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**MANAGEMENT DISCUSSION & ANALYSIS
FOR THE INTERIM THREE MONTHS ENDED
MARCH 31, 2004**

Overview

Gamehost Income Fund (the “Fund”) is an unincorporated open ended trust governed by the laws of the province of Alberta and was formed on April 9, 2003. The Fund operates two casinos and a hotel all located in Alberta. These operations include Boomtown Casino in Ft. McMurray, Great Northern Casino and Service Plus Inns & Suites Hotel both located in Grande Prairie. As complement to the Hotel the Fund owns a retail block that leases space to a liquor store, pub and full service restaurant operation. The Fund is also a joint venture partner (40%) in a hotel/convention/entertainment/casino development proposal for Calgary, Alberta (the “Joint Venture”).

The Fund distributes cash generated by owned and operated assets to unitholders on a monthly basis. Management believes in a total entertainment/hospitality model. The model targets the entertainment seeker and social occasional gamer by offering modern, clean, inviting venues that deliver live entertainment, lounging and dining, rest and relaxation together with gaming.

Discussion of Operations and Financial Condition

This discussion should be read in conjunction with reporting results for the first quarter ended March 31, 2004.

The Fund began operations on June 1, 2003. For reporting purposes, the Fund is treated as a new entity. As a result, there is no prior year comparative financial information for the first quarter January 1, 2004 thru March 31, 2004 (the “Period”).

1. Facilities and Operations

With the exception to the Fund’s ongoing funding requirements for our joint venture investment in Deerfoot Inns and Casino Inc. there were only minor equipment and facility additions rounding our capital spending of \$149 thousand for the Period. The Fund’s portion of the Joint Venture development costs during the period totaled \$127 thousand. A further \$6 thousand in trailing costs from last years completed expansion of the Great Northern Casino and \$12 thousand spent for cash counting equipment at Boomtown Casino were the most significant of other capital expenditures.

Management’s efforts in Deerfoot Inn & Casino Inc. (the “Joint Venture”) are intensifying. On April 20, 2004, the Joint Venture’s development proposal for a hotel/ convention/ entertainment/ casino complex in Calgary was advanced to Step 8 by Alberta Gaming and Liquor Commission (AGLC). Step 8 is the final step in AGLC’s Traditional Casino Facility Application Process. A license is not issued until the completed construction of the facility receives final AGLC approval. However, proceeding to Step 8 clears the way for the Joint Venture to proceed with all facets of the construction process. The Joint Venture hopes to break ground for start of construction by June 1, 2004. Contracts are in various stages of award for major structural components and long lead delivery items.

A review of the Fund's insurance coverage for crime, liability and property was completed in early January. Policy coverage for both crime and liability were broadened and all property coverage was increased to reflect the current market value of replacement costs. Previous coverage was based on the original costs of self construction. Negotiated reductions in premium rates helped to offset a portion of the increase in coverage resulting in a net premium increase of \$129 thousand or 83%. It should be noted that the casino and hospitality industry have incurred general increases in the range of 250% over the past year for general liability and host liquor coverage. The Fund to date has a no claims history and this good record is reflected in the lower than average premium rates secured in our renewed policy.

Management continues to drive the Fund's total entertainment/hospitality model. This model targets the entertainment seeker and social occasional gamer. The Fund's mission is to maintain the best facilities in prime locations through ongoing upgrades and expansion and featuring quality live entertainment and providing the highest level of customer service through staff training and development and playing a charitable role in the communities in which we operate. Current management and administrative effort is focused on continuous improvement in customer service and entertainment offerings. Results of following this model and adhering to the mission have delivered a strong performance in both revenues and net margins during the Period.

2. Revenue

Record sales volumes of \$6.08 million were recorded during the period. Previous high revenues were exceeded in both February and March resulting in a \$521 thousand or 9% increase over the final quarter of 2003, the previous high quarter.

