



**Management Discussion and Analysis**  
for the three and nine months ended September 30, 2016

## To Our Shareholders

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Management and Directors of Gamehost Inc. (the "Company") present results for the three and nine months ended September 30, 2016 (the "Quarter" and "Period" respectively).

### Numerically Speaking

Total operating revenues for the Quarter were down \$1.8 million or 9.6% to \$17.0 million compared to \$18.8 million in the same quarter of 2015. These results include a 14 day period at the start of July 2016 where Boomtown Casino remained closed for the completion of fire remediation work. An additional \$0.5 million in net insurance proceeds recovering lost profits from the Boomtown closure was recorded as other revenue during the Quarter. Earnings before interest, taxes, depreciation and amortization ("EBITDA") that is attributable to shareholders of the Company ("EBITDA to Shareholders") was down \$0.6 million or 7.5% to \$7.4 million compared to \$8.0 million in the same quarter of 2015. EBITDA to Shareholders margin declined 1.2 percentage points in the Quarter to 43.5% from 44.7% in year over year comparison.

### Up and Running

Boomtown Casino reopened for full operations on July 15, 2016 following area wildfires that forced the mass evacuation of the community and extensive remediation work to our property. Remediation and rebuilding efforts in the rest of the community will continue for years before the physical evidence of devastation is just a memory. To this end, work in the community is underway, and gaining momentum. Boomtown Casino is benefiting from higher foot traffic from a growing transient workforce arriving to rebuild the community. In the immediate months following reopening, Boomtown was the benefactor of competing businesses who faced challenges in gaining health authority approvals to reopen for business. Some area businesses continue to struggle with labour shortages due to staff not returned to the community forcing them to shorten their hours of operation. While benefits to us from our competitor's challenges are short term in nature, the medium term outlook is promising as rebuilding ramps up. Sadly ironic, since reopening Boomtown has performed better than pre-fire expectations.

### Insurance Matters

The Company settled claims with the insurer for all property damage and business profits lost during the period of the Boomtown Casino closure and has been paid for all claims submitted. The indemnity period for business profits extends to November 2017. The Company is monitoring performance of the property monthly and will submit further claims if warranted. To date, insurable losses incurred at Boomtown total approximately \$5.0 million.

### Feeling Better

The Company's dividend payout ratio has fallen back to a sustainable percentage following the announced dividend reduction effective June 2016. The current Quarter reports a dividend payout ratio of 93.5% which will continue to be monitored closely by management and the Board. Debt levels remains very low below \$30 million and at a healthy ratio of one times EBITDA.

## Still Smoke in the Air

For the general Alberta economy and specifically as it relates to the remaining operating assets of the Company forward visibility is still hazy. The Company's Grande Prairie and Calgary properties continue to be challenged, but management also continues to identify cost savings to maintain our high profitability. We are encouraged by some strengthening in drilling investment under the provinces Modernized Royalty Framework which goes into effect on January 1, 2017. Companies have been responding favourably since the government began allowing applications for early access to the new framework.

## What We Do Know

Despite the current challenges, we know we are nearly two years closer to a turnaround in fortunes. We have great assets in great and growing locations and we are well positioned and experienced to be successful in the economy we are in.

08-Nov-16

On behalf of all management and Directors, sincerely,



David J. Will  
President and Chief Executive Officer  
Gamehost Inc.



Darcy J. Will  
Vice President and Secretary  
Gamehost Inc.

## Management's discussion and analysis

for the three months ended September 30, 2016

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This Management's Discussion and Analysis ("MD&A") of the business, operating results, liquidity and capital resources and other financial information of Gamehost Inc. (the "Company") is prepared as at October 28, 2016. This MD&A should be read in conjunction with the condensed interim consolidated financial statements of the Company and accompanying notes for the nine months ended September 30, 2016 (the "Period") and with the audited consolidated financial statements of the Company and accompanying notes for the year ended December 31, 2015.

This MD&A focuses on year over year comparative results for the three months ended September 30, 2016 (the "Quarter"). Readers are directed to prior MD&A for specific discussion of results of previous quarters. Previously issued financial statements and management discussion and other disclosures of the Company can be found on the Company website at [www.gamehost.ca](http://www.gamehost.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

### Caution to the reader

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#### Use of Non-International Financial Reporting Standards ("IFRS") financial measures

This MD&A makes reference to financial measures that do not have any standardized meaning prescribed by IFRS. Specifically, the MD&A may reference earnings before interest, taxes, depreciation and amortization ("EBITDA"), EBITDA attributable to shareholders of the Company ("EBITDA to Shareholders"), EBITDA to Shareholders Margin and dividend pay-out ratio which are all non-IFRS financial measures. EBITDA calculations also exclude any gains or losses on retirement of assets.

Other Industry specific terms and measures relating to the operations of the Company are used throughout this MD&A and defined when they first appear and capitalized throughout this MD&A.

#### Forward-looking statements

This MD&A may contain forward-looking information. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements contain wording such as "anticipates", "believes", "could", "expects", "indicates", "plans" or other similar expressions that suggest future outcomes or events. Forward looking information contains risks and uncertainties of varying significance. The Company attempts to minimize the use of forward-looking information. Any use of forward-looking information reflects reasonable assumptions made on the basis of management's current beliefs with information known by management at the time of writing. Factors that may affect results include, but are not limited to, governmental legislation and regulation at the national, provincial or municipal level, general or local business and economic conditions, financial market volatility, the good standing of our business, gaming and liquor licenses, competition, consumer preferences and disposable incomes, demographic shifts and weather patterns. Any number of these factors, or others, could cause actual results to differ from forward-looking information. Additional discussion about the inherent risks in forward-looking information and any Company assumptions of risk can be found in the Business risks, opportunities and outlook section at the end of this MD&A.

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, and included in the "Risk Factors" section of the Company's most recent Annual Information Form. Continuous disclosure documents are on public record through SEDAR at [www.sedar.com](http://www.sedar.com).

Forward-looking information contained in this MD&A or documents incorporated by reference are relevant only at the date of the MD&A or document date. Readers should not place undue reliance on forward-looking information as there can be no assurances that the plans, intentions or expectations upon which they are based will occur. The Company undertakes no obligation to publically revise forward-looking information to reflect subsequent events or circumstances.

## Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control over financial reporting and disclosure controls and procedures include policies and procedures that (1) pertain to the maintenance of records that reasonably, accurately and fairly represent transactions of the Company; (2) provide reasonable assurance that transactions are recorded as required to permit the preparation of Financial Statements in accordance with IFRS and that receipts and expenditures are made with appropriate authorization of the Company's management and directors and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Financial Statements.

The Company used COSO 1992 as its framework for establishing internal control over financial reporting. An updated version of the framework ("COSO 2013") replaced the original framework in December 2014. The Company is currently studying the new framework with intentions to implement any required changes to internal controls.

There has been no change in the Company's internal control over financial reporting that occurred during the Quarter that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

## Organizational structure

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Gamehost Inc. is incorporated in Canada under the Business Companies Act (Alberta). The consolidated financial statements of the Company are comprised of the Company and its subsidiaries.

## Shares

The Company had 24.7 million common shares issued and outstanding at September 30, 2016 (24.7 million - December 31, 2015) and 24.7 million common shares issued and outstanding at October 28, 2016 which trade on the Toronto Stock Exchange ("TSX") under the symbol GH. The Company is authorized to issue any number of and any class of shares.

## Address

The head office of the Company is located at #104, 548 Laura Avenue, Red Deer County, Alberta, T4E 0A5. The registered office of the Company is located at 2800, 715 – 5th Avenue S.W., Calgary, Alberta T2P 2X6.

## Overview of Gamehost

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The Company's activities are currently confined to the province of Alberta, Canada. Operations include Boomtown Casino ("Boomtown") in Fort McMurray, Great Northern Casino ("Great Northern") and Service Plus Inns & Suites ("Service Plus"), a limited service hotel, in Grande Prairie. As a complement to the Grande Prairie hotel, the Company owns a retail complex ("Strip Mall") that leases space to a pub/eatery. The Company has a 91% ownership interest in Deerfoot Inn & Casino Inc., ("Deerfoot"), in Calgary.

Gaming operations of the Company are controlled by the Alberta Gaming and Liquor Commission (the "AGLC"). Operations include Company owned table games and government owned slot machines, video lottery terminals and lottery ticket outlets. Hotel operations of the Company include full and limited service hotels, banquet and convention services. Food, beverages and entertainment are offered at each of the Company's casino locations.

The Company believes in a combined entertainment and hospitality model. Our model targets the entertainment seeker and social occasional gamer. Clean, inviting venues that deliver live entertainment, lounging and dining, rest and relaxation together with gaming are situated in community based locales.

The Company's current policy is to provide consistent and regular monthly 'eligible' dividends to shareholders to the extent that cash flows, operating metrics and future needs for cash support continuation of the policy. Dividends are declared to be 'eligible' because the Company has not benefited from any preferential tax rates requiring it to pay ordinary or non-eligible dividends. Eligible dividends are taxed at lower marginal rates to the recipient. The Company's board of directors retain the right to modify the dividend policy from time to time at their discretion.

