acquisition of Additional Operations will be subject to negotiation of mutually agreeable terms and required regulatory and Exchange approvals.

The Management Agreement incorporates a definition of Net Profits, which is essentially gross receipts from casino operations less all reasonable operating expenses. As compensation to MDL under the agreement, MDL will receive 30% of Net Profits until such time as the Additional Operations are acquired, if acquired, and thereafter 20% of Net Profits. Unless terminated for cause or pursuant to certain other provisions of the agreement, the Management Agreement will terminate on the date that is the earlier of 120 months from the commencement date or the date on which the Company has satisfied the MDL Obligations.

MMSL will assume the management functions of MDL once it is licensed as a gambling service supplier by the Washington State Gambling Commission. MMSL and MDL are under the same control. The Management Agreement is subject to applicable regulatory and Exchange approvals.

As stated, MDL is wholly owned by Steve Michels, a director of the Company, and a related party as defined in Exchange policy 5.9 which incorporates Multilateral Instrument 61-101 (“MI 61-101”), and the transaction may be considered a related party transaction under MI 61-101. No securities of the Company are issuable in connection with the transaction, and hence the transaction will not result in a material change in Michel’s percentage ownership of shares of the Company.

The purpose and business reason for the transaction is to improve efficiencies in the management of the Company’s casino operations, thereby improving profitability and enabling the Company to satisfy its outstanding obligations to MDL. While the agreement provides for the payment of 30% of net profits to MDL, the Company anticipates that its operating expenses will drop as a result of increased efficiencies and that overall profitability will increase. Accordingly, no significant effect on the Company’s business and affairs is anticipated other than a possible increase in profitability and MDL’s forbearance with respect to the Company’s outstanding obligations to MDL.

The transaction has been approved by the independent directors of the Company, and no director opposed the transaction. No independent committee of the Board was formed to consider the transaction. The Company is not aware of any valuation prepared within the past 24 months that would be relevant to the transaction.

The Company is exempt under section 5.5(b) of MI 61-101 from the requirements of MI 61-101 with respect to the preparation of an independent valuation in connection with the transaction, as no securities of the Company are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States. The Company also considers itself exempt under section 5.7(1)(e) of MI 61-101 from the requirements of MI 61-101 with respect to minority shareholder approval of the transaction, as the Company is in serious financial difficulty, the transaction is designed to improve the financial position of the Company, the Company has one or more independent directors, the independent directors have concluded that the transaction is reasonable in the circumstances of the Company and have unanimously approved the transaction, and the transaction does not otherwise require shareholder approval.

Item 6. **Reliance on Subsection 7.1(2) of National Instrument 51-102**

N/A

Item 7. **Omitted Information**

N/A

Item 8. **Executive Officer**

The following executive officer of the Company is knowledgeable about this report and the material change disclosed herein:

Timothy Iszley  
President & CEO  
Tel: (425) 282-4172

Item 9. **Date of Report**

March 26, 2012