



**2010 Interim Financial Statements
for the three months ended March 31, 2010**

Consolidated Balance Sheets

	<i>(unaudited)</i>	<i>(audited)</i>
	March 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,457,229	\$ 9,973,895
Restricted cash (note 8)	87,764	67,700
Accounts receivable	778,247	827,504
Inventories (note 3)	284,253	305,488
Prepaid expenses	263,306	175,278
	11,870,799	11,349,865
Property, plant and equipment (note 9)	30,934,132	31,007,914
Goodwill (note 3)	42,579,216	42,579,216
	\$ 85,384,147	\$ 84,936,995
Liabilities and unit holder's equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,384,623	\$ 2,198,254
Revolving credit lines (note 11)	6,000,000	6,000,000
Demand loans (note 11)	16,752,958	17,250,076
Unit holder's distributions payable	2,148,493	1,547,184
	27,286,074	26,995,514
Future income taxes (note 10)	1,555,868	1,523,866
	28,841,942	28,519,380
Minority interest (note 14)	26,033,077	25,977,980
	54,875,019	54,497,360
Unit holders' equity (note 13)	30,509,128	30,439,635
	\$ 85,384,147	\$ 84,936,995
Commitments (note 15)		
Subsequent events (note 18)		

See accompanying notes to consolidated financial statements

Consolidated Statements of Income and Comprehensive Income

(unaudited)

	three months ended March 31	
	2010	2009
Revenue		
Hotel - rooming	\$ 1,673,574	\$ 2,012,105
Table games	1,830,500	2,214,266
Slot machines	4,500,251	4,783,088
Food and beverage services	2,670,369	2,788,605
Lease and rental	98,601	86,440
Other	943,810	988,741
	11,717,106	12,873,245
Operating Expenses		
Cost of goods sold	836,646	856,505
Human resources	3,135,039	3,235,751
Marketing and promotions	467,838	485,875
Operating	1,413,354	1,456,206
Corporate and general administration	411,082	455,772
Amortization of property, plant and equipment	434,637	472,686
	6,698,597	6,962,795
Operating income	5,018,509	5,910,450
Other income and (expenses)		
Interest charges	(220,366)	(207,514)
Income before taxes and minority interest	4,798,143	5,702,936
Future income tax recovery (expense) (note 10)	(32,002)	30,754
	4,766,141	5,733,690
Minority interest	(2,107,732)	(2,535,612)
Net and comprehensive income (loss)		
Continuing operations	\$ 2,658,409	\$ 3,198,078
Discontinued operations	-	(171,928)
	\$ 2,658,409	\$ 3,026,150
Net Income/unit and comprehensive income/unit		
Continuing operations	\$ 0.226	\$ 0.272
Discontinued operations	-	(0.015)
	\$ 0.226	\$ 0.257

See accompanying notes to financial statements

Consolidated Statements of Fund Unit Holders' Equity

(unaudited)

	three months ended March 31	
	2010	2009
Balance at beginning of period	\$ 30,439,635	\$ 32,018,886
Unit class conversions	-	3,190,959
Net and comprehensive income	2,658,409	3,198,078
Net and comprehensive income - discontinued operations	-	(171,928)
Distributions to Fund unit holders	(2,588,916)	(2,588,916)
Balance at end of period	<u>\$ 30,509,128</u>	<u>\$ 35,647,079</u>

See accompanying notes to financial statements

Consolidated Cash Flows**(unaudited)**

	three months ended March 31	
	2010	2009
Operating Activities		
Net earnings from continuing operations	\$ 2,658,409	\$ 3,198,078
Add non-cash items:		
Future income tax expense (recovery)	32,002	(30,754)
Amortization of property, plant & equipment	434,637	472,686
Allocation to minority interest	2,107,732	2,535,612
	5,232,780	6,175,622
Increase (decrease) in operating working capital:		
Accounts receivable	49,257	393,727
Inventories	21,235	24,830
Prepaid expenses	(88,028)	33,039
Accounts payable and accrued liabilities	166,305	(338,226)
Cash provided by (used for) continuing operations	5,381,549	6,288,992
Cash provided by (used for) discontinued operations	-	(93,109)
	5,381,549	6,195,883
Financing Activities		
Advances (to) from related parties	-	30,321
Net advanced (repaid) on revolving loans	-	2,000,000
Net advanced (repaid) on demand term debt	(497,118)	(525,025)
Notes Payable/receivable	-	(109,966)
Distributions to minority unit holders	(1,451,326)	(3,615,213)
Fund unit holder distributions	(2,588,916)	(4,559,742)
Cash provided by (used for) continuing operations	(4,537,360)	(6,779,625)
Cash provided by (used for) discontinued operations	-	(111,273)
	(4,537,360)	(6,890,898)
Investing Activities		
Capital leases	-	(29,884)
Purchase of property, plant & equipment	(360,855)	(103,687)
Cash provided by (used for) continuing operations	(360,855)	(133,571)
Cash provided by (used for) discontinued operations	-	31,586
	(360,855)	(101,985)
Increase (decrease) in cash and cash equivalents	483,334	(797,000)
Opening cash and cash equivalents		
Continuing operations	9,973,895	12,045,414
Discontinued operations	-	890,315
	9,973,895	12,935,729
Closing cash and cash equivalents	\$ 10,457,229	\$ 12,138,729
Cash and cash equivalents related to:		
Continuing operations	\$ 10,457,229	\$ 11,421,211
Discontinued operations	-	717,518
	\$ 10,457,229	\$ 12,138,729