## **Overall financial results and condition of the Company**

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Boomtown Casino in Fort McMurray re-opened on July 15, 2016 following a forced evacuation on May 3, 2016 due an area wildfire. Payments and accruals for business profits claims have been recorded to other income. Consequently, comparative results for operating revenue streams as well as operating metrics are substantially lower than would otherwise be expected for the Quarter and Period.

Since re-opening, Boomtown has exceeded all pre-fire expectations for daily operating results. Results have been bolstered by an in-migration of fire remediation workers. Boomtown is also temporarily benefiting while other local business's either wait for official clearances to re-open or are operating at reduced capacity due to staff shortages.

Boomtown's closure for the first two weeks in July contributed to a \$1.8 million or 9.6% decrease in year over year operating revenues for the Quarter. EBITDA to Shareholders fell by \$0.6 million, a 7.5% decrease year over year. EBITDA to Shareholders includes insurance recoveries for business profits and property damages. EBITDA to Shareholders margins decreased 120 basis points to 43.5% from 44.7% the previous year. All revenue streams were lower compared to the prior year.

At the end of the Quarter, the Company had \$166.4 million in total assets, down \$3.7 million from the start of the 2016. Cash balances of \$14.0 million were down \$1.8 million from the start of 2016. Total debt stands at \$29.9 million, an increase of \$0.7 million since the start of 2016. The Company's current debt to EBITDA ratio is 1.0 to 1.

## Quarterly performance summary

Quarterly performance	2016			2015				2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Operating Revenue	17.0	14.8	18.1	19.4	18.8	19.3	19.8	22.0
Cost of sales	(9.8)	(8.8)	(10.5)	(11.1)	(10.3)	(10.9)	(11.0)	(11.6)
Gross Profit	7.2	6.0	7.6	8.3	8.5	8.4	8.8	10.4
Other income	0.6	1.1	-	-	-	0.1	-	-
Administrative expenses	(1.0)	(1.1)	(1.1)	(1.1)	(1.1)	(1.2)	(1.3)	(1.4)
Profit from operating activities	6.8	6.0	6.5	7.2	7.4	7.3	7.5	9.0
Other (losses) gains	-	-	-	-	-	-	-	(0.1)
Finance costs net of finance income	(0.3)	(0.3)	(0.3)	(0.3)	(0.1)	(0.5)	(0.4)	(0.1)
Profit before income tax	6.5	5.7	6.2	6.9	7.3	6.8	7.1	8.8
Income tax expense	(2.0)	(2.1)	(1.6)	(1.7)	(1.0)	(2.6)	(1.7)	(1.2)
Profit	4.5	3.6	4.6	5.2	6.3	4.2	5.4	7.6
Less Non-controlling interests	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(0.3)	(0.3)	(0.4)
Profit attributable to shareholders	4.2	3.3	4.3	4.9	5.9	3.9	5.1	7.2
Earnings per share								
Basic	\$ 0.17	\$ 0.13	\$ 0.17	\$ 0.20	\$ 0.24	\$ 0.16	\$ 0.22	\$ 0.30
Diluted	\$ 0.17	\$ 0.13	\$ 0.17	\$ 0.20	\$ 0.24	\$ 0.16	\$ 0.21	\$ 0.29
EBITDA to Shareholders	7.4	6.5	7.1	7.8	8.0	7.9	8.1	9.6
EBITDA to Shareholders %	43.5%	41.1%	41.3%	42.2%	44.7%	42.9%	42.9%	45.9%

(in millions of dollars unless stated otherwise)

## Operating segments

The Company's reportable segments are strategic business units that offer different services. They are managed separately because of their unique operational and marketing requirements. Each segment complements the other segments, but is managed separately. The Gaming segment includes three casinos offering slot, VLT, lottery and table games. The Hotel segment includes two hotels catering to mid-range clients. The Food and Beverage segment has operations that are located within the casinos and hotels as a complement to those segments.

nine months ended September 30, 2016	Gaming	Hotel	Food & Beverage	Corporate, Other <sup>(1)</sup>	Total
Operating revenue and other income as % of total	63%	15%	22%	0%	100.0%
Operating revenue and other income	32.3	8.0	11.2	0.2	51.7
Finance (costs), net of finance income	(0.3)	(0.4)	(0.2)	0.1	(0.8)
Depreciation	(1.0)	(1.1)	(0.5)	-	(2.6)
Other cost of sales and administrative expenses	(13.9)	(4.3)	(8.3)	(3.3)	(29.8)
<b>Profit (loss) before income tax</b>	<b>17.1</b>	<b>2.2</b>	<b>2.2</b>	<b>(3.0)</b>	<b>18.5</b>
Segment assets	75.5	62.0	24.9	4.0	166.4
Segment liabilities	11.6	15.1	6.2	9.3	42.2
Capital expenditures	0.1	0.1	-	-	0.2
nine months ended September 30, 2015	Gaming	Hotel	Food & Beverage	Corporate, Other <sup>(1)</sup>	Total
Operating revenue and other income as % of total	62%	16%	22%	0%	100%
Operating revenue and other income	36.1	9.4	12.5	-	58.0
Finance (costs), net of finance income	(0.5)	(0.5)	(0.2)	0.2	(1.0)
Depreciation	(1.1)	(1.2)	(0.5)	-	(2.8)
Other cost of sales and administrative expenses	(15.8)	(4.7)	(9.2)	(3.3)	(33.0)
<b>Profit (loss) before income tax</b>	<b>18.7</b>	<b>3.0</b>	<b>2.6</b>	<b>(3.1)</b>	<b>21.2</b>
Segment assets	79.0	63.7	25.6	4.0	172.3
Segment liabilities	11.8	15.1	6.3	11.3	44.5
Capital expenditures	0.1	0.5	-	-	0.6

<sup>1</sup> Corporate and other consists of revenues and expenses which are not allocated to segments and do not meet the definition of an operating segment on their own.

(in millions of dollars unless stated otherwise)

## Operating revenue

Operating revenue consists of revenues generated by the Company's operating assets, Boomtown Casino, Great Northern Casino, Service Plus Inns and Suites in Grande Prairie and the Deerfoot Inn & Casino. Major revenue streams include rooming revenue, table gaming, slot machines, food and beverage sales and ancillary revenues.

Operating revenue	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Operating revenue	49.9	57.9	(13.8%)	17.0	18.8	(9.6%)

(in millions of dollars unless stated otherwise)

Boomtown Casino in Fort McMurray re-opened on July 15, 2016 following a forced evacuation and closure on May 3, 2016 due an area wildfire. Comparative results for operating revenue and related operating metrics are lower for the Quarter and Period significantly as a result of the fire.

Each of the Company's other operating assets recorded lower comparative operating revenues for the Quarter.

## Room revenue

Room revenue includes both guest and meeting room sales at hotels. Occupancy includes sold and complementary rooms while Average Daily Rate ("ADR") is calculated as guest room revenue divided by sold rooms only.

Room revenue	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Room revenue	7.7	9.1	(15.4%)	2.7	3.1	(12.9%)
Occupancy	62.2%	68.9%	(6.7%)	63.7%	70.4%	(6.7%)
ADR	\$146.69	\$152.61	(\$5.92)	\$147.35	\$153.91	(\$6.56)
% of operating revenue	15.4%	15.7%	(0.3%)	15.9%	16.5%	(0.6%)

(in millions of dollars unless stated otherwise)

Room revenues are unaffected by the disruption to operations at Boomtown Casino. The property does not include a hotel asset. Business travel, a mainstay of rooming revenue, continues to be challenged.

At Service Plus, in year over year comparisons for the Quarter, rooming revenues were off 19.1% and occupancy was down 12.7 percentage points to 65.2% from 77.9%. ADR fell by \$4.99 in year over year comparison for the Quarter. While the market has deteriorated, Service Plus, maintains it's position as one of the top three performing hotels in the city. Reported figures are before interdivisional eliminations included in the above table.

Deerfoot rooming revenue was off 9.6% for the Quarter in year over year comparison. ADR was down by \$10.42 and occupancy fell 2.0 percentage points to 63.5% from 65.5% from the year ago quarter.

## Table game revenue

Table play and table revenue sharing is regulated in Alberta by the AGLC. In general terms, 'Drop' is the total amount of money cashed to chips at most table games. 'Hold' is the amount kept by the table from the Drop. Hold % is the measure of the Hold to the Drop and can fluctuate significantly. Table Hold % should average in the 17% range where practised players are involved. Greater participation by inexperienced players can result in higher Hold percentages. Drop, Hold and Hold % are not always reliable indicators of table activity as demonstrated by the following examples:

*Example 1 – A player buys \$20,000 in chips at a table. The player plays one hand, loses \$2,000, and cashes out. The Drop is high at \$20,000, the Hold is good at \$2,000 considering the amount and duration of play. The Hold Percentage is low at 10%. The table was not busy.*

*Example 2 – A player buys \$5,000 in chips at a table. The player plays all evening before losing \$1,000 and cashing out. The Drop is low at \$5,000, the Hold is low at \$1,000 considering the amount and duration of play. The Hold Percentage is high at 20%. The table was busy.*

The preceding examples demonstrate how variables can provide fluctuating results for Drop, Hold and Hold %. These statistics can be misleading. At the end of the day, the only measure that really counts is Hold.

