Annual Report
December 31, 2013

Management Discussion and Analysis
for the three and twelve months ended December 31, 2013

To Our Shareholders

Management and Directors of Gamehost Inc. (the “Company”) are pleased to present results for the three and twelve months ended December 31, 2013 (the "Quarter" and “Period" respectively).

Winter Bites

Total operating revenues for the Quarter were flat at $19.8 million to the same quarter of 2012. Earnings before interest, taxes, depreciation and amortization (“EBITDA”) that is attributable to shareholders of the Company ("EBITDA to Shareholders") declined $0.4 million to $8.2 million versus $8.6 in the same quarter one year earlier. EBITDA to Shareholders margin percentage declined in step by 210 basis points to 43.4% from 45.5% in the Quarter compared to one year earlier. Stretches of difficult table Holds during the Quarter and harsh winter temperatures and record December snowfall are to blame for what was otherwise shaping up to be very good quarterly results.

This and That

From the end of the previous quarter to date of writing, the Company repurchased 183,200 of the Company's common shares on a Normal Course Issuer Bid that expires April 16, 2014. Total acquisition costs were $2.7 million at an average purchase price of $14.45/share. Over the same period, debenture conversions of face value $2.4 million resulted in the issue of 221,118 common shares.

Citius - Altius - Fortius

In the spirit of the Olympics we thought we'd start working out to improve our physique. Great Northern Casino in Grande Prairie completed a $1.8 million facelift and expansion including a complete refurbishment of the food, beverage and entertainment areas. Great Northern has the only intimate live entertainment showroom of its kind in the city. The additional showroom space will now accommodate live entertainment offerings that were not previously cost effective to showcase. City residents will benefit by seeing acts they would otherwise have had to travel to larger centres such as Edmonton to see. Early reception to the completed project has been very favourable and we look forward to continuing a tradition of being Grande Prairie's gold medal entertainment venue.

Chinese Zodiac

The Chinese Zodiac doesn't have a Turtle, but they should. At the outset of the year, we anticipated a cautious, consistent and deliberate execution of core elements of our past success. Provide superior customer experiences; don't spend without good potential for reward, nothing fancy. You know, slow and steady wins the race. Sounds boring, I know. Looking back, Gamehost common shares closed the year at $14.89 up 17.2% from their $12.70 value at the start of 2013. And that doesn't even include the additional 6.9% in yield provided by regular monthly dividends. By comparison, the S&P/TSX composite index rose 9.6% over the same period. 2014 is the year of the Horse, but we say, go Turtle!

2013 has been a year of uncertainty on many fronts in the world, peace, economic and socio-political. Isn't it nice to be able to count on something? We'll do our best to continue to deliver the results in 2014 that you have come to expect and count on.

11-Mar-14

On behalf of all management and Directors, sincerely,

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

Darcy J. Will
Vice President and Secretary
Gamehost Inc.

Management's discussion and analysis

for the three and twelve months ended December 31, 2013

This Management's Discussion and Analysis ("MD&A") of the business, operating results, liquidity and capital resources and other financial information of Gamehost Inc. (the "Company") is prepared as at February 28, 2014. This MD&A should be read in conjunction with the consolidated financial statements of the Company and accompanying notes for the twelve months ended December 31, 2013 (the "Year") and with the consolidated financial statements of the Company and accompanying notes for the twelve months ended December 31, 2012.

This MD&A focuses on year over year comparative results for the three months ended December 31, 2013 (the "Quarter"). Readers are directed to prior MD&A for specific discussion of results of previous quarters. Previously issued financial statements and management discussion and other disclosures of the Company can be found on the Company website at www.gamehost.ca or SEDAR at www.sedar.com.

Caution to the reader

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

This MD&A makes reference to financial measures that do not have any standardized meaning prescribed by IFRS. Specifically, the MD&A may reference earnings before interest, taxes, depreciation and amortization ("EBITDA") and EBITDA attributable to shareholders of the Company ("EBITDA to Shareholders") which are non-IFRS financial measures.

