



**2005 Second Quarter  
Interim Management Discussion and Analysis  
for the six month period ended June 30, 2005**

## Organizational Structure

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### The Fund

The Fund is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 9, 2003.

### The Trust

Gamehost Trust (the "Trust") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 10, 2003. All of the securities of the Trust are held by the Fund. The trustees of the Trust are the trustees of the Fund.

### The Limited Partnership

Gamehost Limited Partnership (the "Limited Partnership") is a limited partnership formed under the laws of the Province of Alberta. The Limited Partnership owns the assets and business operations of the Fund. These assets were acquired from Service Plus Hospitality Ltd., Will Inns Ltd. and Boomtown Casino Ltd. through a Plan of Arrangement. The Limited Partnership began operations of the Fund effective June 1, 2003.

### The Manager

The general partner of the Limited Partnership is the Manager (Gamehost Management Inc.). Pursuant to a management agreement (the "Management Agreement") between the Fund and the Manager, the administration and management of the Fund was delegated to the Manager.

### Units

The Limited Partnership is authorized to issue unlimited numbers of both Class "A" units ("Fund Units") and Class "B" units ("B Units"). At present, all Fund Units of the Limited Partnership are held through the Trust and all B Units are held by the remaining partners of the Limited Partnership. There are 3,591,051 Fund Units and 3,444,800 B Units of the Limited Partnership issued and outstanding. B Units are exchangeable, on a one-for-one basis, for Fund Units. Holders of Fund Units and holders of B Units have equal voting rights.

## Overview

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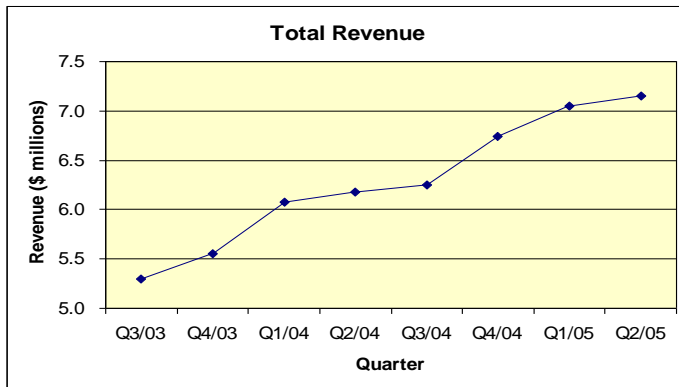
The Fund's activities are currently only in the Province of Alberta, Canada. Operations include the Boomtown Casino in Ft. McMurray, the Great Northern Casino and the Service Plus Inns & Suites Hotel (the "Hotel") both located in Grande Prairie. As a complement to the Hotel, the Fund owns a retail complex (the "Strip Mall") that leases space to separate liquor store, pub and full service restaurant operations. The Fund is also a joint venture partner in Deerfoot Inn & Casino Inc. (the "Joint Venture") that is currently constructing a 188 room full service hotel and convention centre with attached showroom and casino in Calgary.

Management believes in a combined entertainment and hospitality model. The 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.

It is the intent and practice of the Fund to distribute taxable income of the Fund to unitholders by way of cash distributions on a monthly basis.

## To our Unitholders

The Trustees and management of Gamehost Income Fund are pleased to present interim results for the six months ended June 30, 2005 (the "Period").



Revenues for the three months ended June 30, 2005 (the "Quarter") continued their climb to record territory. We are very pleased with these results, especially the month of June which surpassed revenue generation during the month of May. Historically, June revenues fall short of May with the onset of summer. Results exceeded management expectations in particular hotel operations which is showing strong gains from the previous year.

### Best Quarter Since Inception

Quarterly revenues and earnings before interest, taxes, depreciation and amortization ("EBITDA") of \$7.15 million and 56.8% respectively both represent the highest quarterly results achieved to date. Revenues exceed the same quarter one year earlier by \$975 thousand or 15.8% and the previous quarter by \$102 thousand or 1.4%. EBITDA margin comparisons to the corresponding quarter in 2004 show an increase of 1.2% and compared to the previous quarter, an increase of 1.7%. As a result the Fund generated net earnings per unit of 54.3¢ during the Quarter. This is an increase of 9.1¢ per unit or 20.1% and 2.4¢ per unit or 4.6% over Q2 2004 and Q1 2005 respectively. For the Period the Fund has generated \$1.13 per unit in cash earnings compared to \$0.95 per unit over the same period in 2004 for an additional 17.6¢ per unit year over year. The Fund has paid out 64% of cash generated during the Period. All of these results exceed management's expectations.