Hold is shared in varying percentages between charities and the casino operator dependent on the size and location of the casino. The operator's percentage of the Hold is the 'Net' or Net Table Revenue. The game of Poker has a 'Pot' rather than a Drop. The Pot is the total amount anted and bet by players at a poker table. 'Rake' is the total amount of the Pot that is retained by the table and is usually a flat fee for each hand played. Rake is shared in varying percentages between the charity and casino operator depending on agreements with the AGLC. The operator's percentage of the Rake is the 'Net'. Financial statements of the Company report only the Net of the Hold or Rake.

Net table revenue	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
General, progressive and high limit	8.6	10.2	(15.7%)	2.8	3.3	(15.2%)
Poker	2.1	2.3	(8.7%)	0.7	0.8	(12.5%)
Total	10.7	12.5	(14.4%)	3.5	4.1	(14.6%)
% of operating revenue	21.4%	21.6%	(0.2%)	20.6%	21.8%	(1.2%)

(in millions of dollars unless stated otherwise)

# of tables	End of Period		
	2016	2015	+(-)
All Others	43	43	-
Poker	16	16	-
Progressive Table Games	8	8	-
Total	67	67	-

Drop and Hold	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Drop	77.6	90.8	(14.5%)	25.1	33.8	(25.7%)
Hold %	20.1%	20.0%	0.1%	19.6%	17.9%	1.7%

(in millions of dollars unless stated otherwise)

Following re-opening on July 15, 2016, Boomtown operated for 78 of 92 days during the Quarter impairing reported table revenues and metrics. Table Drop fell 8.0% and Hold % fell 3.6 percentage points for a combined 19.1% decrease in Net revenue year over year for the Quarter. Poker revenues are off by similar 17.5%. Generally, table players are harder to come by than slot players and new or inexperienced gamblers are more intimidated by tables resulting in a longer introduction period. Some regular players have yet to return to Fort McMurray if they return at all.

At Great Northern, table Drop fell 32.4% while Hold % rose by 9.5 percentage points resulting in nearly flat Net revenues year over year for the Quarter. Poker revenues rose by 12.8% in year over year comparison for the Quarter.

At Deerfoot, table Drop fell 27.2% while Hold % climbed 0.9 percentage points for a combined 23.1% decrease in Net revenue year over year for the Quarter. Poker revenues declined 9.6% year over year for the Quarter.

## Slot revenue

In Alberta, slot machine odds are regulated by the AGLC. The revenue sharing arrangement for amounts won by the machines ("Win") is also set by the AGLC. Under the current arrangement, casino operators, charities and the provincial government share the Win on a 15/15/70 split respectively. Average machine Win/day is determined by the number of hours each machine operates, how much money is played on each machine ('Cash Play') during hours of operation and amount of Win for each machine. Revenue to the operator, or 'Net', is determined by all of the above factors and arrangements.

Slot statistics	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Cash Play	1,453.6	1,709.4	(15.0%)	514.9	553.7	(7.0%)
Machines <sup>1</sup>	1,641	1,641	nil	1,640	1,641	(1.0)

(in millions of dollars unless stated otherwise)

<sup>1</sup> At the end of the Period / Quarter

Slot revenue	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Net	15.9	18.5	(14.1%)	5.7	6.0	(5.0%)
% of operating revenue	31.9%	32.0%	(0.1%)	33.5%	31.9%	1.6%

(in millions of dollars unless stated otherwise)

Following re-opening on July 15, 2016, Boomtown operated for 78 of 92 days during the Quarter. Despite the reduction in operating days, cash play was 0.5% higher and Net revenue was 0.6% higher than the same quarter in 2015. There were no changes to the number of slot machines at Boomtown during the Quarter.

Great Northern Cash Play fell 15.4% and Net revenue fell 15.9% in year over year comparison for the Quarter. Three slot machines were temporarily removed in September reducing the machine count from 424 to 421 at the end of the Quarter.

Deerfoot Cash Play fell 7.8% and Net revenue fell 4.3% in year over year comparison for the Quarter. Deerfoot, however, continues to win the market share battle in Calgary, assisted by higher population growth in the city's south east quadrant. There were no changes to the number of slot machines at Deerfoot during the Quarter.

## Food & beverage (“F&B”) revenue

Food service operating arrangements differ by property from 100% owner operations to combinations of owner and 3rd party operating agreements. Only beverage service is consistently delivered directly by the Company. Where food operations are run by a 3rd party, the Company records only the commission on those sales.

F&B Revenue	Q3 (nine months)			Q2 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Food & mix	4.3	4.8	(10.4%)	1.3	1.4	(7.1%)
Liquor	6.3	7.3	(13.7%)	2.2	2.2	0.0%
Total	10.6	12.1	(12.4%)	3.5	3.6	(2.8%)
% of operating revenue	21.2%	20.9%	0.3%	20.6%	19.1%	1.5%

(in millions of dollars unless stated otherwise)

Following re-opening on July 15, 2016, Boomtown operated for 78 of 92 days during the Quarter. Despite reduced operating days, combined food commissions and beverage revenues were up 14.1% over the same quarter in 2015. Some competitor F&B outlets, remained closed until they receive health authority approval to resume operations. Other competitor F&B outlets are operating at reduced hours due to staff shortages. These conditions are temporary, but represent an opportunity for us to re-engage local customers. The Company's insurance policy which provided for ordinary payroll coverage during the closure allowed Boomtown to reopen with close to 100% employee retention.

Great Northern Casino's combined food commissions and beverage revenues for the Quarter were down 13.8% from the year ago quarter.

Deerfoot combined F&B revenues were down 7.5% for the Quarter compared to the previous year ago quarter.

## Ancillary revenue

Ancillary revenue includes the more significant items of automated teller (ATM) fees, Video Lottery Terminals (VLT's), lottery ticket sales, live entertainment sales, cigarette sales, equipment rentals, movie rentals and other room charges to hotel guests.

Ancillary revenue	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Total	5.0	5.7	(12.3%)	1.6	2.0	(20.0%)
% of operating revenue	10.0%	9.8%	0.2%	9.4%	10.6%	(1.2%)

(in millions of dollars unless stated otherwise)

Ancillary revenues are highly correlated to gaming activity most significantly from ATM fees which were down 5.5% year over year on the Quarter. Deerfoot ticket sales were up 24% year over year on the Quarter. Boomtown was closed for 14 days at the start of the Quarter and then provided a number of free events normally ticketed which dragged comparative numbers lower.

## Cost of sales

The Company's consolidated statement of comprehensive income uses the 'Function' rather than the 'Nature' method of reporting operating expenses. Costs are reported based on their function within the Company. For example, wage costs that are a function of generating revenue are considered a cost of sales rather than by nature a human resource expense. The Company includes in cost of sales all costs of product sold, direct marketing and promotion expenses, direct human resources costs and administrative personnel where they are integral to managing sales and all other direct operating costs at the facility level. Depreciation of the facility assets are also included in cost of sales.

Cost of sales	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Total	29.0	32.2	(9.9%)	9.8	10.3	(4.9%)
% of operating revenue	58.1%	55.6%	2.5%	57.6%	54.8%	2.8%

(in millions of dollars unless stated otherwise)

All insured costs during the period of closure for Boomtown Casino have been reclassified and reported as continuing expenses and netted against insurance proceeds to eliminate the distortive effect on comparative cost of sales operating metrics. Boomtown remained closed for a two week period in July 2016.

Spending on repairs & maintenance remains significantly lower in 2016 compared to 2015. A new supply agreement for electricity and reduced premises lease costs for Boomtown have contributed significant savings for year over year comparisons during the Quarter.

## Cost of sales - cost of product

Cost of product includes the costs of food, beverage and other incidental items purchased for resale. Cost of product will follow the performance of F&B revenue. Other incidental items of cost of product are made up of mostly room service charges in the hotel for such items as long distance telephone, movie rentals, laundry etc. Cost of product as a percentage of corresponding revenues will fluctuate moderately for food & mix and liquor categories depending on the sales mix of individual products. More significant variations in the cost of product percentage can be experienced for sales of other incidental items due to the dissimilar nature of the products included.

Cost of product	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Food & Mix	1.5	1.6	(6.3%)	0.4	0.4	0.0%
Liquor	1.4	1.6	(12.5%)	0.5	0.5	0.0%
Other	0.2	0.2	0.0%	0.1	0.1	0.0%
Total	3.1	3.4	(8.8%)	1.0	1.0	0.0%
% of operating revenue	6.2%	5.9%	0.3%	5.9%	5.3%	0.6%

(in millions of dollars unless stated otherwise)

Cost of product %	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Food & Mix	34.9%	33.3%	1.6%	30.8%	28.6%	2.2%
Liquor	22.2%	21.9%	0.3%	22.7%	22.7%	0.0%
Other	54.7%	52.3%	2.4%	70.9%	59.1%	11.8%

Both Boomtown and Great Northern have commission based third party arrangements for food services. Therefore, food sales at these locations do not factor significantly into cost of product results. Total Food and Mix revenues are driven largely by Deerfoot. In general, food margins suffer with reduced sales volumes whereas liquor margins experience minimal fluctuation with changes in sales volumes.