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

Forward-looking statements

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

These factors and other risks and uncertainties are discussed in the Company's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, and included in the "Risk Factors" section of the Company's most recent Annual Information Form. Continuous disclosure documents are on public record through SEDAR at www.sedar.com.

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

Internal Control over Financial Reporting

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

There has been no change in the Company's internal control over financial reporting or disclosure controls and procedures that occurred during the Quarter that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting. The effectiveness of Internal control over financial reporting has been evaluated and management has concluded that the Company's Internal control over financial reporting is effective. There is no "material weakness" relating to the design of the Company's Internal control over financial reporting (a "material weakness" is defined as a deficiency or combination of deficiencies in Internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the reporting issuer's annual or interim financial statements will not be prevented or detected on a timely basis.

The effectiveness of disclosure controls and procedures has been evaluated. Management has concluded that the Company's disclosure controls and procedures are operating effectively.

Organizational structure

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

Shares

The Company had 23.6 million Shares issued and outstanding at December 31, 2013 (22.6 million - December 31, 2012) and 23.5 million Shares issued and outstanding at February 28, 2014 which trade on the Toronto Stock Exchange ("TSX") under the symbol GH. The Company is authorized to issue any number of and any class of shares.

Debentures

The Company had $18.9 million face value debentures outstanding at December 31, 2013 ($31.7 million - December 31, 2012) and $18.2 face value debentures outstanding at February 28, 2014 which trade on the TSX under the symbol GH.DB.

Address

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

Overview of Gamehost

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

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

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

It is the Company's intent to continue a policy of consistent and regular monthly ' eligible' dividends to shareholders of $0.0733 per common share. Dividends are declared to be 'eligible' because the Company has not benefited from any preferential tax rates requiring it to pay ordinary or non-eligible dividends. Eligible dividends are taxed at lower marginal rates to the recipient. If and when economic conditions and the financial performance of the Company dictate that an increase to the dividend rate is prudent and would not jeopardize future sustainability of the regular dividend rate, an increase or special dividend may be considered by the Company's board of directors.

Overall financial results and condition of the Company

The Quarter was generally marked by flat revenues resulting in reduced bottom line performance. Harsh December weather had an especially adverse impact on gaming activity. Financial results for the Quarter include a $0.4 million or 4.7% decrease in year over year EBITDA to Shareholders and a corresponding drop in margin percentage of 2.1 percentage points to 43.4% compared to in 45.5% in Q4 2012.

At the end of the Year, the Company had $175.9 million in total assets down $5.8 million from the start of the year. Cash balances of $15.0 million were down $4.7 million from the start of 2013. The reduction in cash balance stems largely as result of tax instalments paid including a large deferred balance that became due in the Year. Drawing on the Company operating line less scheduled principal reductions during the Year resulted in a net reduction of $0.6 million reducing the total demand credit facilities balance to $20.0 million from $20.6 million at the start of the Year.

