



**2006 First Quarter
Interim Management Discussion and Analysis
for the three month period ended March 31, 2006**

Organizational Structure

The Fund

Gamehost Income 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 "Fund Agreement").

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 (the "Trust Agreement"). All of the issued and outstanding units of the Trust are owned 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. pursuant to a Plan of Arrangement (the "Plan of Arrangement") under the Business Corporations Act (Alberta) (the "ABCA"). The Limited Partnership began operations of the Fund effective June 1, 2003.

The Manager

The general partner of the Limited Partnership is Gamehost Management Inc. (the "Manager"). 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" Limited Partnership 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

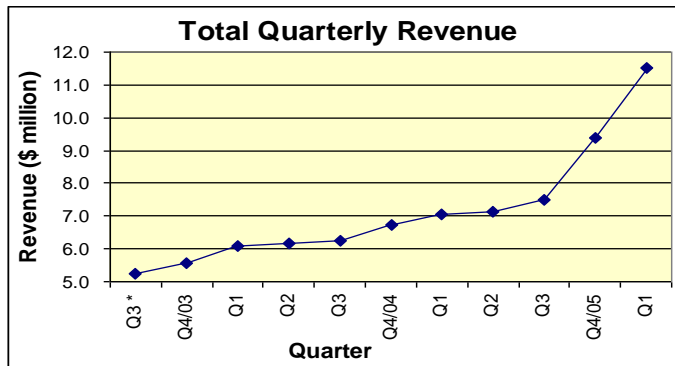
The Fund's activities are currently confined to the Province of Alberta, Canada. Operations include the Boomtown Casino in Ft. McMurray, the Great Northern Casino in Grande Prairie and Service Plus Inns & Suites ("Service Plus"), a limited service hotel, also located in Grande Prairie. As a complement 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 40% joint venture partner in Deerfoot Inn & Casino Inc., (the "Deerfoot Joint Venture"), that opened Deerfoot Inn & Casino in Calgary on November 21, 2005.

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 three months ended March 31, 2006 (the “Quarter”).



Revenue growth for the Fund continued into the first quarter of 2006. The Deerfoot Joint Venture added significantly to total results with its first full quarter of operations. All other properties also contributed to revenue gains made during the Quarter. Gaming, hotel and food & beverage service segments all shared positive results during the Quarter.

Perfect 10

For ten straight quarters since reporting our first financial results in Q3 of 2003 the Fund has produced record quarterly revenue. Revenues during the Quarter of \$11.5 million versus \$7.05 million in Q1 2005 and \$9.4 million in Q4 2005 represent growth of 63% year over year and 23% over the previous quarter. Same Store revenues during the Quarter of \$8.5 million resulted in revenue gains of 21% and 7% versus Q1 2005 and the previous quarter respectively. EBITDA margins of 48.7% for the Quarter compare to 55.1% in Q1 2005 and 45.2% in the previous quarter. The effects of higher operating costs at the Deerfoot Joint Venture have pulled EBITDA margins down. Even so, the resulting impact of this has improved since Q4 2005 by 2.7%. With the Deerfoot Joint Venture removed, Same Store operations for the Quarter report EBITDA margins of 56.9% consistent with historical results. The Fund generated net earnings per unit of 66.9¢ during the Quarter. This is an increase of 15.0¢ and 12.1¢ per unit over Q1 2005 and last quarter respectively.

Operations

Service Plus in Grande Prairie operated at full capacity throughout the Quarter and into April prior to the start of spring breakup for the oil and construction industries. The expected seasonal downturn caused by spring breakup is welcomed as it will allow staff a reprieve from a very hectic pace and allow some maintenance items to be looked after. Great Northern Casino continues to exceed our expectations producing revenue growth with no significant additions to capacity. Food & beverage services at Great Northern have made significant gains as have slot machine activity. Exceptionally high economic activity and population growth in the immediate and surrounding area has benefited operations. Boomtown Casino is set for what we hope will be an extended period of growth. The facility expansion was completed at the end of the Quarter. Boomtown Casino produced record revenues during the Quarter even though additional slot machines arrived later than originally anticipated. Most of the additional slot machines arrived towards the end of March.