### Cost of sales - operating labour

Operating labour includes wages, salaries, bonuses, benefit costs, payroll taxes and other miscellaneous human resource costs directly attributable to the smooth and safe operation of each facility. No corporate overhead costs are included.

Operating labour	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Operating labour	13.9	14.9	(6.7%)	4.6	4.8	(4.2%)
% of operating revenue	27.9%	25.7%	2.2%	27.1%	25.5%	1.6%

(in millions of dollars unless stated otherwise)

Reduced economies of scale have driven up operating labours costs as a percentage of operating revenue.

Alberta's increased the provincial minimum wage by \$1.00/hour effective October 1, 2015. This increase is partially countering Company efforts to hold labour costs down. A second \$1.00/hour increase to the Alberta minimum wage will be implemented effective October 1, 2016.

### Cost of sales - marketing and promotions

Marketing and promotions include all donations, sponsorships and complementary services offered at properties in addition to direct sales and advertising expenses. Staff promotions, including discounted meal vouchers, are also included under this heading.

Marketing	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Total	2.4	2.4	0.0%	0.8	0.8	0.0%
% of operating revenue	4.8%	4.1%	0.7%	4.7%	4.3%	0.4%

(in millions of dollars unless stated otherwise)

Increased and targeted promotional spending to existing clientele through loyalty campaigns and personalized promotions while customers are 'on premises' is helping to maintain slot play and drive table play.

### Cost of sales - other operating costs

Some of the more significant expenditures in this classification include entertainment, premises leases, repairs & maintenance, utilities, property taxes, depreciation and operating supplies.

Other operating costs	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Total	9.6	11.5	(16.5%)	3.4	3.7	(8.1%)
% of operating revenue	19.2%	19.9%	(0.7%)	20.0%	19.7%	0.3%

(in millions of dollars unless stated otherwise)

Sharp reductions in repairs & maintenance contributed to lower comparative other operating costs for the Quarter. The Company completed major R&M programs in 2014 and 2015 eliminating the need for significant spending in 2016. The company continues to benefit from a new contract for electricity consumption at substantially reduced rates. Boomtown premises lease costs are substantially reduced due to a 10 week period of closure caused by area wild fires. The Boomtown lease includes a cost component based on a percentage of top line sales.

### Other income

Other income consists of the net leasing profits from an investment property being the Strip Mall in Grande Prairie located next to the Service Plus hotel. Other income also includes net settlements from insurance claims.

Other income	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Net profits from investment property	0.2	0.1	100.0%	-	-	nmf
Insurance proceeds	2.6	-	nmf	0.8	-	nmf
Continuing and extra expenses	(1.0)	-	nmf	(0.2)	-	nmf
Total	1.8	0.1	1700.0%	0.6	-	nmf

(in millions of dollars unless stated otherwise)

The Company has recorded income from net proceeds received from insurance claims made related to area wildfires that caused the May 3, 2016 temporary closure of our Boomtown Casino in Ft. McMurray, AB. The property reopened July 15, 2016. During the Quarter, the Company settled business interruption claims with the insurer covering the period of closure as well as claims related to all property damage. The business profits indemnity period extends to November 3, 2017. Boomtown's operating results since reopening have exceeded pre-fire expectations. However, the Company will monitor monthly results and submit further claims if warranted.

### Administrative expenses

Administrative expenditures include all costs not directly attributable to the operation of the company's operating assets. Management fees, costs associated with being a public issuer, professional fees, corporate office costs, corporate travel expenses and depreciation of corporate assets are included in this category.

Administrative expenses	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Total	3.4	3.6	(5.6%)	1.0	1.1	(9.1%)
% of operating revenue	6.8%	6.2%	0.6%	5.9%	5.9%	0.0%

(in millions of dollars unless stated otherwise)

Administrative fees are lower in quarterly comparison largely due to depreciation that is recorded on declining net book values for Company assets.

### Finance costs, net of finance (income)

Interest expense is recorded on the Company's demand debt, accrued interest on convertible debentures and amortization of the conversion privilege and issue costs of debentures.

Finance costs, net of finance (income)	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Total	0.8	1.0	(20.0%)	0.3	0.1	200.0%

(in millions of dollars unless stated otherwise)

## Income tax

Income tax includes provision for current income taxes, timing differences between depreciation recorded by the Company on property, plant and equipment versus amounts allowed for tax purposes and timing differences on amortization of cumulative eligible capital and that allowed for tax purposes. Originations and changes in timing differences are also recorded to income tax expense in the period in which the originations or changes occur. Taxes are calculated using corporate tax rates substantively enacted for the period the taxes are expected to be payable.

Income tax	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Provision for current income tax	5.4	7.6	(28.9%)	1.7	2.6	(34.6%)
Origination and reversal of temporary differences	(0.7)	(2.5)	(72.0%)	(0.1)	(1.6)	(93.8%)
Changes in future enacted tax rates	1.1	0.2	450.0%	0.4	(0.6)	(166.7%)
	5.8	5.3	9.4%	2.0	1.0	100.0%

(in millions of dollars unless stated otherwise)

The combined federal and provincial tax rate in Alberta is 27.0% comparable to a 26.01% tax rate for 2015.

## Reconciliation of EBITDA to Shareholders to Profit

EBITDA to Shareholders to Profit	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
EBITDA to Shareholders	20.9	24.0	(12.9%)	7.4	8.0	(7.5%)
EBITDA to Shareholders Margin	41.8%	43.5%	(1.7%)	43.5%	44.7%	(1.2%)
Adjustments:						
Amortization on property, plant and equipment	(2.6)	(2.8)	(7.1%)	(0.9)	(1.0)	(10.0%)
Finance costs	(0.9)	(1.1)	(18.2%)	(0.3)	(0.1)	200.0%
Income tax expense	(5.8)	(5.3)	9.4%	(2.0)	(1.0)	100.0%
EBITDA attributable to non-controlling interest	1.1	1.1	0.0%	0.3	0.4	(25.0%)
Profit	12.7	15.9	(20.1%)	4.5	6.3	(28.6%)

(in millions of dollars unless stated otherwise)

## Facility enhancement

Capital expenditures	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
Capital maintenance	0.2	0.6	(66.7%)	-	0.1	(100.0%)

(in millions of dollars unless stated otherwise)

The Company has a minimal capital maintenance program planned for 2016 following an extensive program in 2014 and 2015.

## Financial condition

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### Liquidity

Net cash provided by operating activities totalled \$5.8 million for the Quarter compared to \$5.2 million in Q3 2015. At the end of the Quarter cash balances totalled \$14.0 million compared to \$15.8 million at the start of 2016. Factors affecting the Company's ability to generate cash in the near and longer terms are listed in the section 'Forward looking statements'. These factors are discussed in more specific terms in the section 'Business risks, opportunities and outlook'.

The Company has a revolving credit line of \$18.0 million of which \$8.6 was available to be drawn at the end of the Period.

The Company's cash and cash equivalent balances are made up of cash floats and traditional bank balances only.

The Company has a 91% Participating Interest in the operating activities of the Deerfoot and an 87.75% Contributing Interest Responsibility for any capital requirements of the Deerfoot that are provided by financing or can not be provided from operating cash flow.

### Working capital

Internal working capital requirements for the Company consists of cash floats for the operation of gaming tables, slot machines, VLT's, ATM machines, TITO Kiosks, POS terminals, progressive jackpots and petty cash. Float amounts are set by management and will fluctuate based on activity levels in the casinos. Management works to minimize any float balances on premises to a maximum 150% of combined slot Cash Play and table Drop activity levels with cash surplus held in bank accounts.

In addition to cash floats on premises, the Company maintains cash sufficient to fund one month's operating expenses, one month's interest cost on traditional debt facilities and one month's dividends payable to the Common Shareholders less amounts due to related parties. Unused portions of revolving debt are considered working capital in the Company's determination of internal working capital.

Inventory levels and receivable targets vary by operation. Minimum targets include turning combined liquor and food inventories three times per month. Receivables are limited to hotel and banquet operations. Operations are expected to maintain a days sales outstanding (DSO) not greater than 45 days. The Company's objective is to maintain the highest relationship with suppliers and remits all payables within stated terms, typically 30 days, but will take advantage of all early payment discounts offered.

The AGLC requires all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). The MCNWCP is a requirement for casino operations only. Additional working capital from non-casino operations and available debt facilities can be used to satisfy the requirement. The calculation of MCNWCP includes cash floats, restricted cash, one month's operating expenses and one month's interest costs on debt facilities including debentures. The Company is compliant with MCNWCP requirements.