Quarterly performance summary

Quarterly performance	**2013**				**2012**			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating Revenue	**19.8**	19.2	19.4	19.1	19.8	18.8	19.1	19.0
Cost of sales	**(11.1)**	(9.9)	(10.2)	(10.2)	(10.9)	(9.9)	(10.0)	(10.0)
Gross Profit	**8.7**	9.3	9.2	8.9	8.9	8.9	9.1	8.9
Other income	**0.1**	0.1	0.1	-	0.1	0.1	0.1	-
Administrative expenses	**(1.3)**	(1.2)	(1.3)	(1.3)	(1.2)	(1.4)	(1.3)	(1.3)
Profit from operating activities	**7.5**	8.2	8.0	7.7	7.8	7.6	7.8	7.6
Other (losses) gains	**-**	-	-	-	(0.1)	-	-	-
Finance costs net of finance income	**-**	(0.9)	(1.2)	(1.1)	(1.0)	(1.3)	0.2	(1.9)
Profit before income tax	**7.5**	7.3	6.8	6.6	6.7	6.3	8.0	5.7
Income tax expense	**(2.1)**	(1.5)	(1.2)	(1.9)	(0.8)	(2.1)	(0.8)	(1.5)
Profit	**5.4**	5.8	5.6	4.7	5.9	4.2	7.2	4.2
Less Non-controlling interests	**(0.3)**	(0.4)	(0.3)	(0.3)	(0.4)	(0.3)	(0.4)	(0.3)
Profit attributable to owners of the Company	**5.1**	5.4	5.3	4.4	5.6	3.9	6.8	3.9
(in millions of dollars unless stated otherwise)								
Earnings per share								
Basic and diluted	**$ 0.22**	$ 0.23	$ 0.23	$ 0.19	$ 0.24	$ 0.18	$ 0.31	$ 0.18
EBITDA to Shareholders	**8.2**	8.8	8.7	8.3	8.6	8.3	8.6	8.4
EBITDA to Shareholders %	**43.4%**	48.1%	46.7%	45.6%	45.5%	46.4%	46.9%	46.5%

Operating segments

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

twelve months ended December 31, 2013	Gaming	Hotel	Food & Beverage	Corporate, other [1]	Total
Operating revenue and other income	44.1	13.8	19.6	0.3	77.8
Finance costs, net of finance (income)	1.7	1.0	0.7	(0.2)	3.2
Depreciation	1.5	1.8	0.8	-	4.1
Other expenses	19.4	6.2	12.6	4.1	42.3
Profit before income tax	21.5	4.8	5.5	(3.6)	28.2
Segment assets	79.5	66.0	26.5	3.9	175.9
Segment liabilities	19.4	14.5	8.3	16.3	58.5
Capital expenditures	1.8	-	0.6	-	2.4

twelve months ended December 31, 2012	Gaming	Hotel	Food & Beverage	Corporate, other (1)	Total
Operating revenue and other income	43.8	13.5	19.2	0.3	76.8
Other gains (losses)	-	-	-	(0.1)	(0.1)
Finance costs, net of finance (income)	2.2	1.0	0.9	(0.1)	4.0
Depreciation	1.6	2.0	0.9	-	4.5
Other expenses	18.9	6.1	12.3	4.2	41.5
Profit before income tax	21.1	4.4	5.1	(3.9)	26.7
Segment assets	83.3	68.1	26.9	3.4	181.7
Segment liabilities	25.5	17.4	10.4	19.2	72.5
Capital expenditures	0.3	0.1	0.1	-	0.5

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

(in millions of dollars unless stated otherwise)

Operating revenue

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

Operating revenue	**Q4 (twelve months)**			**Q4 (three months)**		
	2013	2012	+(-)	**2013**	2012	+(-)
Operating revenue	**77.6**	76.6	1.3%	**19.8**	19.8	0.0%

(in millions of dollars unless stated otherwise)

The Grande Prairie area recorded encouraging results during the Quarter. All regions, however, suffered in varying degrees from weather related challenges.

Room revenue

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

Rooming	Q4 (twelve months)			Q4 (three months)		
	2013	**2012**	**+(-)**	**2013**	**2012**	**+(-)**
Rooming	**13.3**	13.0	2.3%	**3.4**	3.1	9.7%
Occupancy	**75.9%**	73.4%	2.5%	**77.6%**	71.4%	6.2%
ADR	**$152.10**	$153.39	($1.29)	**$148.80**	$152.02	-$3.22
% of operating revenue	**17.1%**	17.0%	0.1%	**17.2%**	15.7%	1.5%

(in millions of dollars unless stated otherwise)

Rooming revenues were up sharply in the Quarter at both Calgary and Grande Prairie properties.