Quarterly revenue growth has been achieved in each of the last three operating quarters in each of the three business segments of Accommodation & Lease, Gaming and Food & Beverage Services. The months of both February and March saw revenue records being set in each of these three segments as well. Both Accommodation & Lease and Gaming were up 10% over the previous high quarter in December 2003. Food & Beverage Services were up 5% comparing the same two periods.

Revenue Detail	Tables	Electronic Gaming	Food & Beverage Services	Accommodation & Lease	Other	Total
\$'s	1,056,676	3,001,958	934,420	983,469	98,992	6,075,515
%	17%	49%	15%	16%	3%	100%

3. Expenses

Direct and general administrative expenses totaling \$3.06 million include amortization of \$256 thousand. Expressed as a percentage of revenue, total expenses represent 50% of total Fund revenues. This compares to the year ended December 31, 2003 where total expenses were 53% of total Fund revenues. Stronger revenue generation rather than cost reductions explain the reduction in costs as a percentage of revenue.

Expense Detail	Gaming	Food & Beverage Services	Accommodation & Lease	Other	Total
\$'s	1,229,286	999,279	546,813	284,783	3,060,161
%	40%	33%	18%	9%	100%

4. Net Income

Net earnings before income allocated to Class B Unitholders totaled \$3.3 million or 53% of all revenues. This represents an increase of 2% in net margin over previous year results.

5. Hotel operations

Occupancy rates continue their strong showing from 2003. However, revenues will be more cyclical in nature in the accommodation industry. March was an especially good month with the highest sales and occupancy rates recorded to date. March would tend to be a seasonally strong month as the resource sector scrambles to complete work prior to spring breakup. Marketing efforts continue to raise awareness of the Fund's Grande Prairie hotel. The side by side proximity of the hotel and Great Northern Casino continue to provide a competitive opportunity for our marketing initiatives. This is evidenced by the fact that two additional hotel facilities have opened in Grande Prairie over the past year with no adverse effect on occupancy or pressure on room rates. Looking into April the annual spring breakup is having the anticipated impact on revenue generation with sales dropping to seasonal expectations. Construction and resource crews are often given leave during this period as the frost comes out of the ground and road bans often restrict truck traffic.

6. Gaming operations

The Fund's casinos generate revenue via commissions paid by Alberta Liquor and Gaming Commission ("AGLC") for operating AGLC owned slot machines and from winnings on table games owned and operated by the Fund as well as automated banking machines located on the premises. Strong resource and construction sector employment in both Grande Prairie and Ft. McMurray where we operate have contributed to significant revenue growth. Both casinos surpassed previous quarterly records on electronic gaming and March was the strongest showing ever for this type of gaming at both facilities. Gaming table drop also set a new record at Great Northern Casino in March.

The Great Northern Casino surpassed previous monthly high revenue months in both February and March. March saw the casino combined with food and beverage operations operated within the facility break the million dollar barrier for the first time. Table and electronic gaming devices both set revenue records at least once during the Period.

At Boomtown Casino in Ft. McMurray similar results were achieved. Revenues rose sharply in March surpassing the previous record high set in October of 2003. All areas of revenue generation were in record territory at the end of the period with the exception of table games that couldn't quite break the barrier set in October of 2003.

7. Food and Beverage

The spin off benefits of higher traffic volumes in both casinos helped the food and beverage division exceed their previous monthly and quarterly sales highs. Food, beverage and entertainment sales are generated solely within our gaming facilities. Food, beverage, entertainment and gaming all benefit from co-existence. There is a demand for high quality food and live entertainment in both Ft. McMurray and Grande Prairie. Our facilities provide this in clean attractive venues that invite customers to return again and again.

Subsequent Events

On April 20, 2004, the AGLC moved the Joint Ventures application for a traditional gaming license to Step 8 of the 8 step process. At this point a license is not approved. The completed facility must meet all requirements of federal and provincial legislation as well as municipal regulations and policies. Pending satisfactory review of these requirements the AGLC will recommend to their board that a casino facility licenses be granted. Details of the steps involved in the AGLC's Traditional Casino Facility Application have been communicated in earlier company documents or alternately can be found on AGLC's web site at http://www.aglc.gov.ab.ca/casino/8_step_process.asp. As such, the Joint Venture is expediting construction of the hotel/convention/entertainment/gaming facility. Further to this, the Joint Venture Agreement stipulates that on commencement of construction a funding adjustment from the Participating Interest percentage to the Contributing Responsibility percentage be made to the Joint Venture partners. The adjustment is calculated on all incurred costs of the project since start up. As a result, \$461,000 became due to the Joint Venture from the Fund on that date.