The Company's term debt held by Gamehost Limited Partnership and Deerfoot include demand clauses in the event certain performance covenants are not met. The Company is in compliance with all covenants as at October 28, 2016.

Commitments

The Company has an 87.75% Contributing Interest Responsibility to Deerfoot for any capital funding requirements. All current capital requirements of Deerfoot have been satisfied. No capital was contributed during the Year.

The Company has certain other commitments for equipment, services and premises rent under operating leases for which the future minimum payments are as follows:

<b>Commitments</b>						
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Thereafter</b>
Total	0.5	1.3	1.1	1.0	0.8	0.1

(in millions of dollars unless stated otherwise)

Dividend policy and practice

The board of directors of the Company is responsible for determining the dividend policy of the Company. Under the Alberta Business Corporations Act (the "ABCA"), the dividend policy must comply with the requirements of the ABCA, including satisfying the dividend test applicable to ABCA companies (i.e. an ABCA company shall not declare or pay a dividend if there are reasonable grounds for believing that (a) a company is, or would after the payment be, unable to pay its liabilities as they become due or (b) the realizable value of the company's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes).

The monthly dividend policy of the Company is designed to provide for regular monthly dividend payments to holders of common shares to the extent that cash flows, operating metrics and future needs for cash support continuation of same. The Company's Board of Directors retain the right to modify such dividend policy from time to time at its discretion. In May 2016, Management and the Board of Directors felt it prudent to reduce the regular monthly dividend by 21.6% to \$0.0575 per share from \$0.0733 per share in order to preserve cash, maintain the strength of our balance sheet and position the Company for potential accretive opportunities as they may arise.

Dividend pay-out ratio

There is no standardized method for calculating dividend pay-out ratio under IFRS. The Company's method for determining its dividend pay-out ratio aims to match all cash liabilities incurred by annual operations of the Company with EBITDA earned during the same Period. The calculation also eliminates the effects of any tax deferrals available to the Company.

Dividend pay-out ratio	Q3 (nine months)			Q3 (three months)		
	2016	2015	+(-)	2016	2015	+(-)
EBITDA to Shareholders	20.9	24.0	(12.9%)	7.4	8.0	(7.5%)
Adjustments (excl. Non-controlling interest portions)						
Scheduled principal payments on demand debt	(1.4)	(1.6)	(12.5%)	(0.5)	(0.4)	25.0%
Interest expensed	(0.8)	(1.2)	(33.3%)	(0.3)	(0.3)	0.0%
Income tax expense	(5.8)	(5.3)	9.4%	(2.0)	(1.0)	100.0%
	12.9	15.9	(18.9%)	4.6	6.3	(27.0%)
Dividends declared	14.7	15.9	(7.5%)	4.3	5.4	(20.4%)
Surplus (deficit) to dividends declared	(1.8)	-	nmf	0.3	0.9	(66.7%)
<sup>1</sup> Normalized pay-out ratio	114.0%	100.0%	14.0%	93.5%	85.7%	7.8%

(in millions of dollars unless stated otherwise)

<sup>1</sup> Share repurchases and capital expenditures funded by operating earnings are removed for the purposes of normalizing dividend pay-out ratios.

## Productive capacity

The Company's assets include land, land improvements, buildings, leasehold improvements, and furniture, fixtures and equipment. At the end of the Quarter, productive capacity of the Company consisted of 122 guest rooms and 1 meeting room at Service Plus, 188 guest rooms, 10 meeting/banquet rooms, 1 showroom, 3 restaurants and a lounge at Deerfoot and ancillary amenities for both facilities. Great Northern has a cafe and a segregated showroom while Boomtown has a cafe and an integrated stage/live entertainment area. Also included in productive capacity are the Company's interests in three gaming licenses, one each for Boomtown Casino, Great Northern Casino and Deerfoot Casino. Together these licenses provide a revenue stream for the Company from an equivalent 1,683 electronic gaming devices, 67 table/poker games and other ancillary equipment. The table below summarizes changes in productive capacity since the beginning of operations. A wildfire in Fort McMurray had resulted in a temporary closure of our Boomtown Casino. The property re-opened to full operations on July 15, 2016.

### Productive capacity

Year	Event	Gaming Sq. Ft	Banquet sq. ft.	Guest rooms	F & B seating	Electronic gaming devices	Tables	Lease/ retail sq. ft.
2003	Inception of Fund	31,864		123	165	420	32	10,530
2003	Great Northern Casino Expansion	9,800	1,200		45	59		
	AGLC adds slot machines					20		
2004	AGLC adds slot machines					83		
2005	Deerfoot opening	24,000	8,000	75	140	252	13	
2006	Boomtown Casino expansion	11,000			40	193		
	AGLC adds slot machines					20		
2007	Deerfoot renovation	480			(20)	23		
2008	AGLC adds slot machines					16		
	Stampede Joint Venture	19,200	480		60	120	8	
	AGLC adds slot machines					3		
2009	AGLC adds slot machines					8		
	Stampede Joint Venture now discontinued operations	(19,200)	(480)		(60)	(120)	(8)	
2010	AGLC adds slot machines					60		
	AGLC adds VLT's					3		
	Acquisition of an additional interest in Deerfoot	31,212	10,200	113	153	448	20	
	Deerfoot table addition						2	
2011	AGLC adds VLT's					3		
2012	AGLC adds slot machines					1		
	AGLC adds VLT's					3		
2013	AGLC adds slot machines	400				30		
	AGLC adds bingo at Great Northern	870	(870)			80		
	AGLC adds VLT's at Great Northern					6		
	Great Northern Casino lounge/showroom expansion		2,600		55			
2014	AGLC adds slot machines					5		
	AGLC adds VLT's at Great Northern					20		
	Bingo closed at Great Northern	(270)	270			(80)		
	Service Plus guestroom decommissioned for use as breakfast room commissary			(1)				
2015	AGLC adds VLT's at Deerfoot					4		
2016	AGLC adds VLT's at Deerfoot					3		
<b>at September 30, 2016</b>		<b>109,356</b>	<b>21,400</b>	<b>310</b>	<b>578</b>	<b>1,683</b>	<b>67</b>	<b>10,530</b>

### Productive capacity maintenance

Productive capacity maintenance costs for facilities of the Company are minimal. Maintaining the shine on our properties so that they continue to attract guests is largely a program of regular refurbishment such as paint or new carpets. For the most part, maintenance costs are treated as operational expenses at the time they are incurred and as such are already included in the periodic cash provided by (used for) operating activities as reported in financial statements. Management may, however, undertake smaller capital projects to be paid from cash generated from operating activities. These capital costs, when funded from operating cash flow, would fall into the category of productive capacity maintenance for the purpose of determining cash available for dividend distribution.

Liquor sales require the Company to hold valid liquor licenses issued by the AGLC. Productive capacity maintenance of liquor sales is most significantly related to keeping these licenses in good standing, and requires the Company to pay for liquor orders electronically prior to delivery from AGLC wholesale.

Slot, VLT and Lottery equipment is owned and maintained by the AGLC. Tables are owned or leased and maintained by the Company. Productive capacity maintenance of both tables and electronic gaming devices are more significantly measured in terms of maintenance of the Company's charitable gaming operator licenses issued by the AGLC. Holders of these licenses must adhere to a strict set of terms and conditions. Furthermore, the three year licenses are subject to annual due diligence audits by the AGLC which are an expense to the Company. The Company's charitable gaming operator licenses have consistently received favourable results from these audits. Current licenses are valid to June 30, 2017, but the Company considers the licenses to have indefinite life.

Average annual capitalized costs for productive capacity maintenance are not expected to exceed \$0.8 million.

### Discretionary and other items

From time to time, at their discretion, management or directors may elect to use or reserve cash for other purposes. Discretionary uses of cash reduce the availability of cash for distribution to shareholders.

### Long-term unfunded contractual obligations

The Company has no long-term unfunded contractual obligations. The Company does not have a pension plan or stock based compensation plan. The benign nature of the Company's operations does not require that reserves be set up for environmental clean up, asset retirement or other real or potential liabilities.

### Capital Strategy

Current debt instruments will be maintained or eliminated to the extent they allow for repayment. All of the Company's traditional bank debt instruments allow for additional payments without penalty. Debt maintenance includes regular amortized monthly principal payments and intermittent payments on outstanding revolving debt instruments when surplus cash is available. Management's objective is to limit Total Debt to EBITDA to a ratio of 2.0 to 1 or less until such time as opportunities encourage a different strategy. The Company's Total Debt to EBITDA ratio at the end of the Period is 1.0 to 1.

Larger scale expansions or acquisitions would be funded by debt or equity at the discretion of the directors of the Company.

The Company intends to repay existing non-revolving debt obligations over a period of time which will allow it to continue to pay dividends in the manner described under "Dividend policy and practice". Current loan agreements and interest rates allow for scheduled amortization periods of 10 years for the purpose of meeting dividend objectives.