At Service Plus, in year over year comparisons for the Quarter, revenues climbed 7.2% on increased occupancy of 83.6% compared to 77.0% while ADR fell $1.95. Increase demand for natural gas liquids (NGL), for use in power co-generation plants in the oil sands has resulted in significant drilling activity in the region and work crews booked for extended stay. These bookings along with still strong sports team bookings on weekends do drag down ADR's as discounts to standard rack rates are offered.

At Deerfoot, in year over year comparisons for the Quarter, revenues rose 6.1% instep with occupancy which climbed 3.3 percentage points to 71.9% from 68.6%. ADR was lower by $2.53 over the same comparative time period.

Table game revenue

Table play and table revenue sharing is regulated in Alberta by the AGLC. In general terms, 'Drop' is the total amount of money cashed to chips at most table games. 'Hold' is the amount kept by the table from the Drop. Hold % is the measure of the Hold to the Drop and can fluctuate significantly, but should average +/- 17%. Drop, Hold and Hold % are not always reliable indicators of table activity as demonstrated by the following examples:

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

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

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

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

Net table revenue	Q4 (twelve months)			Q4 (three months)		
	2013	**2012**	+(-)	**2013**	**2012**	+(-)
General, progressive and high limit	**10.0**	9.3	7.5%	**2.4**	2.4	0.0%
Poker	**2.2**	2.1	4.8%	**0.5**	0.5	0.0%
Total	**12.2**	11.4	7.0%	**2.9**	2.9	0.0%
% of operating revenue	**15.7%**	14.9%	0.8%	**14.6%**	14.6%	0.0%

(in millions of dollars unless stated otherwise)

# of tables	End of Year		
	2013	**2012**	+(-)
All Others	**42**	46	(4)
Poker	**16**	16	-
Progressive Table Games	**9**	5	4
Total	**67**	67	-

Drop and Hold	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Drop	**94.5**	94.5	0.0%	**23.9**	25.6	(6.6%)
Hold %	**18.8%**	17.8%	1.0%	**16.9%**	17.2%	(0.3%)

(in millions of dollars unless stated otherwise)

Table performance at Deerfoot put a drag on otherwise good table performance for the Quarter. Recent side betting additions of "Kings Bounty" and "G3 Progressive", to existing table games has boosted results.

At Boomtown, the current Quarter saw a 2.3% increase in table Drop and 2.7 percentage point increase in Hold % combining for a 15.1% increase in Net revenue year over year. Table Drop was up by double digit percentages until weather and seasonal layoffs in December clawed them back. Poker, though much less significant in terms of overall table revenues, recorded a 14.6% increase in revenues in year over year comparisons on the Quarter.

Great Northern saw their table Drop rise 2.3% while Hold % rose 6.1 percentage points resulting in a 42.5% increase in Net revenue year over year for the Quarter. Kings Bounty progressive table games and new G3 Table Systems continue to provide favourable improvements to table holds. Poker revenues were also up sharply by 30.2%, though of much less significance compared to table games in terms of total dollars.

At Deerfoot, Drop fell 10.8% and Hold % dropped by a full 3.0% to 13.4% from 16.4% in year over year comparison for the Quarter. The result was a 27.2% decline in Net revenue for the Quarter in year over year comparison. October and December Drops were down sharply and High limit tables struggled to hold much of anything in November. Poker revenues were flat in year over year comparison for the Quarter.

Slot revenue

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

Slot statistics	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Cash Play	**2,378.2**	2,371.3	0.3%	**568.9**	588.4	(3.3%)
Machines [1]	**1,636.0**	1,606.0	30.0	**1,636.0**	1,606.0	30.0

(in millions of dollars unless stated otherwise)

1 At the end of the Year / Quarter

Slot revenue	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Net	**26.2**	26.7	(1.9%)	**6.2**	6.5	(4.6%)
% of operating revenue	**33.8%**	34.9%	(1.1%)	**31.3%**	32.8%	(1.5%)

(in millions of dollars unless stated otherwise)

Weather related issues affected traffic to casinos during the Quarter resulting in a reduction in slot activity. Heavy snowfall and frigid temperatures in December resulted in a 12% drop in Cash Play from the same month in 2012.