### Operations

Hotel operations have been particularly strong in the Period. Improvements in occupancy rates and an across the board increase in room rates have combined to provide significant increases in cash flow compared to the same period one year earlier. Hotel business in June was much stronger than expected on numerous group bookings which helped propel overall Fund revenues into record territory for the Quarter. Slot revenues continued growth into June which is normally a trailing off month as we approach the summer vacation season. The cool and wet weather for much of May and June was to our benefit. Food and beverage sales have reached business volumes where this segment can begin to be profitable on its own. This is after a great deal of hard work and promotional effort.

### Near Term Outlook

Forecasts for the energy industry for the balance of 2005 remain very positive. With oil and gas commodities hovering at near all time highs we expect to experience the spin off benefits of continued strong performances from all of our own facilities for the next quarter and through the balance of the year.

In June we received the final municipal approvals to proceed with an expansion of the Boomtown Casino in Ft. McMurray. The expansion which is expected to cost approximately \$1.5 million will double the size

of the current space. Construction will begin at the end of July with a planned completion towards the end of 2005. This project will position us for continued growth immediately in 2006. We are also looking forward to our fall 2005 opening of Deerfoot Inn & Casino in Calgary. A number of key management staff for the facility are in place and preparations are underway for a major recruitment campaign. Interest to date from prospective employees has been very strong from on site advertising and our web site. This is encouraging given the tight labour market in Alberta and Calgary in particular. The Deerfoot project is tracking close to budget.

### **Farewell and Thanks**

In April Mr. Jed Wood resigned as Trustee to focus more time on other business interests. And in June, Mr. Dave Harrop resigned his position as Trustee to also pursue other business interests. We are grateful for the contributions these individuals have made to the Board. We are also grateful for the extra effort being made by all Board members and staff as we approach opening day for the Deerfoot Inn & Casino.

The months ahead will be exciting. Please share our confidence as we continue to put our best foot forward.

Sincerely,



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



Darcy J. Will  
Vice President  
Gamehost Management Inc.

## Management's Discussion and Analysis for the six month period ended June 30, 2005

This discussion should be read in conjunction with the reported financial results for the six month period ended June 30, 2005 (the "Period"). Consolidated interim financial statements for the Period have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP).

### Caution to the Reader

Quarterly figures and comparisons contained in this management discussion and analysis have not been independently audited or reviewed by the Funds external auditors.

This management discussion and analysis may make reference to earnings before interest, taxes, depreciation and amortization (EBITDA). EBITDA is a non-GAAP measure and is provided for information only. EBITDA calculations should not be relied upon as a sole measure of performance.

This management discussion and analysis may contain 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 management's 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. Actual results may not be consistent with these forward-looking statements.

### Quarterly Performance Summary

Quarterly Performance	2005		2004				2003	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3 <sup>1</sup>
Total revenue	\$7,150	\$7,048	\$6,745	\$6,251	\$6,175	\$6,076	\$5,554	\$6,976
Expenses	\$3,092	\$3,163	\$3,216	\$2,732	\$2,740	\$2,804	\$2,780	\$3,373
EBITDA	\$4,059	\$3,885	\$3,529	\$3,519	\$3,435	\$3,272	\$2,774	\$3,603
EBITDA %	56.8%	55.1%	52.3%	56.3%	55.6%	53.8%	49.9%	51.6%
Net earnings	\$3,824	\$3,650	\$3,272	\$3,263	\$3,179	\$3,015	\$2,396	\$3,439
earnings per unit <sup>2</sup>	\$0.543	\$0.519	\$0.465	\$0.464	\$0.452	\$0.429	\$0.341	\$0.489

(in thousands of dollars unless stated otherwise)

<sup>1</sup> Q3 2003 includes the first four months operations of the Fund

<sup>2</sup> Weighted average and fully diluted

### Revenues

The Fund broke total revenue records for the seventh consecutive quarter with no change in the number of slot machines or tables operated from Q1 2005.