### Financing restrictions on dividends caused by debt covenants

The Company has three term loans secured by assets owned or leased by the Company. The loans require blended principal and interest payments which are scheduled to term out over 10 years. The Company also has a revolving loan secured by the same assets requiring interest only payments.

The Company's revolving loans and term loans require the maintenance of certain financial covenants and conditions. Specifically, the Company must maintain a cash flow coverage ratio of not less than 1.25 to 1, the actual ratio being 2.6 to 1 at September 30, 2016 (2.9 to 1 - December 31, 2015) and a debt to tangible net worth ratio of not greater than 3.0 to 1, the actual ratio being 0.6 to 1 at September 30, 2016 (0.6 to 1 - December 31, 2015).

### Income taxes

The Company is subject to income taxes. Transitional rules allow for the payment of taxes related to partnership income deferred from the 2011 fiscal year to be made over five years. The Company will pay the remaining \$1.1 million of deferred taxes from 2011 partnership income in 2016. The Company is making instalment payments of \$0.6 million per month compared to \$0.9 million per month in the prior year.

### **Cash dividends declared**

#### **2016 dividend summary**

Month	per Share	Date			Net Shares o/s <sup>1</sup>	Dividends
		Declared	Record	Payment		
January	0.0733	19-Jan-16	31-Jan-16	12-Feb-16	24,729,103	1.8
February	0.0733	18-Feb-16	29-Feb-16	15-Mar-16	24,729,103	1.8
March	0.0733	8-Mar-16	31-Mar-16	15-Apr-16	24,729,103	1.8
April	0.0733	18-Apr-16	30-Apr-16	13-May-16	24,729,103	1.8
May	0.0733	10-May-16	31-May-16	15-Jun-16	24,729,103	1.8
June	0.0575	10-May-16	30-Jun-16	15-Jul-16	24,729,103	1.5
July	0.0575	18-Jul-16	31-Jul-16	15-Aug-16	24,729,103	1.4
August	0.0575	14-Aug-16	31-Aug-16	15-Sep-16	24,729,103	1.4
September	0.0575	19-Sep-16	30-Sep-16	14-Oct-16	24,729,103	1.4
October	0.0575	18-Oct-16	31-Oct-16	15-Nov-16		
<b>Total</b>	<b>0.6540</b>					<b>14.7</b>

**2015 dividend summary**

Month	per Share	Date			Net Shares o/s <sup>1</sup>	Dividends
		Declared	Record	Payment		
January	0.0733	19-Jan-15	31-Jan-15	13-Feb-15	23,600,662	1.7
February	0.0733	17-Feb-15	28-Feb-15	13-Mar-15	23,629,300	1.7
March	0.0733	12-Mar-15	31-Mar-15	15-Apr-15	23,678,687	1.8
April	0.0733	15-Apr-15	30-Apr-15	15-May-15	23,698,499	1.8
May	0.0733	13-May-15	31-May-15	15-Jun-15	23,952,207	1.8
June	0.0733	14-Jun-15	30-Jun-15	15-Jul-15	24,010,703	1.8
July	0.0733	20-Jul-15	31-Jul-15	14-Aug-15	24,729,103	1.8
August	0.0733	12-Aug-15	31-Aug-15	15-Sep-15	24,729,103	1.8
September	0.0733	15-Sep-15	30-Sep-15	15-Oct-15	24,729,103	1.8
October	0.0733	16-Oct-15	31-Oct-15	13-Nov-15	24,729,103	1.8
November	0.0733	13-Nov-15	30-Nov-15	15-Dec-15	24,729,103	1.8
December	0.0733	16-Dec-15	31-Dec-15	15-Jan-16	24,729,103	1.8
<b>Total</b>	<b>0.8796</b>					<b>21.4</b>

(in millions of dollars unless stated otherwise)

<sup>1</sup> Total outstanding shares less shares to be cancelled from purchases made by the Company under normal course issuer bid (NCIB) where dividends were paid to the Company.

**Tax attributes of dividends to Shareholders**

Dividends paid to Shareholders are considered 'eligible dividends'. Eligible dividends are subject to a schedule of gross-up rates and enhanced dividend tax credits providing the investor with a more favourable income stream for tax purposes. Generally, the Income Tax Act aims to provide a lower tax rate on all dividends ultimately sourced from income subject to the usual corporate level tax rates in Canada (i.e., Income that is not income of a Canadian-controlled private corporation (CCPC) subject to the small business rate).

**Income taxes**

Income taxes include provisions for income taxes payable on current year taxable income and temporary differences and carry-forwards which give rise to future income tax assets and liabilities. Taxes are calculated using the applicable combined federal and Alberta tax rate substantively enacted. To the extent taxes can be deferred, they will be calculated at the rate of tax expected at the time the future tax asset or liability will be realized.

**Current income tax**

nine months ended September 30	2016	2015
Current tax expense	5.4	7.6
Deferred tax expense		
Origination and reversal of temporary differences	(0.7)	(2.5)
Changes in future enacted tax rates	1.1	0.2
	<b>5.8</b>	<b>5.3</b>

(in millions of dollars unless stated otherwise)

## Reconciliation of effective tax rate

Actual income tax expense differs from the expected income tax expense that would have been computed by applying the statutory income tax rate to earnings before income taxes for the following reasons:

nine months ended September 30	2016	2015
Profit attributable to shareholders	11.8	14.9
Income tax expense	5.8	5.3
Profit excluding income tax	17.6	20.2
Income tax using Company's domestic tax rate	27.00%	26.01%
Expected income tax expense	4.8	5.3
Changes in income tax expense resulting from:		
Effect of changes in temporary differences	(0.1)	(0.2)
Changes in future enacted tax rates	1.1	0.2
Income tax expense	5.8	5.3

(in millions of dollars unless stated otherwise)

Substantially enacted tax laws, as they relate to the Company's liability for current and deferred taxes, have been factored into the determination of reported taxes. Bill 2 - An Act to Restore Fairness to Public Revenue, Alberta Corporate Tax Rate Change received Royal Assent on June 29, 2015. Bill 2 increased the Alberta general corporate tax rate from 10.0% to 12.0%, effective July 1, 2015. The resulting combined federal and provincial corporate effective rate for the 2015 tax year was 26.01% and for 2016 is 27.0%.

## Capital resources

The Company has term loans secured by its land and buildings. At the end of the Period, the Company was paying interest at a rate of 3.7%, being 1.0% above the lender's prime lending rate. The Company will make blended monthly principal and interest payments on the loans amortized over 10 years. A revolving loan has an available limit of \$18.0 million and is secured by the same assets for the term loans. The revolving loan requires interest only payments also at the lenders rate of prime plus 1.0%.

Deerfoot has a term loan secured by its land and buildings. Deerfoot is currently paying interest at a rate of 3.7%, being 1.0% above the lender's prime lending rate. The term loan is amortized to the year 2025 and Deerfoot will make blended monthly principal and interest payments on the loan amortized over 10 years.

	Maturity	September 30, 2016	December 31, 2015
Credit facilities available at face value			
Revolving credit lines	2025	18.0	18.0
Term loan	2025	13.6	14.6
Deerfoot - term loan	2025	6.9	7.3
		38.5	39.9
Carrying value of borrowed amounts			
Current liabilities			
Revolving credit lines		9.4	7.3
Term loan		1.3	1.3
Deerfoot - term loan		0.7	0.6
		11.4	9.2
Non-current liabilities			
Term loan		12.3	13.3
Deerfoot - term loan		6.2	6.7
		18.5	20.0
		29.9	29.2
Interest rate			
<sup>1</sup> Revolving Credit Lines		3.70% (P +1.00%)	3.70% (P +1.00%)
<sup>1</sup> Term Loan		3.70% (P +1.00%)	3.70% (P +1.00%)
<sup>1</sup> Deerfoot - demand loan		3.70% (P +1.00%)	3.70% (P +1.00%)

(in millions of dollars unless stated otherwise)

<sup>1</sup> Prime rate (P) at the end of the Period was 2.70%.

The Company may cause to be issued unlimited numbers of shares or other securities provided they do not rank ahead of the common shares of the Company as to dividends, voting rights and other rights protected by the Limited Partnership Agreement.

## Financial instruments

### Fair value

The fair value of cash, restricted cash, trade and other receivables, trade and other payables, loans and borrowings and dividends payable approximate their carrying value due to the short-term maturities of these instruments.

### Interest rate risk

The Company's interest rate risk arises primarily from its variable rate debt in the aggregate amount of \$29.9 million. The Company is paying interest at 3.7% on traditional bank term debt and revolving debt. A 1.0% increase in interest rates would have an unfavourable impact on earnings of \$0.3 million or \$0.01/common share on an annualized basis.

### Credit risk

Credit risk arises from cash held with banks and credit exposure to customers. The Company's day to day commercial banking is with 'A' rated Canadian financial institutions. Day to day commercial banking is not concentrated with a single financial institution.

The Company, in the normal course of operations, monitors the financial condition of its customers and other receivables. The Company does not have significant exposure to any individual customer or counterparty.