Boomtown Cash Play fell 3.1% while Net revenue fell 2.2% in year over year comparison for the Quarter. Cold weather in the Quarter and additional slot machines added in February 2013 combined to put a drag on average win/day/machine which was down $34.93 to $366.49 for the Quarter compared to $401.42 one year earlier. There were no changes to the number of slot machines at Boomtown during the Quarter.

Great Northern, for the Quarter versus the comparable quarter one year earlier, saw a 2.3% decrease in Cash Play and a 7.0% decrease in Net revenue. A decrease of $17.74 in average win/day/machine to $237.44 from $255.19 was recorded in the Quarter compared to one year earlier. Harsh weather in December and construction disruptions during the Quarter are to blame. There were no changes to the number of slot machines at Great Northern during the Quarter.

Deerfoot, for the Quarter versus the comparable quarter one year earlier, saw a decrease in Cash Play of 4.1% while Net revenues fell by 5.2%. Average win/day/machine fell $13.34 to $244.44 versus $257.78 one year earlier. Snowfall's in Calgary for December broke 112 year records and kept patrons off the roads while the City struggled to keep up with snow removal. There were no changes to the number of slot machines at Deerfoot during the Quarter.

Food & beverage ("F&B") revenue

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

F&B Revenue	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Food & mix	**7.7**	7.6	1.3%	**2.4**	2.3	4.3%
Liquor	**11.5**	11.1	3.6%	**3.2**	3.2	0.0%
Total	**19.2**	18.7	2.7%	**5.6**	5.5	1.8%
% of operating revenue	**24.7%**	24.4%	0.3%	**28.3%**	27.8%	0.5%

(in millions of dollars unless stated otherwise)

Strong year over year growth in October and November was offset by weather events in December.

Boomtown combined F&B revenues fell by 6.9% during the Quarter from one year earlier. Sales were tracking on par to the previous year until harsh weather and early seasonal layoffs in December cut traffic to the casino substantially.

Great Northern combined F&B revenues for the Quarter were off 4.0% from the year ago quarter. Construction on our new lounge and showroom discouraged sales until the new space opened in November and then suffered from the same adverse weather that afflicted most of Alberta in December. We are encouraged by more recent results which indicate the new and larger space is able to offer the kind of entertainment the community is looking for and in a space that the community finds inviting.

Deerfoot combined total F&B revenues were up by 4.3% during the Quarter from one year earlier. Double digit gains in October and November were trimmed back by record snowfall and cold temperatures keeping foot traffic away in December. Rate increases to packaged banquets also contributed to positive results.

Ancillary revenue

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

Ancillary revenue	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Total	**6.7**	6.8	(1.5%)	**1.7**	1.8	(5.6%)
% of operating revenue	**8.6%**	8.9%	(0.3%)	**8.6%**	9.1%	(0.5%)

(in millions of dollars unless stated otherwise)

Ancillary revenues are highly correlated to gaming activity most significantly from ATM fees.

Great Northern, together with AGLC is piloting a new electronic bingo ("E-bingo") gaming option. In November, 80 E-bingo terminals were deployed at the casino in conjunction with an expansion/refurbishment project. Revenue sharing arrangements are still being negotiated based on community acceptance and initial gross revenue generation. Great Northern also received 5 additional VLT's during the Quarter.

Cost of sales

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

Cost of sales	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Total	**41.5**	40.9	1.5%	**11.1**	10.9	1.8%
% of operating revenue	**53.5%**	53.4%	0.1%	**56.1%**	55.1%	1.0%

(in millions of dollars unless stated otherwise)

Cost of sales as a percentage of operating revenue deteriorated in the Quarter as a result of weather related factors. Some expenditures committed to for December could not be eliminated when the weather reduced foot traffic in December.