Notes to Consolidated Financial Statements

three months ended March 31, 2010

1. Organization Structure

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").

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.

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. The Limited Partnership began operations of the Fund effective June 1, 2003.

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

An unlimited number of Fund Units and Special Voting Units may be created and issued pursuant to the Fund Agreement. The Limited Partnership is authorized to issue unlimited numbers of both Class A Limited Partnership Units ("A Units") and Class B Limited Partnership Units ("B Units"). All of the issued and outstanding A Units of the Limited Partnership are owned by the Trust. The Trustees of the Trust are the Trustees of the Fund. There are 11,773,153 Fund Units which trade on the Toronto Stock Exchange ("TSX") under the symbol GH.UN. There are 9,334,400 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. There were no changes in the number of units issued or outstanding during the Quarter.

2. Nature of Operations

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 a pub, a full service restaurant operation and a liquor store. The Fund is a 40% joint venture partner in Deerfoot Inn & Casino Inc., (the "Deerfoot Joint Venture"), in Calgary.

Notes to Consolidated Financial Statements

three months ended March 31, 2010

2. Nature of Operations (cont.)

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

It is the intent and practice of the Fund to distribute taxable income of the Fund to unit holders by way of regular monthly cash distributions.

3. Significant Accounting Policies

Basis of Preparation

These consolidated financial statements ("Financial Statements") of the Fund have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Fund's reporting currency is in Canadian dollars.

These Financial Statements include the activities of the Fund, the Trust, the Limited Partnership with all its operating divisions, subsidiaries and the Fund's proportionate share of its joint venture.

Certain prior year figures have been reclassified to conform to the current method of presentation.

Principles of Consolidation

These Financial Statements include the accounts of wholly owned subsidiaries, partnerships and trusts and its proportionate share of joint ventures. All significant accounts and transactions between consolidated entities are eliminated.

Joint venture

The Fund's investment in the Deerfoot Joint Venture is accounted for using the proportionate consolidation method.

Estimates

Preparation of these Financial Statements requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates. Estimates are used when accounting for such items and matters as long-term contracts, allowance for doubtful accounts, inventory obsolescence, amortization, employee benefits, impairment of long-lived assets, accrued liabilities, intangibles, future income taxes and contingencies.

Cash and cash equivalents

Cash and cash equivalents consist of floats, bank balances and credit card accounts. Bank balances are all in current accounts and earn interest at a rate of bank prime less 2%. US dollar balances have been converted to Canadian equivalents using exchange rates at the end of the Quarter.

Notes to Consolidated Financial Statements

three months ended March 31, 2010

3. Significant Accounting Policies (cont.)

Inventories

Inventories are recorded at the lower of cost or net realizable value, cost being determined by using the first-in first-out method. Inventories are limited to high turnover food, beverage and concession items, uniforms and playing cards. There were no reversals of write-downs or provisions recognized in prior periods.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Amortization is based on their estimated useful life using the following rates and methods:

Land improvements	- 2% straight line
Buildings	- 4% - 5% reducing balance
Leaseholds	- 5 to 10 years straight line
Furniture, fixtures and equipment	- 20% - 45% reducing balance

License Amortization

Gaming licenses are amortized over the initial term of the license. All current licenses are fully amortized.

Goodwill and intangible assets

Goodwill represents the excess of the purchase of acquired assets over the estimated fair value of the tangible and intangible net assets.