Backgrounder

The Joint Venture was formed for the purposes of constructing, developing and operating a 188 room hotel with water park convention facilities, dining and beverage facilities and a 60,000 square foot casino entertainment facility in Calgary, Alberta. The completed project is expected to cost close to \$40 million.

The Joint Venture agreement documents the Participating Interests and the Contributing Interest of the Joint Venture partners as follows:

	Participating Interest %	Contributing Responsibility %
Gamehost Income Fund	40.00	47.75
Will Inns Ltd.	31.00	24.31
Winners Gaming Corporation	20.00	15.69
JM Wood Investments Ltd	9.00	12.25

Will Inns Ltd. is controlled by David Will, Trustee of the Fund. Winners Gaming Corporation is controlled by Darcy Will, a Trustee of the Fund. JM Wood Investments Ltd. is controlled by Jed Wood, a Trustee of the Fund.

Trustees of the Fund have appointed a compensation committee with instructions to develop a compensation plan for the management of the Fund. The compensation plan will replace a management service agreement in place for 2003. The committee will present their recommendations to the board in early 2004.

Liquidity and Capital Resources

Gamehost Income Fund carries \$71 million in total assets and ends the reporting Period with \$4.2 million in cash and cash equivalents. The Fund has no debt. A \$250 thousand credit facility is available to the Limited Partnership, but to date has not been used.

The Joint Venture is in the process of negotiated debt financing for development of the Calgary project.

Capital Expenditures

Capital Expenditures for the Period totaled \$149 thousand. The majority of this total, \$127 thousand, was for the Funds portion of incurred costs by the Joint Venture. Trailing renovation costs for Great Northern Casino accounted for \$9 thousand and the remaining balance was used for equipment and computers throughout head office and operations.

Distributable Cash

The Fund's mandate is to make consistent monthly cash payments to our unitholders based on management's projections of the year's distributable cash. Distributable cash is defined as net income determined in accordance with Canadian generally accepted accounting principles, subject to certain adjustments as set out in the Declaration of Trust, including:

- 6) adding the following items: amortization on property, plant & equipment, future income tax expense and losses on dispositions of assets; and
- 6) deducting the following items: future income tax credits, gains on dispositions of assets and capital maintenance expenditures.

Other adjustments may be made to Distributable cash as determined by a majority of the Trustees in their discretion. It is the intention of the Fund trustees to distribute sufficient income from the Fund so that the Fund will not have any liability for tax under Part I of the Income Tax Act.

Gamehost Income Fund announced monthly distributions of \$0.12 per unit for each month of the Period. A further distribution of the same amount was declared for the month of April 2004. Declared monthly distributions are paid on or about the 15th of the month following declaration. Management believes the current monthly distribution is sustainable for the foreseeable future.

During the Period the Fund generated \$3.122 million in distributable cash and declared distributions of \$2.533 million. The excess in distributable cash for the period totaled \$590 thousand. The Fund now carries excess distributable cash of \$1.27 million which is expected to be used in ongoing funding requirements of the Joint Venture.