Cost of sales - cost of product

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

Cost of product	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Food & Mix	**2.5**	2.4	4.2%	**0.7**	0.7	0.0%
Liquor	**2.4**	2.3	4.3%	**0.7**	0.7	0.0%
Other	**0.3**	0.3	0.0%	**-**	-	n/a
Total	**5.2**	5.0	4.0%	**1.4**	1.4	0.0%
% of operating revenue	**6.7%**	6.5%	0.2%	**7.1%**	7.1%	0.0%

(in millions of dollars unless stated otherwise)

Cost of product %	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Food & Mix	**32.5%**	31.6%	0.9%	**29.2%**	30.4%	(1.3%)
Liquor	**20.9%**	20.7%	0.1%	**21.9%**	21.9%	0.0%
Other	**45.9%**	43.7%	2.2%	**44.2%**	39.7%	4.5%

Both Boomtown and Great Northern have commission based third party arrangements for food services and therefore food sales at these locations do not factor significantly into costs of product results. Cost of product percentage will fluctuate with changes in the product sales mix.

Pricing changes to banquet packages at Deerfoot and a change in corporate supplier of food products during the Quarter resulted in significant benefit to Deerfoot's Cost of Product %. Deerfoot accounts for the majority of Company food sales.

Cost of sales - operating labour

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

Operating labour	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Operating labour	**19.5**	19.3	1.0%	**5.2**	5.0	4.0%
% of operating revenue	**25.1%**	25.2%	(0.1%)	**26.3%**	25.3%	1.0%

(in millions of dollars unless stated otherwise)

High labour costs in table departments as a consequence of poor Hold percentages was a significant factor in higher operating labour expressed as a percentage of operating revenue. Challenging weather in December also made staffing at appropriate levels to demand less than ideal.

Cost of sales - marketing and promotions

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

Marketing	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Total	**3.1**	3.0	3.3%	**0.8**	0.8	0.0%
% of operating revenue	**4.0%**	3.9%	0.1%	**4.0%**	4.0%	0.0%

(in millions of dollars unless stated otherwise)

Marketing costs continue to be managed tightly and were held flat to the comparable quarter of one year ago.

Cost of sales - other operating costs

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

Other operating costs	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Total	**13.7**	13.6	0.7%	**3.7**	3.7	0.0%
% of operating revenue	**17.7%**	17.8%	(0.1%)	**18.7%**	18.7%	0.0%

(in millions of dollars unless stated otherwise)

Other operating costs continue to be managed tightly and have remained stable to the comparable quarter of one year ago.

Other income

Other income consists of the net income from an investment property being the Strip Mall in Grande Prairie located next to the Service Plus.

Other income	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Total	**0.2**	0.2	0.0%	**0.1**	0.1	0.0%

(in millions of dollars unless stated otherwise)

Management is working with the existing tenant on terms for a new lease coupled with a complete remodel of the existing restaurant and pub. The balance of unleased space will be converted to needed administrative space for Service Plus and Great Northern Casino.

Administrative expenses

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

Administrative expenses	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Total	**4.9**	5.1	(3.9%)	**1.3**	1.2	8.3%
% of operating revenue	**6.3%**	6.7%	(0.4%)	**6.6%**	6.1%	0.5%

(in millions of dollars unless stated otherwise)

Higher professional fees during the Quarter for one time related activities pushed Administrative expenses higher when expressed as a percentage of operating revenue.

Finance costs, net of finance (income)

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

Finance costs, net of finance (income)	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Total	**3.2**	4.0	(20.0%)	**-**	1.0	(100.0%)

(in millions of dollars unless stated otherwise)

$1.6 million in debentures were converted to common shares during the Quarter and $12.8 million since the start of the year. This, together with scheduled demand debt principal reductions, resulted in interest savings from the comparative quarter a year ago. Outstanding debentures at the end of the Quarter totalled $18.9 million of the original $55.0 million compared to $31.7 million at the start of the year. At February 28, 2014, outstanding debentures totalled $18.6 million.