Goodwill is tested for impairment at least annually and whenever events or circumstances indicate that its carrying value may not be fully recoverable. The impairment test requires comparing the carrying values of the reporting units, including goodwill, to their fair values. The Fund determines fair value using price-to-earnings multiples or discounted cash flows whichever is most appropriate in the circumstances. Any excess of carrying value over the fair value of goodwill is charged to operations in the period the impairment occurred.

The Fund has not developed any internal intangible assets.

Long-lived assets

Long-lived assets, such as property, plant and equipment and tangible assets with finite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If such assets are considered to be impaired, the impairment is charged to operations in the period the impairment occurred. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Notes to Consolidated Financial Statements

three months ended March 31, 2010

3. Significant Accounting Policies (cont.)

Revenue recognition

Revenues from gaming operations consist of the Fund's share of the gaming wins pursuant to its operating agreement with Alberta Gaming and Liquor Commission and are recognized on a daily basis.

Revenues from hotel operations and food and beverage sales are recognized when services are rendered.

Revenues from rental operations are recognized in accordance with the lease agreements.

Financial Instruments

Canadian GAAP requires that financial instruments be classified into one of the five categories; held for trading, held to maturity, loans and receivables, available for sale financial assets or other financial liabilities.

Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition. When a decline in the fair value of an available-for-sale financial asset has been recognized in comprehensive income, and there is objective evidence that the impairment is other than temporary, the cumulative loss that had been previously recognized in accumulated other comprehensive income is removed from accumulated other comprehensive income and recognized in net income.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

Comprehensive income or loss is the overall change in equity for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. Other comprehensive income includes gains and losses that GAAP requires to be recognized in a period but are excluded from net income for that period. The Company does not have any items of comprehensive income in any period presented and accordingly net income equals comprehensive income.

Earnings per Unit

Earnings per unit are expressed as the weighted average of fully diluted units. Fully diluted units include the publically traded units of the Fund ("Fund Units") and convertible B units of the Limited Partnership ("LP B Units").

Notes to Consolidated Financial Statements

three months ended March 31, 2010

4. Adoption of New Accounting Standards

Future Accounting Changes

International Financial Reporting Standards (“IFRS”)

All publically accountable enterprises will be required to report under IFRS for interim and annual periods beginning on or after January 1, 2011. The Fund will fully adopt IFRS effective January 1, 2011. Comparative figures for the year ending December 31, 2010 will be restated to conform to the new provision.

Business Combinations

In January 2009, the CICA issued Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-Controlling Interests”. These sections replace the former Section 1581, “Business Combinations”, and Section 1600, “Consolidated Financial Statements”, and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These sections will be adopted by the Fund on January 1, 2010. As at March 31, 2010, adoption of these sections has had no impact on financial statements.

5. Capital Disclosure

The Fund defines managed capital as term debt and unit holders’ equity. The Fund’s objectives in managing capital are primarily to (i) provide a consistent, secure and growing source of cash for distribution to unit holders, (ii) maintain the productive capacity of the Fund, (iii) meet all debt servicing obligations and (iv) fund future expansions and acquisitions. The Fund may raise additional capital from time to time to pursue these objectives by issuing units or incurring additional debt.

Notes to Consolidated Financial Statements
three months ended March 31, 2010

5. Capital Disclosure (cont.)

	March 31, 2010	December 31, 2009
Managed debt		
Term debt	12,751,958	13,249,076
Equity		
Capital contributions	70,358,510	70,358,510
Cumulative earnings and comprehensive income	109,418,889	104,652,748
Total Equity	179,777,399	175,011,258
Total managed capital	192,529,357	188,260,334

The Fund’s term debt facilities include demand clauses but are not considered to be short term debt by the lender. Term debt facilities are subject to certain covenants and interest rates as described in Note 11. All covenants had been met.

There were no changes to the Fund’s overall capital management strategy during the Quarter.

6. Financial Instruments

The Fund’s activities expose it to certain financial risks. The Fund’s risk management program focuses on the unpredictability of financial markets and endeavors to minimize the potential adverse effects on the Funds financial performance. The Fund does not purchase derivative financial instruments for speculative purposes. Material risks are monitored by management.