Distributable Cash

For the Quarter the Fund generated \$0.754 per unit in cash earnings compared to \$0.577 per unit over the same quarter in 2005 for an additional 17.7¢ per unit year over year. The Fund paid out 48% of all cash generated during the Quarter. Monthly per unit distributions of 12.0¢ were continued throughout the Quarter. Trustees, however, approved a 25% increase to the regular monthly cash distribution effective the month of April 2006 raising the monthly distribution 3.0¢ per unit to a total of 15.0¢ per unit per month.

Looking Ahead

We are optimistic our facilities will continue to benefit from the high level of economic activity in the province. Manpower shortages and rising costs in the energy sector are causing some organizations to re-evaluate portions of their capital plans. We do not see this as a detriment to our own business rather more of a common sense leveling off of current high levels of energy investment which will continue to generate high levels of activity for our own interests.

Results into the 1st week of May 2006 show a continuation of our historical trend and cyclical business patterns. The impact of the expansion of our Boomtown Casino in Ft. McMurray should add favourably to this trend.

As a new comer to Calgary we are still feeling out the market place for the Deerfoot Joint Venture on a month to month basis. Senior executives have been investing significant hands on time with management together ensuring that all opportunities are being exploited to their full potential as rapidly as possible. As a result of this team effort, Deerfoot Inn & Casino is showing steady improvement in revenue generation. Bookings for the hotel are promising with a number of major events drawing visitors to Calgary on the horizon. Occupancy, table and slot play, and food and beverage services are all showing positive upward trends.

Thank You

We express our heartfelt thanks to all of our management and staff who over the past months have worked through trying construction projects, start up operations and full capacity activity all with ongoing manpower pressures. They are a winning team producing winning results. We hope that you, our valued unitholders, too, appreciate the rewards of all their efforts as evidenced in this report's impressive results.

May 5, 2006

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 three month period ended March 31, 2006

This discussion should be read in conjunction with the reported financial results for the three month period ended March 31, 2006 (the "Quarter"). Consolidated interim financial statements for the Quarter 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 Fund's 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 uses the term "Same Store" for the purpose of providing additional and separate comparative results which exclude the impact of the Fund's investment in Deerfoot Inn & Casino. Results from the start of operations of Deerfoot Inn & Casino (the "Deerfoot Joint Venture") have had a significant impact on over all operating results during the Quarter and to the previous three months ended December 31, 2005.

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.

Disclosure Controls

Disclosure controls and procedures have been designed to provide the Manager with reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to the Manager by others within those entities, particularly during the period in which the annual filings are being prepared.

Certifying officers of the Manager have evaluated those controls and procedures and concluded that they are operating effectively. All material information relating to the issuer and its consolidated subsidiaries has been made known to the Manager during the preparation of the annual financial statements and that information has been included in the reported results for the Quarter.

Quarterly Performance Summary

Quarterly Performance	2006	2005				2004		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total revenue	11,512	9,374	7,514	7,150	7,048	6,745	6,251	6,175
Expenses	5,930	5,063	3,270	3,092	3,163	3,216	2,732	2,740
EBITDA	5,581	4,311	4,244	4,059	3,885	3,529	3,519	3,435
EBITDA %	48.5%	46.0%	56.5%	56.8%	55.1%	52.3%	56.3%	55.6%
Net earnings	4,708	3,858	4,009	3,824	3,650	3,268	3,263	3,179
earnings per unit ¹	\$0.669	\$0.548	\$0.570	\$0.543	\$0.519	\$0.464	\$0.464	\$0.452

Adjusted to same store	2006	2005			
	Q1	Q4	Q3	Q2	Q1
Total revenue	8,541	7,984	7,514	7,150	7,048
Expenses	3,703	3,542	3,162	3,018	3,144
EBITDA	4,838	4,443	4,352	4,133	3,904
EBITDA %	56.6%	55.6%	57.9%	57.8%	55.4%
Net earnings	4,336	4,180	4,117	3,898	3,669
earnings per unit ¹	\$0.616	\$0.594	\$0.585	\$0.554	\$0.522