Total Revenue	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
	14,198.0	12,250.2	15.9%	7,150.4	6,174.7	15.8%	7,047.5	1.5%

(in thousands of dollars unless stated otherwise)

## Hotel Rooming Revenue

Hotel - Rooming	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
Rooming	1,853.7	1,656.5	11.9%	859.8	734.0	17.1%	993.9	(13.5%)
Occupancy	81.6%	75.7%	7.7%	76.3%	67.5%	8.8%	86.9%	(10.6%)
Average Rate	\$102.41	\$97.27	5.3%	\$101.97	\$96.71	5.4%	\$102.80	(0.8%)

(in thousands of dollars unless stated otherwise)

Hotel Rooming includes both guest and meeting room sales at the Hotel. As expected, occupancy decreased from quarter 1 as we head into the slower summer vacation season. This is typical of the industry in general in the Grande Prairie area. A larger percentage of group bookings during the Quarter has had a slight downward impact on the average room rate as compared to the previous quarter. Continued growth is still evident when comparing revenues to the previous year. Management is confident that in spite of increased competition introduced to the market in the past year that we have retained our share of the market place.

## Table Game Revenue

Table Games	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
All Others	1,911.9	2,077.6	(8.0%)	908.4	1,062.7	(14.5%)	1,003.5	(9.5%)
Poker	183.3	87.3	110.0%	85.4	45.5	87.8%	97.9	(12.7%)
Caribbean Stud	115.6	-	-	57.1	-	-	58.5	(2.3%)
	2,210.9	2,164.9	2.1%	1,051.0	1,108.2	(5.2%)	1,159.9	(9.4%)

(in thousands of dollars unless stated otherwise)

All table games experienced lower revenues this Quarter as compared to quarter 1. The actual table drop (monies played) increased from both quarter 1 and the comparable periods in 2004, however the casino hold percentage dropped during the Quarter creating lower net revenues. Caribbean Stud revenue for the comparable quarter in 2004 was included in other table revenue as it was not broken out separately at that point in time.

Tables	End of Q2			Previous Quarter	
	2005	2004	+(-)	Q1 2005	+(-)
All Others	25	25	-	25	-
Poker	5	5	-	5	-
Caribbean Stud	2	2	-	2	-
	32	32	-	32	-

## Slot Machine Revenue

Slot Machine	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
Revenue	6,469.8	5421.8	19.3%	3,390.6	2,799.1	21.1%	3,079.2	10.1%
Machines <sup>1</sup>	593.0	499.0	94.0	593.0	499.0	94.0	593.0	-

(in thousands of dollars unless stated otherwise)

<sup>1</sup> Slot machine count at the end of the Period

Both casinos set slot revenue records again this Quarter. The machine count remained the same from the end of the previous quarter with Great Northern Casino at 387 machines and Boomtown Casino at 206 machines. Continued growth in the local economies of Ft. McMurray and Grande Prairie is a contributing factor. However, cool, wet weather for much of May and June is likely the main reason for the favourable results. The mid-week activity at Boomtown Casino has increased and is now approaching weekend playing levels. The continued growth in Ft. McMurray is especially encouraging with the anticipation of expansion beginning at the end of July 2005.

Finding and retaining enough qualified and experienced dealers continues to be a challenge.

### Food & Beverage (“F&B”) Revenue

F&B Revenue	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
<b>Food &amp; mix</b>	<b>371.5</b>	300.3	23.7%	<b>177.2</b>	176.0	0.7%	194.3	(8.8%)
<b>Liquor</b>	<b>1,984.0</b>	1,574.3	28.1%	<b>988.9</b>	764.9	29.3%	995.1	(0.6%)
	<b>2,355.5</b>	1,874.6	25.7%	<b>1,166.1</b>	940.8	23.9%	1,189.4	(2.0%)

(in thousands of dollars unless stated otherwise)

Great Northern Casino experienced slightly lower sales volume in both the food and beverage areas. Boomtown Casino’s food revenue remained constant from the previous quarter and enjoyed an increase in beverage sales which largely compensated for the decrease at Great Northern Casino during the Quarter.