GAMEHOST INCOME FUND
SUMMARY OF DISTRIBUTABLE CASH
FOR THE THREE MONTHS ENDED
MARCH 31, 2004

	Class B Limited Partners	Unitholders	Total
DISTRIBUTABLE CASH - OPENING	\$ 346,481	\$ 329,265	\$ 675,737
Add:			
Adjustment – 2003 Capital Expenditures	<u>17,245</u>	<u>(17,245)</u>	<u>-</u>
ADJUSTED DISTRIBUTABLE CASH - OPENING	\$ 363,726	\$ 312,011	\$ 675,737
NET EARNINGS FOR THE PERIOD	\$ 1,623,337	\$ 1,392,017	\$ 3,015,355
Add:			
Amortization of property, plant & equipment	137,951	118,293	256,244
Capital expenditures	<u>(80,310)</u>	<u>(68,866)</u>	<u>(149,176)</u>
DISTRIBUTABLE CASH GENERATED	<u>\$ 1,680,978</u>	<u>\$ 1,441,444</u>	<u>\$ 3,122,422</u>
DISTRIBUTABLE CASH GENERATED/UNIT	<u>\$ 0.444</u>	<u>\$ 0.444</u>	<u>\$ 0.444</u>
DISTRIBUTIONS DECLARED	<u>\$ 1,363,608</u>	<u>\$ 1,169,298</u>	<u>\$ 2,532,906</u>
DISTRIBUTIONS DECLARED/UNIT	<u>\$ 0.360</u>	<u>\$ 0.360</u>	<u>\$ 0.360</u>
NON-DECLARED DISTRIBUTABLE CASH	<u>\$ 317,370</u>	<u>\$ 272,146</u>	<u>\$ 589,516</u>
NON-DECLARED DISTRIBUTABLE CASH/UNIT	<u>\$ 0.084</u>	<u>\$ 0.084</u>	<u>\$ 0.084</u>
DISTRIBUTABLE CASH - CLOSING	<u>\$ 681,096</u>	<u>\$ 584,157</u>	<u>\$ 1,265,253</u>

Business Risks and Outlook

Grande Prairie will see some increase hotel room capacity over 2004. A number of developments are in various stages of progress. The increased capacity could impact occupancy rates and potentially “rev par” which is a measure of earned average room rate. In anticipation of the added competition, management has stepped up its marketing program to affirm existing client relationships and to establish new ones.

Last quarter we reported that AGLC has received an application for a second casino in Grande Prairie. At this point there has been no further advancement of the application. It will follow the same 8 Step Traditional Casino Facility Application Process set out by the AGLC that all applicants must adhere to. Set by step details of the process were communicated in our annual report for 2003 and can be found on SEDAR under Gamehost Income Fund company documents or alternately on the AGLC website at http://www.aglc.gov.ab.ca/casino/8_step_process.asp.

The Joint Venture development in Calgary has real potential to enhance the financial position of the Fund. Completed facilities are not projected to open until Q4 of 2005. Any economic benefits will not be realized until that time. The project is subject to the normal course of construction risks associated with all projects of this magnitude. Appropriate risk management is in place and management will be assuming a leading hands-on approach to schedule and cost control throughout the process.

In addition to the Fund's interest in the Joint Venture management is currently reviewing a number of additional development opportunities which would augment the entertainment model being followed.

Summary of Ownership Interest

**GAMEHOST INCOME FUND
SUMMARY OF OWNERSHIP INTEREST
FOR THE THREE MONTHS ENDED
MARCH 31, 2004**

	Class B Limited Partners	Unitholders	Total
BALANCE, BEGINNING OF PERIOD	\$ 37,970,276	\$ 30,200,980	\$ 68,171,256
NET INCOME	1,623,337	1,392,017	3,015,355
DISTRIBUTIONS TO UNITHOLDERS	<u>(1,363,608)</u>	<u>(1,169,298)</u>	<u>(2,532,906)</u>
BALANCE, END OF PERIOD	<u>\$ 38,230,005</u>	<u>\$ 30,423,699</u>	<u>\$ 68,653,704</u>

Forward-looking Statements

This management's discussion and analysis contains forward looking statements. Forward-looking statements may contain words such as "anticipates", "believes", "could", "expects", "indicates", "plans" or other similar expressions that suggest future outcomes or events. Use of these statements reflect reasonable assumptions made on the basis of managements current beliefs with information known by management at the time of writing. Many factors could cause actual results to differ from the results discussed in forward-looking statements. The reader is cautioned that the Fund can not assure that actual results will be consistent with these forward-looking statements.