(in thousands of dollars unless indicated otherwise)

¹ Basic and fully diluted

The Deerfoot Inn & Casino grand opening was held on November 21, 2005. Operating costs for the Deerfoot Joint Venture's new facility were expensed as early as Q1 2005 for items that were not construction related. Overall EBITDA margins reported since the property opened have been lower when compared to previous quarters due to the higher operating costs at the Deerfoot Joint Venture. The Deerfoot Joint Venture has already made impressive strides in driving revenue growth which will offset fixed components of operating costs to improve margins. These improvements are evidenced in the comparison to Q4 2005.

A portion of the overall earnings gains are credited to continued revenue growth against good cost control at all of our Same Store properties.

Revenues

In each of the ten quarters since the Fund reported its first quarterly financial results back in September 2003, revenue records have been achieved. Gains as measured year over year are dramatic due to the contribution made by the Fund's interest in the Deerfoot Joint Venture which began operations November 21, 2005. All casino and hotel properties recorded revenue records in the Quarter with the Strip Mall maintaining its fixed revenue base.

Total Revenue	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
	11,511.6	7,047.5	63.3%	9,373.9	22.8%
Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
	8,540.7	7,047.5	21.2%	7,984.2	7.0%

(in thousands of dollars unless stated otherwise)

Hotel Rooming Revenue

Hotel Rooming includes both guest and meeting room sales at hotels. Occupancy and Average Room Rate ("ADR") are calculated on guest room sales only.

Hotel - Rooming	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Rooming	1,650.0	993.9	66.0%	1,176.1	40.3%
Occupancy	75.9%	86.9%	(11.0%)	76.3%	(0.4%)
Average Room Rate	\$119.56	\$102.80	16.3%	\$106.95	11.8%
Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Rooming	1,180.7	993.9	18.8%	1,051.7	12.3%
Occupancy	94.6%	86.9%	7.7%	88.9%	5.7%
Average Room Rate	\$111.95	\$102.80	8.9%	\$104.12	7.5%

(in thousands of dollars unless indicated otherwise)

The Deerfoot Joint Venture is making great strides at positioning its hotel in the Calgary marketplace. Revenues and occupancy rates climbed steadily through the Quarter which was the property's first full quarter of operations. Management at the Deerfoot Joint Venture held to the same pricing strategy employed at Service Plus and thus maintained a high ADR.

Service Plus operated at full capacity throughout the quarter maximizing revenues and earnings. Economic conditions allowed an additional increase in room rates effective January 1, 2006. As a result Same Store ADR has increased significantly along with occupancy.

Table Game Revenue

Table play and revenue sharing is regulated in Alberta by the Alberta Gaming and Liquor Commission. In general terms, Drop is the total amount of money anted and bet by players at most table games. Hold is the amount won from the drop at each table. Hold as a percentage of the drop will fluctuate. The hold is shared in varying percentages between charities and the casino operator dependant on the size and location of the casino. 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 25%/75% by the charity and casino operator respectively. Financial statements of the Fund report only the net table win being the operator's portion of the hold or rake.

Table Games	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
All Others	1,580.6	987.0	60.1%	1,173.0	34.7%
Poker	206.6	114.4	80.6%	115.4	79.1%
Caribbean Stud	61.9	58.5	5.9%	53.1	16.6%
	1,849.1	1,159.9	59.4%	1,341.5	37.8%

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
All Others	1,120.6	987.0	13.5%	964.2	16.2%
Poker	84.0	114.4	(26.6%)	77.7	8.1%
Caribbean Stud	53.0	58.5	(9.3%)	53.3	(0.5%)
	1,257.7	1,159.9	8.4%	1,095.2	14.8%

(in thousands of dollars unless indicated otherwise)

Total table results are up sharply compared to one year earlier and the prior quarter. The Deerfoot Joint Venture has enjoyed higher than anticipated success at carving out a place in the Calgary market. All table games are enjoying similar results.