The Fund’s financial instruments and the nature of the risks to which they are, or may be, subject to are set out in the following table

Financial asset / liability	Risks				
	Credit	Liquidity	Market Risks		
			Currency	Interest Rate	Other Price
Cash and cash equivalents	✓		✓		
Restricted cash	✓		✓		
Accounts receivable	✓				
Due to/from related parties *	✓				
Revolving credit lines				✓	
Accounts payable and accrued liabilities		✓			
Unit holder distributions payable		✓			
Demand loans		✓		✓	

* Not applicable at reporting period

Notes to Consolidated Financial Statements

three months ended March 31, 2010

6. Financial Instruments (cont.)

Fair value

The fair value of cash and cash equivalents, restricted cash, accounts receivable, revolving credit lines, accounts payable and accrued liabilities, demand loan, due to/from related parties* and unit holders distributions payable approximate their carrying value due to the short-term maturities of these instruments.

* not applicable at reporting period

Foreign Exchange Risk

The Fund has no material foreign currency risk.

Interest Rate Risk

The Fund's interest rate risk arises primarily from its variable rate debt in the aggregate amount of \$18.8 million. The Fund is paying interest at a stipulated floor rate of 4.0% on traditional bank term debt and revolving debt; otherwise the rate on these debt instruments is 1.0% above the banks prime lending rate. A 1% increase in interest rates would have an unfavourable impact on earnings of \$46,878 or \$0.002/unit on an annualized basis.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers. The Fund's day to day commercial banking is primarily with a AAA rated Canadian financial institution. Day to day commercial banking is not concentrated with a single financial institution. The Fund, in the normal course of operations, monitors the financial condition of its customers. The Fund 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. The Fund does not currently carry an allowance for doubtful accounts. Carrying amounts of accounts receivable are reduced by direct write-off to earnings in the period of loss recognition. At the end of the Quarter, all aged receivables are current within stated credit terms and customer historical payment practices.

Liquidity Risk

Liquidity risk arises from excess financial obligations over available financial assets due at any point in time. The Fund's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet ongoing liquidity requirements. The Fund achieves this by maintaining a conservative distribution policy. Availability on committed credit facilities is \$0.8 million.

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

The maturity date on the Fund's term debt held by the Limited Partnership is the earlier of the date the loan is paid out and February, 2017. The maturity date on the Deerfoot Joint Venture term debt is the earlier of the date the loan is paid out and January, 2021.

Notes to Consolidated Financial Statements

three months ended March 31, 2010

6. Financial Instruments (cont.)

Alberta Gaming and Liquor Commission 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 months operating expenses and one month’s interest costs on debt facilities. The Funds internal working capital requirements typically exceed that of MCNWCP.

Contractual commitments of the Fund are reported in Note 15.

7. Letters of Credit

The Fund’s gaming operations are subject to regulations imposed by the Alberta Gaming and Liquor commission. The Fund has provided letters of credit in favour of Alberta Gaming and Liquor Commission in the amount of \$8,000 for the purpose of maintaining liquor licenses.

8. Restricted Cash

Restricted cash consists of progressive jackpot funds. Progressive jackpots are divided into two pots. The first and larger of the two is reserved for the eventual winner of the jackpot. The second is used to seed the next pot after a jackpot is won. The progressive jackpot funds are not available for use in general operations. Included in accounts payable is \$87,764 (2009 - \$67,700) relating to progressive jackpots.

9. Property, Plant and Equipment

March 31, 2010	Cost	Accumulated Amortization	Net Book Value
Land	\$ 4,396,206	\$ -	\$ 4,396,206
Land Improvements	1,944,327	213,821	1,730,506
Buildings	25,910,315	5,664,717	20,245,598
Buildings for lease or rent	863,326	249,169	614,157
Leaseholds	2,491,968	1,066,498	1,425,470
Furniture, fixtures and equipment	6,730,373	4,592,165	2,138,208
Work in progress	383,986	-	383,986
	\$ 42,720,502	\$ 11,786,371	\$ 30,934,132
December 31, 2009	Cost	Accumulated Amortization	Net Book Value
Land	\$ 4,396,206	\$ -	\$ 4,396,206
Land Improvements	1,944,327	204,100	1,740,227
Buildings	25,891,080	5,438,578	20,452,502
Buildings for lease or rent	863,326	241,395	621,931
Leaseholds	2,491,968	999,974	1,491,994
Furniture, fixtures and equipment	6,710,514	4,467,686	2,242,828
Work in progress	62,226	-	62,226
	\$ 42,359,647	\$ 11,351,733	\$ 31,007,914

Certain equipment and machines housed on premises of the Fund are provided by and owned by Alberta Gaming and Liquor Commission and have not been included in these financial statements.

Notes to Consolidated Financial Statements
three months ended March 31, 2010

10. Income Taxes

Income taxes

Income earned by the Trust as a limited partner of the Limited Partnership is subject to income taxes. The Trust has established a policy to distribute all of its taxable income to unit holders of the Trust so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year.