F&B Margins	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
<b>Food &amp; mix</b>	<b>11.3%</b>	34.0%	(22.7%)	<b>11.4%</b>	38.9%	(27.5%)	12.5%	(1.1%)
<b>Liquor</b>	<b>72.1%</b>	69.9%	2.2%	<b>72.1%</b>	69.1%	3.0%	72.2%	(0.1%)
<b>Total</b>	<b>62.6%</b>	63.5%	(0.9%)	<b>62.9%</b>	63.7%	(0.8%)	62.4%	0.5%

(in thousands of dollars unless stated otherwise)

Overall food and beverage margins are down slightly from quarter 1. The effects of a price increase at Great Northern Casino are offset by a return to more normal sales mixes being a higher percentage of beer versus wine and spirits. Commissioned sales used to be recorded at their net amounts resulting in the appearance of higher margins in 2004.

### Lease and Rental Revenue

Lease and rental revenue includes three leases in the retail strip complex in Grande Prairie as well as lease and rental revenues generated within the casinos from 3<sup>rd</sup> party providers of on premises food services.

Lease & Rental	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
<b>Total</b>	<b>148.5</b>	145.5	2.0%	<b>73.6</b>	73.1	0.7%	74.9	(1.7%)

(in thousands of dollars unless stated otherwise)

Lease and rental revenues for the Period are reflective of expected levels for the duration of the year. Amounts include four agreements for which term rates have been established for the calendar year 2005

and beyond. In the case of the Strip Mall, monthly lease payments are partially based on estimated common area costs which may result in an adjustment at calendar year end.

## Other Revenue

Other revenue includes automated teller fees (“ATM”), movie rentals, cigarette sales, ticket revenue and other miscellaneous service revenues at both the casinos and Hotel.

Other	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
<b>Total</b>	<b>1,159.7</b>	986.8	17.5%	<b>609.4</b>	519.7	17.3%	550.3	10.7%

(in thousands of dollars unless stated otherwise)

ATM's produced record revenues again for the second Quarter in both Great Northern Casino and Boomtown Casino on higher transaction volumes which are highly correlated to slot play. Fees collected with regards to the annual golf tournament held by Great Northern Casino in June were another contributing factor to the increase in other revenue from the first quarter.

## Expenses

### Total Expenses

Expenses	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
<b>Total</b>	<b>6,254.4</b>	5,543.5	12.8%	<b>3,091.8</b>	2,739.6	12.9%	3,162.6	(2.2%)
<b>% of Revenues</b>	<b>44.1%</b>	45.3%	(2.7%)	<b>43.2%</b>	44.4%	(1.1%)	44.9%	(1.6%)

(in thousands of dollars unless stated otherwise)

Total expenses excluding amortizations are down from Q1 2005 for several reasons which are detailed below. Expressed as a percentage of total revenues, total expenses are falling as a result of higher overall sales combined with fixed portions of total expenses.

### Human Resources

General administrative salaries, Trustee and management fees, benefit costs, payroll taxes and other miscellaneous costs are all combined under this heading.

Human Resources	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
<b>Operations</b>	<b>2,642.2</b>	2,453.8	7.7%	<b>1,322.9</b>	1244.1	6.3%	1,319.3	1.0%
<b>General admin</b>	<b>197.5</b>	179.9	9.8%	<b>93.7</b>	88.0	6.5%	103.8	(5.9%)
<b>Trustee fees</b>	<b>90.8</b>	-	-	<b>51.8</b>	-	-	39.0	32.7%
<b>Management fees</b>	<b>150.0</b>	135.0	11.1%	<b>75.0</b>	72.0	4.2%	75.0	-
<b>Total</b>	<b>3,080.5</b>	2768.7	11.3%	<b>1,543.4</b>	1,404.3	9.9%	1,537.1	0.4%
<b>% of Revenues</b>	<b>21.7%</b>	22.6%	(0.9%)	<b>21.6%</b>	22.7%	(1.2%)	21.8%	(0.2%)

(in thousands of dollars unless stated otherwise)

Operational wage expenses remained static from the previous quarter. Keeping tight management on these costs while business volumes rise has resulted in an improvement when expressed as a percentage of revenue. Year over year increases in operational wages are a direct result of higher business volumes and wage adjustments. Increases in general admin salaries are due in part to year end salary adjustments and higher sales bonuses as a result of improved Hotel revenues. Trustee fees for 2004 were not recorded until December of 2004 following Board approval of a Compensation Committee recommendation. Management fees are based on EBITDA generated. Amounts recorded reflect current projections for higher year over year cash flow.