Results at Same Store properties, while favourable, report mixed success. Labour pressures are more acute in the northern portions of the province resulting in an ongoing shortage of experienced dealers. At times, shortages do not allow us to open all poker tables. These factors are evidenced by year over year reductions in poker and Caribbean stud. Efforts to introduce and train new staff to the industry have resulted in some improvements from last quarter.

Tables (# of)	at the end of Q1			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
All Others	34.6	25.0	9.6	35.0	(0.4)
Poker	9.2	5.0	4.2	8.2	1.0
Caribbean Stud	2.4	2.0	0.4	2.4	0.0
	46.2	32.0	14.2	45.6	0.6

Adjusted to Same Store	at the end of Q1			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
All Others	23.0	25.0	(2.0)	23.0	0.0
Poker	6.0	5.0	1.0	5.0	1.0
Caribbean Stud	2.0	2.0	0.0	2.0	0.0
	31.0	32.0	(1.0)	30.0	1.0

Changes in the number of available tables is mostly attributable to the Deerfoot Joint Venture. Only the Funds proportionate share of the Deerfoot Joint Venture is included in all figures resulting in the reporting of partial units.

Slot Machine Revenue

Slot Machine	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Revenue	4,722.6	3079.2	53.4%	4,089.7	15.5%
Machines ¹	1,031	593	438	834.0	197

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Revenue	3,914.2	3079.2	27.1%	3,705.4	5.6%
Machines ¹	791	593	198	594.0	197

(in thousands of dollars unless indicated otherwise)

¹ At the end of the Period or Quarter

Total figures for the quarter include the Funds proportionate share of a full three months of activity for the Deerfoot Joint Venture's 600 slot machines. These additional units have created a large spike in revenue this Quarter compared to the previous quarters. In Q4 2005 the property operated for only six weeks.

193 additional slot machines arrived for the newly expanded Boomtown Casino in Ft. McMurray over the third and fourth weeks of March. Numerous older machines that can not be retrofitted for new Ticket In Ticket Out ("TITO") technology were also changed out for newer machines at the same time. Existing patrons were adjusting to the new surroundings during these final weeks of the Quarter which may have had a mild tempering effect on results in March. Boomtown Casino still generated record slot revenue during the Quarter. Great Northern Casino, added 5 more slot machines during the quarter and continued to surprise by generating record slot activity as well.

Food & Beverage ("F&B") Revenue

The Fund earns F&B revenue under numerous arrangements. The Deerfoot Joint Venture is the only Fund property to own and operate the entire F&B operations on premises. Each of our Same Store properties have individual operating arrangements that combine Fund owned and operated liquor sales with 3rd party arrangements for food and concession services.

F&B Revenue	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Food & mix	728.5	194.3	274.9%	569.4	27.9%
Liquor	1,604.6	995.1	61.2%	1,403.7	14.3%
	2,333.1	1,189.4	96.2%	1,973.1	18.2%

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Food & mix	239.6	194.3	23.3%	261.7	(8.4%)
Liquor	1,216.4	995.1	22.2%	1,171.1	3.9%
	1,456.0	1,189.4	22.4%	1,432.8	1.6%

(in thousands of dollars unless indicated otherwise)

F&B revenues are highly correlated to hotel and casino revenues. With strong hotel and gaming activity during the quarter, F&B revenues followed suit.

F&B Margins	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Food & mix	42.9%	12.5%	30.4%	32.2%	10.7%
Liquor	74.7%	72.2%	2.5%	73.7%	1.0%
Total	64.8%	62.4%	2.4%	61.7%	3.1%

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Food & mix	10.8%	12.5%	(1.7%)	9.6%	1.2%
Liquor	73.7%	72.2%	1.5%	73.4%	0.3%
Total	63.3%	62.4%	0.9%	61.7%	1.6%

(in thousands of dollars unless indicated otherwise)

Total margins and margins % are up year over year given the contribution the Deerfoot Joint Venture's owned and operated food & mix business provides compared to a higher percentage of commissioned sales for the same period one year earlier.