Carrying amounts of accounts receivable are reduced on an account specific basis when appropriate. Carrying amounts of accounts receivable are reduced by direct write-off to earnings in the period of loss recognition. At the end of the Period, past due accounts are insignificant.

### Liquidity risk

Liquidity risk arises from excess financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet on-going liquidity requirements.

Accounts payable, excluding accrued liabilities, are due in 90 days or less.

The Company's lender has scheduled monthly blended payments that will amortize the term loan balance by August 2025 and Deerfoot term loan balance by August 2025.

The Company's Boomtown casino in Fort McMurray is currently in a period of indemnity with our insurer. The timing of future claims, if any, and receipt of claims proceeds may temporarily increase liquidity exposure for the Company.

The AGLC requires all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). The MCNWCP is a requirement for casino operations only. Additional working capital from non-casino operations and available debt facilities can be used to satisfy the requirement. The calculation of MCNWCP includes cash floats, restricted cash, one month's operating expenses and one month's interest costs on debt facilities including debentures. The Company is in compliance with this requirement.

Following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at September 30, 2016	Carrying amount	Contractual cash flows	1 year or less	2 to 5 years	More than 5 years
Trade and other payables	3.2	3.2	3.2	-	-
Term loans	20.5	24.1	2.7	10.8	10.6
Revolving credit facility	9.4	9.4	9.4	-	-
	33.1	36.7	15.3	10.8	10.6

(in millions of dollars unless stated otherwise)

### Foreign currency risk

The Company's foreign currency risk arises primarily from the purchases of specialized goods and services in US dollars. While not significant, fluctuations in the exchange rate between the Canadian and US dollars result in cost escalation. Gamehost mitigates foreign currency risk by purchasing US dollars when deterioration in exchange rates is expected. US currency is held in US dollar denominated bank accounts for this purpose.

## Industry risk

The Company's operations are all located in Alberta and to varying extents derive portions of their business income from corporate clients in the energy sector. As a result, the Company is exposed to some industry risk.

## Non-controlling interest

A joint venturer in Deerfoot is entitled to a 9% non-controlling participating interest in the assets, liabilities, equity and income of Deerfoot.

## Shareholder equity

The Company is authorized to issue an unlimited number of Shares of any class. The Company had convertible instruments that converted to common stock. Common stock is valued at the original contributed capital amount as at the 2003 plan of arrangement forming the former Gamehost Income Fund plus fair value adjustments on former Class B limited partnership units that were converted to common stock plus Shares purchased by the Company for cancellation under normal course issuer bids and amortization of a conversion privilege on the Company's matured debentures.

The Company completed a normal course issuer bid (the "2014 Bid") on April 16, 2015. Pursuant to the 2014 Bid, Gamehost repurchased 2,400 common shares during 2015 at market prices averaging \$13.30 per common share before commissions.

On April 24, 2015 the Company commenced a normal course issuer bid (the "2015 Bid"). Pursuant to the 2015 Bid, Gamehost was authorized to purchase for cancellation up to a maximum of 1,334,673 common shares, being equal to 10% of Gamehost's "public float" outstanding on April 15, 2015. Notwithstanding the foregoing, pursuant to the rules of the TSX, Gamehost could not purchase more than 3,143 common shares in any one day, such amount being equal to 25% of the average daily trading volume of the for the six months ended March 31, 2015. Common shares purchased under the 2015 Bid were to be made in the open market only through the facilities of the Toronto Stock Exchange ("TSX") and any other Canadian marketplaces at market prices in effect on the date of trade. The 2015 Bid terminated on April 23, 2016. Gamehost did not repurchase any common shares on the 2015 Bid.

On April 25, 2016 the Company commenced a normal course issuer bid (the "2016 Bid"). Pursuant to the 2016 Bid, Gamehost is authorized to purchase for cancellation up to a maximum of 1,437,995 common shares, being equal to 10% of Gamehost's "public float" outstanding on April 08, 2016. Notwithstanding the foregoing, pursuant to the rules of the TSX, Gamehost may not purchase more than 4,138 common shares in any one day, such amount being equal to 25% of the average daily trading volume of the for the six months ended March 31, 2016. Common shares purchased under the 2016 Bid will be made in the open market only through the facilities of the Toronto Stock Exchange ("TSX") and any other Canadian marketplaces at market prices in effect on the date of trade. The 2016 Bid will terminate on April 24, 2017 or such earlier time as the 2016 Bid is completed or terminated at the option of the Company. There were 24,729,103 common shares issued and outstanding as at April 08, 2016. Of this amount, 14,379,952 common shares constitute the "public float", calculated in accordance with the rules of the TSX. Gamehost did not repurchase any common shares on the 2016 Bid during the Period.

## Related party transactions

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Related party transactions are measured at the exchange amount, which is the amount agreed to by the Company and the related parties. Related party balances are unsecured and non-interest bearing with no specific terms of repayment.

The Company had related party transactions with David Will and Darcy Will and/or companies owned or controlled by David Will and/or Darcy Will collectively (the "Wills"). The Wills are key management personnel, directors of the Company and significant shareholders. Together, the Wills control 35.8% of the outstanding common shares of the Company.

- The Company incurred \$1.1 million (\$1.1 million - Q3 2015) in key management personnel compensation with the Wills for the Period which is included in administrative expenses. Compensation is in the form of short term employee benefits, director fees, management agreements and a general partnership agreement. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes, depreciation and amortization.

A management services agreement between the Company and the Wills stipulates that the Wills are entitled to 1.5% of gross operating profit before interest, taxes, depreciation, amortization and extraordinary items of the Company. These amounts are included in the above figures.

The management services company engaged to perform the services referred to above is also the general partner of Gamehost Limited Partnership. The partnership agreement stipulates that the general partner is entitled to 0.01% of all cash distributions of the partnership. These amounts are included in the above figures.

A management services agreement between Deerfoot and the Wills stipulates that the Wills are entitled to 1.5% of the gross revenues plus 2.0% of operational earnings before interest, taxes, depreciation, amortization and extraordinary items of Deerfoot. These amounts are included in the above figures.

- The Company incurred \$0.1 million (\$0.1 million – Q3 2015) of office rent expenses for the Period which is included in administrative expenses. The Company has corporate office space leased from Darcy Co Holdings Ltd., a company wholly owned by Darcy Will. Deerfoot rents its head office space from DJ Will Holdings Limited, a company wholly owned by David Will.

The Company incurred \$0.1 million (\$0.1 – Q3 2015) of rental expenses for the Period which is included in cost of sales. The Company rents tractor trailer parking and storage space from Peace Country Hospitality Inc., a company controlled by the Wills together with the Company's Chief Operating Officer ("COO").

The Company incurred \$0.1 million (\$0.1 million – Q3 2015) in directors fees during the Period paid to other directors of the Company which is included in administrative expenses.

The Company incurred \$0.1 million (\$0.1 million – Q3 2015) of charter aircraft rental expenses during the Period with Noren Air Inc., a company controlled by the Company's COO, which is included in administrative expenses. The current arrangements are verbal with competitive rates for similar typed aircraft.

The Company incurred \$0.4 million (\$0.4 million – Q3 2015) for the Period in key management personnel compensation paid to other officers or companies controlled by other officers of the Company which is included in administrative expenses. Included in these figures are fees paid under an operational services agreement between the Company and the Company's COO for overseeing site operations of the Company.

## Business risks, opportunities and outlook

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### General economic outlook

We have seen a modest improvement in oil prices on improved supply/demand imbalances and talks among OPEC members and Russia to reduce outputs. Otherwise, there is little in the way of positives on the current economic front in Alberta. A look at the Government of Alberta's economic dashboard tells a sobering story with 27 of 34 economic indicators showing year over year declines. Very modest improvement in the economy is expected in 2017. Improvement in 2017 is supported on the premise of slightly improved oil prices, public sector spending and sadly ironic, on Fort McMurray wildfire reconstruction. An additional weight falls on the Alberta economy January 1, 2017 with the introduction of a first ever provincial carbon tax of \$30/ton. The provinces NDP government has recently demonstrated a pull back in privatization in a number of healthcare support services casting uncertainty on additional private sector investment.

The Conference Board of Canada's latest report followed other economic think tanks by downgrading the Canadian growth rates for 2016 and 2017 largely as a result of weak oil & gas sector investment. The Alberta economy, still the biggest in the country, on a per capital basis, will shrink 3.0% in 2016 according to the latest TD Bank report. Alberta unemployment climbed to 8.5% in September of 2016 and is now 1.5 percentage points higher than the national average.

### Local economic outlooks

Additional pipeline access to tidewater is critical in looking to the long term future success of the Ft. McMurray region. While saying this, though, Canada's federal government reiterated it's commitment to institute a crude oil tanker ban on B.C.'s north coast that threatens the proposed Northern Gateway pipeline. The Energy East pipeline proposal continues to sell it's benefits to the country and works to appease interprovincial concerns. As these political and environmental touchstones work their ways out, many new oil sands projects and the jobs that they create are on hold. Projects currently underway, however, are benefiting from lower development costs. Wildfires resulting in the evacuation and destruction of large portions of Ft. McMurray have now been extinguished. The aftermath has largely been evaluated and remediation for smoke damaged properties is largely complete while the rebuilding of flame damaged properties are in the planning stages. Our own Boomtown Casino has now reopened after extensive smoke remediation work. Remediation and rebuilding in the area will fuel economic activity in the residential and light commercial construction sector for sometime helping to offset the downturn in the energy sector.