Income earned by the Fund as the sole unit holder of the Trust is subject to income taxes. The Fund has established a policy to distribute all of its taxable income to the unit holders of the Fund so that the Fund will not have any liability for tax under Part I of the Tax Act in any taxation year.

The Fund has not recorded a liability for current income taxes as the Fund does not anticipate taxable income for the year.

Future income taxes

Beginning January 1, 2011, distributions of income trusts will not be deductible in calculating taxable income of the trust; thereby requiring the trust to pay income taxes. Future income tax assets and liabilities are based on temporary differences between the tax treatment of assets and liabilities of the Fund and the accounting treatment of assets and liabilities reported on the Fund’s financial statements to the extent that these differences will exist at 2011. Future tax is estimated based on assets and liabilities at the end of the year and the expected combined Federal and Alberta tax rate of 25.0% for 2011.

Temporary differences and carry-forwards which give rise to future income tax assets and liabilities at March 31, 2010 are as follows:

	March 31, 2010	December 31, 2009
Future income tax asset (liability) arising from:		
Property, plant and equipment	<u>\$(1,555,868)</u>	<u>\$(1,523,866)</u>

Notes to Consolidated Financial Statements

three months ended March 31, 2010

11. Loans

The Fund has a \$15.0 million demand loan with the Canadian Western Bank (“CWB”). On June 25, 2009 amendments were made to the original commitment letter resulting in an interest rate floor of 4.0%, otherwise, the interest on this loan remains at 1.0% above the CWB Prime Lending Rate. The Fund is making blended monthly principal and interest payments on a \$9.0 million segment of the loan amortized over 10 years. \$6.0 million of this loan is advanced on a revolving basis. There are no specific debt covenants attached to this loan. Security for the loan includes:

- General security agreement for first charge on Service Plus, Great Northern Casino and the Strip Mall. The Net Book Value of these assets at the end of the Quarter is \$12.7 million
- Demand collateral mortgage first charge on the total loan amount
- Assignment of rents and leases
- Assignment of all risk casualty and liability insurance

The Fund issued an unsecured demand promissory note to a related party (note 12) in the amount of \$4.1 million. The note bears interest at a fixed rate of 3.25% with interest only payments to be made monthly.

The Fund has a 40% Participating Interest Responsibility in the debt facilities of the Deerfoot Joint Venture. The Deerfoot Joint Venture has a demand loan secured by its land and buildings. The loan has an interest rate floor of 4.0%, otherwise, the interest on this loan remains at 1.0% above the CWB Prime Lending Rate. A segment of this loan is revolving. The Fund's portion of the total outstanding balance of this loan is \$5.4 million. The Deerfoot Joint Venture loan has the following financial covenants:

- | | |
|-------------------------------------|--------|
| 1. Maximum debt to equity ratio of | 3.00:1 |
| 2. Minimum debt service coverage of | 1.25:1 |

Deerfoot is in compliance with all covenants.

Notes to Consolidated Financial Statements
three months ended March 31, 2010

11. Loans (cont.)

Credit Facilities	March 31, 2010	December 31, 2009
Authorized Maximum Loan amounts		
Demand loan	9,000,000	9,000,000
Revolving credit lines	6,000,000	6,000,000
Deerfoot Joint Venture - demand loan	8,800,000	8,800,000
Deerfoot Joint Venture - demand loan, revolving	800,000	800,000
Demand promissory note	4,100,000	4,100,000
Continuing Operations	<u>28,700,000</u>	<u>28,700,000</u>
Outstanding balance		
Demand loan	7,303,675	7,500,793
Revolving credit lines	6,000,000	6,000,000
Deerfoot Joint Venture - demand loan	5,448,283	5,748,283
Deerfoot Joint Venture - demand loan, revolving	-	-
Demand promissory note	4,001,000	4,001,000
Continuing Operations	<u>22,752,958</u>	<u>23,250,076</u>
Advances (payments) during the calendar year		
Demand loan	(197,118)	(883,848)
Revolving credit lines	-	2,000,000
Deerfoot Joint Venture - demand loan	(300,000)	(1,200,000)
Demand promissory note	-	4,001,000
Continuing Operations	<u>(497,118)</u>	<u>3,917,152</u>
Interest rate		
Demand loan	4.00% (P +1.00%)	4.00% (P +1.00%)
Revolving credit lines	4.00% (P +1.00%)	4.00% (P +1.00%)
Deerfoot Joint Venture - demand loan	4.00% (P +1.00%)	4.00% (P +1.00%)
Deerfoot Joint Venture - demand loan, revolving	4.00% (P +1.00%)	4.00% (P +1.00%)
Demand promissory note	3.25%	3.25%