## Marketing and Promotions

Marketing and promotions include all donations, sponsorships and complementary services offered at facilities in addition to sales and advertising expenses.

Marketing & Promotions	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
<b>Total</b>	<b>329.2</b>	286.2	15.0%	<b>198.3</b>	172.9	14.7%	130.8	51.6%
<b>% of Revenues</b>	<b>2.3%</b>	2.3%	(0.0%)	<b>2.8%</b>	2.8%	(0.0%)	1.9%	0.9%

(in thousands of dollars unless stated otherwise)

Marketing and promotions increased from last quarter largely due to expenses related to the annual golf tournament that Great Northern Casino hosted in June. General sponsorships, such as those for sports teams, hospital foundations etc., also increased from last quarter.

## Operating Costs

Operating	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
<b>Total</b>	<b>1,412.2</b>	1,295.2	9.0%	<b>686.6</b>	633.0	8.5%	725.6	(5.4%)
<b>% of Revenues</b>	<b>9.9%</b>	10.6%	(0.6%)	<b>9.6%</b>	10.3%	(0.6%)	10.3%	(0.7%)

(in thousands of dollars unless stated otherwise)

The annual formula for determining lease costs at Boomtown Casino began a new cycle in June. Only a base rent is payable until we reach the annual threshold where percentage of revenue also kicks in to add to the monthly lease costs.

## General and Administrative

General & Administrative	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
<b>Total</b>	<b>495.8</b>	425.3	16.6%	<b>203.4</b>	148.6	36.9%	292.4	(30.5%)
<b>% of Revenues</b>	<b>3.5%</b>	3.5%	0.0%	<b>2.8%</b>	2.4%	0.4%	4.1%	(1.3%)

(in thousands of dollars unless stated otherwise)

## Depreciation and Amortization

Depreciation based on existing working assets at scheduled depreciation rates is expensed evenly over the fiscal year for accounting purposes and adjusted for additions/deletions at year end. Reductions in quarterly amortization are due to declining book values of the assets as a result of amortizations recorded in prior years.

Amortizations	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
<b>Total</b>	<b>470.1</b>	512.5	(8.3%)	<b>235.0</b>	256.2	(8.3%)	235.0	-
<b>% of Revenues</b>	<b>3.3%</b>	4.2%	(0.9%)	<b>3.3%</b>	4.1%	(0.8%)	3.3%	-

(in thousands of dollars unless stated otherwise)

## Facilities

Capital Expenditures	Q2 (six months)			Q2 (three months)			Previous Quarter	
	2005	2004	+(-)	2005	2004	+(-)	Q1 2005	+(-)
<b>Maintenance</b>	<b>58.5</b>	(124.5)	147.0%	<b>7.8</b>	(152.3)	105.1%	91.8	(91.5%)
<b>Expansion</b>	<b>4,832.1</b>	1,263.7	627.5%	<b>2,774.9</b>	1,142.3	403.2%	2,016.1	37.6%
	<b>4,890.6</b>	1,139.2	665.7%	<b>2,782.7</b>	990.0	597.1%	2,107.9	32.0%

(in thousands of dollars unless stated otherwise)

Carpet replacement at the Great Northern Casino is the most significant of all capital maintenance spending during the Quarter. Carpet costs exceeded \$40 thousand. An accounting adjustment to prepaid expenses will defer a portion of this cost over the balance of the fiscal year. Comparative figures for 2004 report an accounting adjustment for an overstated accrued expense at the end of 2003.

\$85 thousand and \$42 thousand respectively in the six months and three months ended June 2005 relate to preliminary expenditures for the Boomtown Casino expansion. The balance of expansion spending in these two time frames is the Fund's proportionate interest of construction spending of the Joint Venture.