Grande Prairie is a major oil field supply centre and fortunately sits smack centre of the Montney formation, one of the largest hydrocarbon reservoirs ever discovered in North America. The Montney formation contains lower cost tight oil, natural gas liquids (NGL's) than other North American sources which has resulted in less decline in active rig counts than elsewhere in the province. There is also good local demand for NGL's as a diluent for growing oil sands production. So, the drop in commodity prices has been less painful for Grande Prairie over other Alberta regions. The region also has a large agricultural and forestry segments the later which is benefiting from recovering demand in the USA for lumber related materials. Pipeline activity and the start up of construction on the Site C hydro project across the provincial border in Northwestern BC are sustaining the local economy. Continued construction of a new \$800 million hospital in the City which will introduce cancer treatment not formerly offered in the region will benefit the economy further. Grande Prairie, while down, is not out.

Calgary's economy is more diversified than its smaller northern cousins. Gaming activity has held up remarkably well at the property which is in contrast to some of our competitors in the city. This is testament to residing in the fastest growing quadrant of the city with a premier location for visibility and access. Rooming revenues have been depressed, but we are somewhat encouraged by forward booking numbers. Calgary should also see some benefit in the tourism sector as a result of the low Canadian dollar.

## Government regulation

The Federal Government has jurisdiction regarding First Nations lands. The Federal Government defers governmental authority to either provincial governments or First Nations Bands at their discretion. The Federal Government, to date, has chosen not to become involved in the smoking-in-public-places debate on First Nations lands. Presently, all First Nations casinos in Alberta permit smoking and enjoy a competitive edge over traditional casino operators who are subject to provincial non-smoking legislation. We believe, however, that this competitive advantage has diminished over time as the public has become accustomed to, and in many cases prefers, smoke-free public places, including casinos.

The Alberta and Canadian gaming industries are highly regulated by provincial governments resulting in high barriers of entry. Revenue sharing agreements between governments and operators are subject to change by unilateral government action. Revenue sharing and operator agreements are not the same from province to province. Neither are they the same for traditional casino operators and First Nations casino operators. Traditional casino operators in Alberta receive less favourable compensation when compared to competing Alberta First Nations operators and some of their provincial counterparts.

Since 2008 the Board of the AGLC has been deferring consideration of new casino and REC licences. This was affirmed as late as January 22, 2015.

## Competition

Management is not aware of any gaming expansions that could have a material effect on the Company's operations. We detail below, however, some new and existing conditions that could have a moderate impact on operations which we are following.

There are eight slot gaming licences issued in the Calgary region including a racing entertainment centre (REC) located in an adjacent county to the north. The Company's Deerfoot Inn & Casino is located deep in the south east quadrant of the city with the nearest casino competition some 13 kilometres to the north west. There is sparse competition to the Deerfoot's rooming business. The closest competition is operated by a related party. This property operates at a different price point to the Deerfoot and has been beneficial in boosting banquet and conference capacity for Deerfoot. Otherwise, the next closest competition is an older property located 4.2 kilometres to the north also offering banquet and convention services. A new Marriott branded hotel opened in December 2015 9.7 kilometres south of the Deerfoot and adjacent to the new provincial South Health Campus. This 224 room short and long-term stay property will serve the mid-scale luxury market with full service amenities. Meeting room and food service capabilities are substantially smaller than Deerfoot's and will not be significant competition in the meeting/conference space. The Deerfoot property recently went through a ten year anniversary refurbishment and can stand next to newer properties with undiminished pride.

The Great Northern Casino in Grande Prairie is the only full service casino in the city. Evergreen Park is the area's agribition and trade grounds located 8.5 kilometres from the city centre. The park operates a small REC with off-track betting, 99 slot machines and VLT's. Great Northern Casino has the cities premier intimate live entertainment space. The F&B market is competitive and ever-changing, but the casino's unique offering and location give it a competitive niche.

The Company's Service Plus hotel property operates in a highly competitive market, but continues to succeed on superior location and service. The property is directly across from the area's community college and a favoured choice of sports teams. Service Plus is also adjacent to the Gateway Power Centre big box shopping outlet and convenient for those travelling to Grande Prairie as their nearest major market city. A new extended stay hotel opened in June 2016 on a site directly across the street from Service Plus. The property was developed by a related party and is intended to provide services to a different segment of the rooming market. The new hotel is not having a material impact on occupancy at Service Plus.

The Company's Boomtown Casino in Fort McMurray operates without any gaming related competition in the trading area. At present, gaming demand is well served by the Company's current capacity. More immediate and significant threats exist to the food and beverage segment of our business as the municipality opens new commercial developments for franchise and independent operators. The Company is ramping up efforts to attract a larger segment of the local population with less reliance on a transient workforce. In the near term Boomtown is benefiting from competitors difficulties in reopening following the fire and achieving full staffing levels. The Company's ability to continue to pay wages during the period the community was evacuated where competition could not is proving a real near term advantage.

Under a predecessor government, AGLC invited submissions to a request for proposal for a turnkey online gaming solution. The provinces newly elected government announced in the summer that any ideas for provincial sponsored online gaming were being shelved for the time being. Albertan's continue to have access to grey market online gaming sites.

## International Financial Reporting Standards (IFRS)

### Standards, amendments and interpretations effective and applied

The Company has applied the following new and amended standards, effective January 1, 2016. Changes were made in accordance with applicable transitional provisions. Application of the standards, amendments and interpretations have had no material impact on the Company's financial statements.

- *IAS 1 - Presentation of Financial Statements* - amended to add specific guidance where an entity reclassifies an asset from held for sale to held for distribution or vice versa or where held for distribution accounting is discontinued.
- *IAS 16 - Property, Plant and Equipment ("IAS 16") and IAS 38 - Intangible Assets* - amendments provide additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated.
- *IAS 16 - amendments bringing bearer plants into the scope of IAS 16 rather than IAS 41 - Agriculture.*
- *IAS 19 - Employee Benefits* - amended to clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- *IAS 27 - Separate Financial Statements* - amended to reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.
- *IAS 34 - Interim Financial Reporting* - clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

- *IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations* - amended to remove wording that could be interpreted to prevent the use of judgement by the financial statement preparer in areas of materiality, aggregation of line items and the order in which notes are presented.
- *IFRS 10 - Consolidated Financial Statements ("IFRS 10") and IAS 28, Investments in Associates and Joint Ventures ("IAS 28")* - amendments requiring that a full gain or loss should be recognized on the loss of control of a business, whether the business is housed in a subsidiary or not. At the same time, the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 Business Combinations to an associate or joint venture should only be recognized to the extent of unrelated investors' interests in the associate or joint venture.
- *IFRS 10, IFRS 12 - Disclosure of Interests in Other entities and IAS 28* - The IASB published 'Investment Entities: Applying the Consolidation Exception' resulting in amendments to address issues that have arisen in the context of applying the consolidation exception for investment entities.
- *IFRS 11 - Acquisition of an Interest in a Joint Operation* - amended to improve comparability of reported financial information by providing guidance on how a joint operator accounts for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business. It would require a joint operator to account for such an acquisition by applying IFRS 3 Business Combinations and other standards, and disclosing the relevant information specified in those IFRSs for business combinations.

Standards and amendments to standards and interpretations that are not yet effective for the year ended December 31, 2016 have not been applied in preparing these consolidated financial statements but are described below. For those standards where earlier application is permitted, the Company expects to apply the changes at the effective

- *IAS 7 - Statement of Cash Flows* - amended to provide better clarity to statement readers about an entities financing activities. It is effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.
- *IAS 12 - Income Taxes* - amended to clarify when a deferred tax assets should be recognised for unrealized losses. It is effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.
- *IFRS 2 - Share-based Payment* - amended to clarify how to account for certain types of share based payment transactions. It is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.
- *IFRS 9 - Financial Instruments* (replaces IAS 39) - addresses the classification and measurement requirements of financial assets and liabilities. It is intended to improve transparency in the disclosure of expected credit losses. It is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively.
- *IFRS 15 - Revenue from Contracts with Customers* - provides a single and comprehensive framework for recognizing revenue from contracts with customers. It does not apply to leases, financial instruments or insurance contracts. It is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. Earlier application is permitted.
- *IFRS 16 - Leases* - specifies how to recognise, measure, present and disclose leases (replaces IAS 17). The standard is substantially unchanged from IAS 17. It is effective for annual periods beginning on or after January 1, 2019.

Management is currently assessing the impact of the above future accounting changes on the Company's consolidated financial statements.

**Additional information**

All required public disclosures including material documents, press releases, annual information form and financial statements of the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information about the Company can be found at [www.gamehost.ca](http://www.gamehost.ca).