Notes to Consolidated Financial Statements

three months ended March 31, 2010

12. Related Party Transactions

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

The Fund had related party transactions with the persons of David Will and Darcy Will and/or companies owned or controlled by David Will and/or Darcy Will collectively (the "Wills"). Both David Will and Darcy Will are Trustees of the Fund. Together, the Wills control 44.1% of the outstanding units of all unit classes of the Fund. Transactions with the Wills include the following:

- The Fund recorded \$198,760 (\$219,958 - 2009) of management services expenses during the Quarter which are included in Human resources expenses. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes depreciation and amortization. At the end of the Quarter \$70,186 (\$30,210 - 2009) remained in Accounts payable. As Chief Executive Officer and Vice President, David Will and Darcy Will, respectively do not take any salary for their management of the Fund, but are compensated through management services agreements.
- The Fund recorded \$21,595 (\$nil – 2009) of charter aircraft rental expenses during the Quarter which are included in Operating expenses. At the end of the Quarter \$9,965 (\$nil – 2009) remained in accounts payable. Travel to the Fund's operational centers of Grande Prairie and Ft. McMurray is made more efficient via charter air services than can be accomplished through commercial carriers.
- The Fund recorded \$11,500 (\$11,000 – 2009) in Trustee fees during the Quarter which are included in Human resources expenses. At the end of the Quarter \$8,000 (\$4,000 – 2009) remained in accounts payable.
- The Fund recorded \$32,063 (\$nil – 2009) in interest charges during the Quarter which are included in Interest expense. At the end of the Quarter \$32,063 (\$nil – 2009) remained in accounts payable. Interest charges arose from \$4,001,000 in outstanding amounts on promissory notes during the Quarter. The loan is unsecured and has a fixed interest rate of 3.25%. Loan proceeds were used to honour obligations under a guarantee the Fund provided to the lender to the discontinued Stampede Joint Venture.

The Fund recorded \$34,500 (\$25,000 – 2009) in Trustee fees during the Quarter paid to other Trustees or companies controlled by other Trustees of the Fund which are included under Human resources expenses. At the end of the Quarter \$34,500 (\$25,000 – 2009) remained in accounts payable.

The Fund recorded \$10,333 (\$2,056 – 2009) in professional and administrative fees during the Quarter paid to companies controlled by other Trustees of the Fund. At the end of the Quarter \$nil (\$173 – 2009) remained in accounts payable.

The Fund recorded \$53,300 (\$52,500 – 2009) of management services expenses during the Quarter to other officers which are included under Human resources expenses. Management fees stipulated in management services agreements are based on a flat monthly amount.

Notes to Consolidated Financial Statements

three months ended March 31, 2010

13. Fund Unit Holders Equity

The Fund is authorized to issue an unlimited number of Fund Units. There were no changes in the number of issued or outstanding Fund Units during the Quarter. The weighted average of equivalent units outstanding for the Quarter is equal to the units issued. The Fund did not have any options, warrants, rights or convertible instruments that would be potentially dilutive during the Quarter.

Fund Unitholder Equity	March 31, 2010		December 31, 2009	
	Units	\$'s	Units	\$'s
	Balance at beginning of period	11,773,153	\$ 30,439,635	10,773,153
Unit class conversions	-	-	1,000,000	3,193,434
Net earnings		2,658,409		8,164,099
Net earnings - discontinued operations		-		(2,581,120)
Distributions to Fund Unit holders		(2,588,916)		(10,355,664)
Balance at end of period	11,773,153	\$ 30,509,128	11,773,153	\$ 30,439,635

14. Minority Unit Holders Equity

The Limited Partnership is authorized to issue an unlimited number of Class B Limited Partnership Units. There were no changes in the number of Class B Limited Partnership Units issued or outstanding during the Quarter.