## Financial Condition

### Liquidity and Capital Resources

Assets total \$82.3 million for the Fund at the end of the Quarter, an increase of \$2.9 million from the end of the first quarter. Cash and cash equivalents totaled \$6.4 million, up slightly over quarter 1.

The Fund has access to \$7.0 million in term financing from the Canadian Western Bank ("CWB"). The loan is secured by the Fund's casino and hotel assets in Grande Prairie. Interest on the term loan floats at 1.5% above the CWB prime lending rate. The loan will mature in May of 2007. The loan agreement includes penalties for early repayment. To date, the Fund has drawn \$3.8 million of this loan.

The Fund is required by the AGLC to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP") to support its gaming operations. Available credit remaining on the \$7 million credit facility with CWB is considered working capital for the purpose of calculating MCNWCP. The Fund operates well above the MCNWCP required by the AGLC.

Debt financing for the Joint Venture is covered by a \$24.0 million project facility loan from CWB. The loan is secured by the Fund's casino and hotel assets in Grande Prairie. Interest on the project facility loan

floats at 1.5% above the CWB prime lending rate. The loan will mature March 1, 2006 at which point the intension is to secure a commercial mortgage. The loan agreement stipulates extension terms. To date, the Joint Venture has drawn \$11.0 million on this loan of which the Fund is responsible for a 40% Participating Interest.

## Distributable Cash

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

- a) adding the following items: amortization on property, plant & equipment, future income tax expense and losses on dispositions of assets; and
- b) 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 during the Quarter. In addition, the Fund declared a regular monthly distribution of \$0.12 per unit for the month of July 2005. Declared monthly distributions are paid on or about the 15<sup>th</sup> of the month following declaration.

Summary of Distributable Cash	Q2 (six months)		Q2 (three months)	
	2005	2004	2005	2004
Net earnings for the Period	\$ 7,473,532	\$ 6,194,199	\$ 3,823,626	\$ 3,178,844
Add:				
Amortization of property, plant & equipment	470,066	512,487	235,032	256,243
Cash generated	\$ 7,943,598	\$ 6,706,686	\$ 4,058,658	\$ 3,435,087
Cash generated/unit	\$ 1.129	\$ 0.953	\$ 0.577	\$ 0.488
Distributions declared	\$ 5,065,813	\$ 5,065,813	\$ 2,532,906	\$ 2,532,906
Distributions declared/unit	\$ 0.720	\$ 0.720	\$ 0.360	\$ 0.360
Cash in excess of distributions	\$ 2,877,785	\$ 1,640,873	\$ 1,525,752	\$ 902,181
Cash in excess of distributions/unit	\$ 0.409	\$ 0.233	\$ 0.217	\$ 0.128
Less:				
Capital expenditures from operating cash flow <sup>1</sup>	143,775	1,139,179	49,818	990,003
Cash surplus for the Period	\$ 2,734,010	\$ 501,694	\$ 1,475,934	(\$ 87,822)
Cash surplus for the Period/unit	\$ 0.389	\$ 0.071	\$ 0.210	(\$ 0.012)

<sup>1</sup> Amounts include only direct cash contributions by the Fund for capital purchases or financing of the Joint Venture project in Calgary. The Fund's proportionate share of drawings on a project facility loan arranged directly by the Joint Venture is excluded. The Fund made no direct cash contributions to the Joint Venture during the Period. The majority of amounts in comparable periods were, however, direct cash contributions from the Fund as part of its Contributing Interest financing of the Joint Venture project.

## **Business Risks and Outlook**

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The Boomtown Casino expansion has met all regulatory municipal and AGLC approval and construction will begin at the end of July 2005. It is expected that the expansion will be completed by the end of the year.

The Joint Venture project is at various stages of finishing. The planned fall 2005 opening date is approaching quickly. Several of the key members of management for the new facility are in place or scheduled to resume active roles in the near future. The myriad of details to be looked after in opening a facility of this kind are being managed with diligence to ensure a successful opening.

Casino Facility Licenses for both Boomtown and Great Northern Casinos were renewed for a three year term in June. This is a change from the AGLC practice of issuing annual licenses. The three year licenses are conditional based on compliance with AGLC terms and regulations.

August 3, 2005