Management has renegotiated some commission arrangements with 3rd party operators at our Same Store properties resulting in a reduction in commissions earned by the Fund. We are exceptionally pleased with the food services provided by our contract operators and committed to seeing that they can be successful so that our patrons can enjoy a total quality hospitality experience.

Margins within reported categories and total combined margins for reported periods will fluctuate with the mix of product sales.

Lease and Rental Revenue

Lease and rental revenue includes three leases in the Strip Mall in Grande Prairie as well as lease and rental revenues generated within the casinos from 3rd party providers of on premises food services. Small amounts of audio visual equipment rentals for meeting rooms are also included

Lease & Rental	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	76.8	74.9	2.5%	66.4	15.6%

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	75.9	74.9	1.4%	66.4	14.3%

(in thousands of dollars unless indicated otherwise)

Lease and rental revenues for the Quarter 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 2006 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. This was true for 2005 resulting in a credit to tenants in Q4 2005.

Other Revenue

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

Other	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	880.0	550.3	59.9%	727.1	21.0%

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	656.3	550.3	19.3%	632.7	3.7%

(in thousands of dollars unless indicated otherwise)

Contributions from ATM machines and ticket sales at the Deerfoot Joint Venture account for the majority of reported other revenue gains for the Quarter. A number of other contributors in the other revenue category are also up, most notably cigarette sales and miscellaneous guest charges from the Deerfoot Joint Venture which is reporting a first full quarter of operations.

ATM revenue at Same Store properties, which is highly correlated to table and slot play, continues to rise across the board following the pattern set by gaming activity.

Expenses

Total Expenses

Total Expenses	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	6,803.4	3,397.6	100.2%	5,516.2	23.3%
% of Revenues	59.1%	48.2%	10.9%	58.8%	0.3%

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	4,074.0	3,397.6	19.9%	3,804.3	7.1%
% of Revenues	47.7%	48.2%	(0.5%)	47.6%	0.1%

(in thousands of dollars unless indicated otherwise)

Additional expenses from the Deerfoot Joint Venture account for the bulk of comparative increases in reported figures. The Deerfoot Joint Venture is expected to operate at a higher expense to sales ratio given it is at an early stage of establishing a market presence. Management has been highly focused on revenue growth. The expense to sales ratio will improve as revenues increase against fixed components of cost.

Same Store operations maintained performance consistent with expectations.

Human Resources

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

Human Resources	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Operations	2,653.6	1,313.4	102.0%	2,223.5	19.3%
General admin	98.1	102.7	(4.5%)	85.2	15.2%
Trustee fees	38.8	39.0	(0.6%)	38.8	0.0%
Management fees	164.1	75.0	118.8%	113.1	45.1%
Total	2,954.5	1,530.1	93.1%	2,460.5	20.1%
% of Revenues	25.7%	21.7%	4.0%	26.2%	(0.6%)

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	1,753.5	1,530.1	14.6%	1,586.2	10.5%
% of Revenues	20.5%	21.7%	(1.2%)	19.9%	0.7%

(in thousands of dollars unless indicated otherwise)

Total human resource figures are higher in comparison to the prior year and prior quarter due to the first full quarter of operations for the Deerfoot Joint Venture.

Same Store results report a lower expense to sales ratio compared to the prior year due to strong revenue growth. A slight increase when compared to the previous quarter is due to higher management fees which are based on EBITDA calculations.

Marketing and Promotions

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

Marketing and Promotion	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	296.8	130.8	126.9%	296.7	0.0%
% of Revenues	2.6%	1.9%	0.7%	3.2%	(0.6%)

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	143.2	130.8	9.5%	173.6	(17.5%)
% of Revenues	1.7%	1.9%	(0.2%)	2.2%	(0.5%)

(in thousands of dollars unless indicated otherwise)

The heavy marketing efforts at the Deerfoot Joint Venture for the opening in Q4 2005 have been scaled back, but still continue to account for significant portion of the operations spending in the Quarter. This will be the case until the property is more firmly established.