Minority Interest	March 31, 2010		December 31, 2009	
	Units	\$'s	Units	\$'s
	Balance at beginning of period	9,334,400	\$ 25,977,980	10,334,400
Unit class conversions	-	-	(1,000,000)	(3,193,434)
Minority interest earnings allocation		2,107,732		6,472,945
Net earnings - discontinued operations		-		(2,046,454)
Distributions to minority interest unit holders		(2,052,635)		(8,210,540)
Balance at end of period	9,334,400	\$ 26,033,077	9,334,400	\$ 25,977,980

Notes to Consolidated Financial Statements
three months ended March 31, 2010

15. Commitments

Deerfoot Joint Venture

The Fund has a 47.75% Contributing Interest Responsibility to the Deerfoot Joint Venture for any capital requirements. All current capital requirements of the Deerfoot Joint Venture have been satisfied. There were no requests for capital made by the Deerfoot Joint Venture during the Quarter. Effective May 1, 2010, as a result of the acquisition of the JV Additional Interest, the Fund will have an 87.75% Contributing Interest Responsibility to the Deerfoot Joint Venture for any capital funding requirements.

Management Agreements

On June 1, 2003 the Fund entered into a management services agreement with Gamehost Management Inc. The management agreement stipulates that Gamehost Management Inc. is entitled to 2.0% of operational earnings before interest, taxes, depreciation and amortization of the Fund.

On April 26, 2005 the Deerfoot Joint Venture entered into a management services agreement with 1016312 Alberta Ltd. The management agreement stipulates that 1016312 Alberta Ltd is entitled to 1.5% of the gross revenues plus 2.0% of any operational earnings before interest, taxes, depreciation and amortization of the Deerfoot Joint Venture.

On January 1, 2007, the Fund entered into a management services agreement with 1068802 Alberta Ltd. (amalgamated to 1508956 Alberta Ltd.) The management agreement stipulates a fixed monthly fee of \$17,700 for site operational management for the Fund's Chief Operating Officer.

Other Commitments

The Fund has certain commitments for equipment, services and premises rent including the Funds Participating Interest Responsibility in commitments of a joint venture. At the end of the Quarter these commitments, including a 91% participating interest in commitments of the Deerfoot Joint Venture, were:

<u>Operating Leases and service contracts</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Thereafter</u>
	1,324,175	1,612,712	1,051,372	902,100	815,512	4,800,808

Notes to Consolidated Financial Statements

three months ended March 31, 2010

16. Guarantees

The Fund has entered into indemnification agreements with current Trustees to indemnify them, to the extent permitted by law, against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the Trustees and officers as a result of any lawsuit, or any judicial, administrative or investigative proceeding in which the Trustees and officers are sued as a result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of the indemnification agreements prevents management from making a reasonable estimate of the maximum potential amount the Fund could be required to pay counterparties. The Fund has purchased directors' and officers' liability insurance.

The Fund provided an \$11.5 million unsecured limited liability guarantee to the lender to the Deerfoot Joint Venture to indemnify it in the event the Deerfoot Joint Venture does not perform its contractual obligations. At the end of the Quarter, the maximum potential liability under this guarantee was \$5.4 million. The Fund has not recorded a liability with respect to this guarantee, as the Fund does not expect to make any payments in excess of what is recorded on the Financial Statements for the aforementioned items. The Fund has not charged a fee to the Deerfoot Joint Venture in regards to this guarantee. No specific assets have been provided as security.

17. Investment in Joint Venture

The following financial statements report the Fund's proportionate share (Participating Interest) in the Deerfoot Joint Venture assets, liabilities, revenues and expenses and net income, and cash flows resulting from operating, financing and investing activities.

Deerfoot Joint Venture

The Fund has a 40% Participating Interest and a 47.75% Contributing Interest Responsibility in Deerfoot Inn & Casino Inc., a Joint Venture, which operates Deerfoot Inn & Casino in Calgary, Alberta. Effective May 1, 2010, as a result of the acquisition of the JV Additional Interest, the Fund will have an 91% Participating Interest in and a 87.75% Contributing Interest Responsibility to the Deerfoot Joint Venture for any capital funding requirements.

The Fund is severally liable for all obligations of the Deerfoot Joint Venture in proportion to its Participating Interest Responsibility or Contributing Interest Responsibility as the case may be. All Deerfoot Joint Venture partners are contingently liable for obligations of the Deerfoot Joint Venture in situations where other Deerfoot Joint Venture partners are in default as defined by the Deerfoot Joint Venture Agreement.

All of the assets of the Deerfoot Joint Venture are available for the purpose of satisfying any such obligation. No provision for any contingent amount payable has been reflected in these financial statements.