Income tax (recovery)

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

Income tax	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Provision for current income tax	**7.6**	4.6	65.2%	**2.4**	0.7	242.9%
Taxes arising from changes in timing differences	**(0.9)**	0.6	(250.0%)	**(0.3)**	0.1	(400.0%)
	6.7	5.2	28.8%	**2.1**	0.8	162.5%

(in millions of dollars unless stated otherwise)

The combined federal and provincial tax rate in Alberta for 2013 is 25.0%.

Changes to tax legislation in 2011 limited a deferral of tax on income earned by a corporation through a partnership in circumstances where the partnership has a fiscal period that differs from the corporation's tax year. Transitional rules, however, allow the Company to pay deferred taxes from 2011 over a period of five years beginning in 2013.

Reconciliation of EBITDA to Shareholders > Profit and Comprehensive Income

hareholders to Profit and Comprehen	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
EBITDA to Shareholders	**34.1**	33.9	0.6%	**8.2**	8.6	(4.7%)
EBITDA to Shareholders %	**46.1%**	46.4%	(0.3%)	**43.4%**	45.5%	(2.1%)
Add back:						
Amortization on property, plant and equipment	**(4.1)**	(4.5)	(8.9%)	**(1.1)**	(1.2)	(8.3%)
Finance costs	**(3.3)**	(4.1)	(19.5%)	**-**	(1.0)	(100.0%)
Income tax expense	**(6.7)**	(5.2)	28.8%	**(2.1)**	(0.8)	162.5%
EBITDA attributable to non-controlling interest	**1.5**	1.4	7.1%	**0.4**	0.3	33.3%
Profit and comprehensive income	**21.5**	21.5	0.0%	**5.4**	5.9	(8.5%)

(in millions of dollars unless stated otherwise)

Facility enhancement

Capital expenditures	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
Capital maintenance	**0.6**	0.5	20.0%	**(0.1)**	0.2	(150.0%)
Capital expansion	**1.8**	-	n/a	**1.5**	-	n/a
	2.4	0.5	380.0%	**1.4**	0.2	600.0%

(in millions of dollars unless stated otherwise)

A showroom/lounge/kitchen expansion was completed during the Quarter at Great Northern. Costs for the 2,600 square foot expansion totalled $1.8 million.

Financial condition

Liquidity

Net cash provided by operating activities totalled $7.3 million compared to $8.5 million for Q4 2012. At the end of the Quarter cash balances totalled $15.0 million compared to $19.7 million at the start of the year. Tax instalments, which began in 2013, including a large balloon payment for deferred taxes were the major contributing factor to the reduction in cash. Factors affecting the Company's ability to generate cash in the near and longer terms are listed in the section 'Forward looking statements'. These factors are discussed in more specific terms in the section 'Business risks, opportunities and outlook'. Management closely monitors the Company's ability to sustain current cash dividends with cash flow from operations and other sources or uses of cash.

The Company has revolving credit lines totalling $9.0 million of which $7.2 million was available to be drawn at the end of the Quarter.

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

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

Working capital

Working capital, by definition, is current assets minus current liabilities. The Company's demand debt facilities include demand clauses in the event certain performance covenants are not met. Demand loans are presented as current liabilities for financial reporting purposes to recognize demand clauses in the loans although the Company's lender does not consider the loans to be repayable within 12 months.

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

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

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

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

The Company's demand debt held by Gamehost Limited Partnership and Deerfoot include demand clauses in the event certain performance covenants are not met. Demand loans are presented as current liabilities for financial reporting purposes to recognize these demand clauses. The Company's lender does not consider the loans to be repayable within 12 months.