The same levels of spending are not required at Same Store properties due to their established markets and a very active northern Alberta economy.

Operating Costs

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

Operating	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	1,316.1	725.6	81.4%	1,154.7	14.0%
% of Revenues	11.4%	10.3%	1.1%	12.3%	(0.9%)

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	892.9	725.6	23.1%	873.6	2.2%
% of Revenues	10.5%	10.3%	0.2%	10.9%	(0.5%)

(in thousands of dollars unless indicated otherwise)

Inclusion of the Deerfoot Joint Venture operations explain the increases in reported totals for operating costs as compared to the previous year. A slight improvement in the expense to sales ratio when compared to Q4 2005 is the result of revenue growth.

Operating costs at Same Store operations are being managed carefully. With some operations at near capacity, performing some of the maintenance we would like to do to keep our properties at their high level of polish is a challenge, but benefiting the expenditure side of the equation. Despite rising utility costs, and other inflationary pressures, management has done an excellent job managing controllable expenses.

General and Administrative

General and administrative expenditures include professional fees, insurance, property and business taxes, corporate travel, interest charges and other lesser expenses.

General & admin	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	469.1	292.4	60.4%	423.5	10.8%
% of Revenues	4.1%	4.1%	(0.1%)	4.5%	(0.4%)

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	353.1	292.4	20.8%	245.4	43.9%
% of Revenues	4.1%	4.1%	(0.0%)	3.1%	1.1%

(in thousands of dollars unless indicated otherwise)

General and administrative expenses have generally risen proportionately to sales.

Higher audit fees and legal fees relating to preparation of 2005 year end compliance reporting explain the increase over the comparative periods for Same Store figures.

Depreciation and Amortization

Depreciation and amortization based on working assets at scheduled depreciation rates is expensed evenly over the fiscal year for reporting purposes.

Amortizations	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	593.5	235.0	152.5%	383.0	55.0%
% of Revenues	5.2%	3.3%	1.8%	4.1%	1.1%

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Total	244.0	235.0	3.8%	262.7	(7.1%)
% of Revenues	2.9%	3.3%	(0.5%)	3.3%	(0.4%)

(in thousands of dollars unless indicated otherwise)

The addition of the Deerfoot Joint Venture assets to the depreciation pool has resulted in a sharp increase in amortizations for the Quarter.

The expansion of our Boomtown Casino was nearing completion at the end of March. No provision for depreciation on the new leasehold improvements have been included in reported results for the Quarter.

Facilities

Capital Expenditures	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Maintenance	15.0	50.7	(70.4%)	51.2	(70.7%)
Expansion	868.8	2,057.2	(57.8%)	5,279.8	(83.5%)
	883.7	2,107.9	(58.1%)	5,331.0	(83.4%)

Adjusted to Same Store	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Maintenance	15.0	50.7	(70.4%)	51.2	(70.7%)
Expansion	690.7	43.2	(1,497.4%)	1,266.9	(45.5%)
	705.7	50.7	(70.4%)	1,318.1	(46.5%)

(in thousands of dollars unless indicated otherwise)

Computer replacements and small furnishings make up capital maintenance expenditures during the Quarter. The Fund's Contributing Interest percentage of trailing costs still trickling in for the Deerfoot Joint Venture plus the continuation of the Boomtown Expansion throughout the Quarter make up the total of expansion capital spending.

Financial Condition

Liquidity and Capital Resources

Fund assets totaled \$94.8 million at the end of the Quarter, an increase of \$15.4 million from the same point in 2005 and \$2.4 million from the start of the year. Cash and cash equivalents have grown to \$10.7 million, up \$2.2 million for the Quarter.

The Fund drew the remaining \$4.8 million on a term financing instrument with Canadian Western Bank (“CWB”) totaling \$9.0 million during the Quarter. The loan is secured by the Fund’s casino and hotel assets in Grande Prairie. Interest on this term loan floats at 1.5% above the CWB prime lending rate. The loan will mature in May of 2007. Management is currently making arrangements to begin principal payments on this debt. To this point the Fund has been servicing only the interest.