Notes to Consolidated Financial Statements**three months ended March 31, 2010****17. Investment in Joint Venture (cont.)****Participating Interest of the Fund in Joint Venture
Balance Sheets**

	<i>(unaudited)</i>	<i>(audited)</i>
	March 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,272,058	\$ 3,182,590
Other current assets	516,479	607,771
Property, plant & equipment	13,950,553	14,100,767
	<u>\$ 17,739,090</u>	<u>\$ 17,891,128</u>
Liabilities and unit holder equity		
Current liabilities:		
Joint venture equity	\$ 6,211,719	\$ 6,365,188
	<u>11,527,371</u>	<u>11,525,940</u>
	<u>\$ 17,739,090</u>	<u>\$ 17,891,128</u>

**Participating Interest of the Fund in Joint Venture
Statements of Operations and Cash Flow**

	<i>(unaudited)</i>	<i>(unaudited)</i>
	three months ended March 31	
	2010	2009
Revenue	\$ 3,486,326	\$ 4,043,307
Operating expenses	2,401,130	2,562,601
Operating Margin	1,085,196	1,480,706
Other income and (expenses)		
Interest charges	(55,712)	(67,180)
Net earnings	\$ 1,029,484	\$ 1,413,526
Add non-cash items:		
Amortization of property, plant & equipment	159,304	180,950
	1,188,788	1,594,476
Net changes in non-cash working capital:	239,771	(66,387)
Cash provided by (used for) operating activities	1,428,559	1,528,089
Cash provided by (used for) financing activities	(1,330,000)	(2,220,000)
Cash provided by (used for) investing activities	(9,091)	(7,447)
Increase (decrease) in cash and cash equivalents	89,468	(699,358)
Opening cash and cash equivalents	3,182,590	4,628,775
Closing cash and cash equivalents	<u>\$ 3,272,058</u>	<u>3,929,417</u>

Notes to Consolidated Financial Statements

three months ended March 31, 2010

18. Subsequent Events

Regular monthly distributions

The Fund declared a regular monthly distribution of \$0.0733 per unit for April 2010 payable May 14, 2010.

Special resolutions – Annual & Special General Meeting

Acquisition of a further 51% interest in the Deerfoot Joint Venture

Gamehost completed the acquisition of a further 51% interest in the Deerfoot Joint Venture (the “JV Additional Interest”) following overwhelming unit holder support and all required regulatory consents on May 4, 2010. The Fund now holds, via Gamehost LP, a 91% interest in the Deerfoot Joint Venture. The total consideration for the JV Additional Interest was \$57,615,000, plus closing adjustments estimated at (\$5,068,000) for a total purchase price of \$ 52,547,000.

Gamehost funded the JV Acquisition by way of a debenture offering which closed on April 16, 2010 and by drawing down on its credit facilities. Gamehost entered into an agreement with a syndicate of underwriters led by Scotia Capital Inc., pursuant to which the underwriters agreed to purchase, on a bought deal basis, extendible convertible unsecured subordinated debentures in the aggregate principal amount of \$55 million (the “Debentures”). The Debentures have a maturity date of July 31, 2015.

The Debentures will bear interest at a rate of 6.25% per annum, payable semi-annually in arrears on July 31 and January 31 each year, and will be convertible at the option of the holder into Gamehost Inc Common Shares at a conversion rate of approximately 93.8967 Gamehost Inc Common Shares per \$1,000 principal amount of Debentures, which is equal to a conversion price of \$10.65 per Gamehost Inc Common Share.

Arrangement

The purpose of the Arrangement is to convert Gamehost into a corporation, Gamehost (“Gamehost Inc”) will own the Fund and carry on the existing businesses of the Fund. Gamehost Inc will have the same board of directors as the Fund and the same management as the Manager.

The proposed Arrangement is primarily motivated by the taxes and limitations imposed on Specified Investment Flow Throughs (“SIFTs”) by the SIFT Rules. The Arrangement provides for an effective and efficient method of converting from a SIFT to a corporation consistent with the SIFT Rules. The exchange of Fund Units and Class B LP Units for Gamehost Inc Common Shares pursuant to the proposed transaction is tax deferred for unit holders based on the current rules for SIFT conversions. The Fund’s conversion to a corporation may result in greater access to capital and the removal of the “normal growth” and “undue expansion restrictions” in the SIFT Rules that limited the Fund’s ability to consider certain strategic acquisitions. Remaining as a public income trust would have diminished Gamehost’s ability to raise capital in the future. Gamehost Inc will be able to access certain tax deferred roll-over provisions under the Tax Act that will assist in the structuring of acquisitions.

Complete details of the terms and conditions of the Arrangement are set out in the Arrangement Agreement that will be filed by Gamehost on SEDAR (www.sedar.com).