The Fund is required by the Alberta Gaming and Liquor Commission to maintain a Minimum Continuing Net Working Capital Position (“MCNWCP”) to support its gaming operations.

The Deerfoot Joint Venture used a \$24.0 million loan facility from CWB to finance construction of the joint venture project. The loan was converted to a term loan at March 31, 2006 bearing interest at 1.0% above the CWB prime rate. The Deerfoot Joint Venture began making combined principle and interest payments in March 2006 of \$206,000. The term loan is secured by the Deerfoot Joint Venture’s land and building. The Fund is responsible for a 40% portion of this loan.

The Fund, through Gamehost Limited Partnership has provided a guarantee to Royal Bank of Canada (“RBC”) for its share, 54.42%, of a \$1.85 million line of credit taken by DJ Will Holdings Limited. The remaining \$1.05 million on the line of credit was advanced to the Deerfoot Joint Venture by DJ Will Holdings Limited during the Quarter. The guarantee represents the Fund’s Contributing Interest Responsibility for additional Assessment Notices issued to the joint venturers by the Deerfoot Joint Venture.

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 paid monthly distributions of \$0.12 per unit for each month during the Quarter. In addition, the Fund declared a regular monthly distribution of \$0.15 per unit for the month of April 2006 which represents a 25% increase in the regular monthly distribution. Declared monthly distributions are paid on or about the 15th of the month following declaration.

Summary of Distributable Cash	Q1 (three months)
	2006
Net earnings	\$ 4,708,137
Add non-cash items:	
Amortization of property, plant and equipment	593,479
Cash generated	\$ 5,301,615
Cash generated/unit	\$ 0.754
Distributions declared	\$ 2,532,906
Distributions declared/unit	\$ 0.360
Cash generated in excess of distributions	\$ 2,768,709
Cash generated in excess of distributions/unit	\$ 0.394
Less:	
Capital maintenance expenditures	15,000
Principal payments on term debt	32,400
Cash surplus	\$ 2,721,308
Cash surplus/unit	\$ 0.387

Business Risks and Outlook

Record commodity prices in the energy sector are expected to continue to drive the Alberta economy for the foreseeable future. Gamehost properties are very well positioned to benefit from factors created by the strong economy such as increased business travel, immigration to the province and growth in disposable income.

The completed expansion of Boomtown Casino including additional slot machines will stage a period of expected growth in gaming and food & beverage revenues. Great Northern Casino should continue to benefit from strong population growth in the Grande Prairie area and Service Plus should resume higher occupancies following a brief spring breakup which seasonally slows activity in the energy and construction sectors.

Management is coping with the province wide labour shortages. At Boomtown Casino they have managed to staff up for the expansion. All properties, however, are experiencing higher levels of staff turn over.

Historically the second quarter tends to be a little softer than others. We are hopeful the new Deerfoot Joint Venture will offset the expected effects of this softening at our northern properties. Future bookings at the hotel look promising.

Looking farther out, a new smoking bylaw in effect in Calgary will require the Deerfoot Joint Venture's property to become smoke free by January 1, 2008. To this point, the provincial government has allowed individual municipalities to decide for themselves whether to introduce regulations that may or may not affect smoking at any of our gaming properties. We continue to follow any such initiatives with interest.

A number of new casinos are proceeding through Alberta Gaming and Liquor Commissions 8 Step Licensing Process for New Casinos. A few of these possible new licenses, all at Step 8, could have varying degrees of negative impact on our existing properties. The impact of approval of a First Nations application in Whitecourt Alberta would be minimal due to its closer proximity to Edmonton than Grande Prairie. A First Nations application on the Tsuu T'ina reserve located on the western edge of Calgary could have a more significant impact. This application is still some ways from development and construction. In British Columbia, approval has been given for a bingo development in Ft. St. John that will include a possible 200 slot machines. Ft. St. John is located some 200 kilometres to the north west. Grande Prairie is the closest location to Ft. St. John that has traditional table and slot machine gaming. We do not see any of these applications as significant threats.

May 5, 2006