Debentures

Debentures are redeemable at the holder's option. Converted Debentures increase the Company's pre-tax cash outlays to investors by 32% comparing the Company's interest obligation on Debentures to discretionary dividend payments.

Commitments

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

The Company has certain other commitments for equipment, services and premises rent of which the future minimum

Commitments	2014	2015	2016	2017	2018	Thereafter
Total	**1.3**	1.2	1.2	1.2	1.2	0.5

(in millions of dollars unless stated otherwise)

Dividend policy and practice

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

The monthly dividend policy of the Company is designed to provide for regular monthly dividend payments to holders of Shares in the amount of $0.0733 per Share (i.e. $0.8796 per Share on an annualized basis). However, the board of directors of the Company retain the right to modify such dividend policy from time to time at its discretion.

Dividend pay-out ratio

Dividend pay-out ratio	Q4 (twelve months)			Q4 (three months)		
	2013	2012	+(-)	**2013**	2012	+(-)
EBITDA to Shareholders	**34.1**	33.9	0.6%	**8.2**	8.6	(4.7%)
Adjustments (excluding non-controlling interest)						
Scheduled principal payments on loans and borrowings	**(2.3)**	(2.3)	0.0%	**(0.5)**	(0.6)	(16.7%)
Interest expensed on demand debt	**(0.8)**	(0.9)	(11.1%)	**(0.2)**	(0.2)	0.0%
Interest expensed on debentures	**(1.5)**	(2.5)	(40.0%)	**(0.3)**	(0.5)	(40.0%)
Income tax expense	**(6.7)**	(5.2)	28.8%	**(2.1)**	(1.3)	61.5%
	22.8	23.0	(0.9%)	**5.1**	6.0	(15.0%)
Dividends delared	**20.4**	19.3	5.7%	**5.2**	4.9	6.1%
[1] Normalized pay-out ratio	**89.5%**	**83.9%**	5.6%	**102.0%**	**81.7%**	20.3%

(in millions of dollars unless stated otherwise)

[1] Share repurchases and capital expenditures funded by operating earnings are removed for the purposes of normalizing dividend pay-out ratios. Portions of these expenditures will be funded by drawing on revolving credit facilities where operating earnings are insufficient in the same period.

Productive capacity

The Company's assets include land, land improvements, buildings, leasehold improvements, and furniture, fixtures and equipment. At the end of the Quarter, productive capacity of the Company consisted of 123 guest rooms and 1 meeting room at Service Plus, 188 guest rooms, 10 meeting/banquet rooms, 1 showroom, 3 restaurants and a lounge at Deerfoot and ancillary amenities for both facilities. Great Northern has a cafe and a segregated showroom while Boomtown has a cafe and an integrated stage/live entertainment area. Also included in productive capacity are the Company's interests in three gaming licenses, one each for Boomtown Casino, Great Northern Casino and Deerfoot Casino. Together these licenses provide a revenue stream for the Company from an equivalent 1,731 electronic gaming devices, 67 table/poker games and other ancillary equipment. The table below summarizes changes in productive capacity since the beginning of operations.

Productive capacity

Year	Event	Gaming Sq. Ft	Banquet sq. ft.	Guest rooms	F & B seating	Electronic gaming devices	Tables	Lease/ retail sq. ft.
2003	Inception of Fund	31,864		123	165	420	32	10,530
2003	Great Northern Casino Expansion	9,800	1,200		45	59		
	AGLC adds slot machines					20		
2004	AGLC adds slot machines					83		
2005	Deerfoot opening	24,000	8,000	75	140	252	13	
2006	Boomtown Casino expansion	11,000			40	193		
	AGLC adds slot machines					20		
2007	Deerfoot renovation	480			(20)	23		
2008	AGLC adds slot machines					16		
	Stampede Joint Venture	19,200	480		60	120	8	
	AGLC adds slot machines					3		
2009	AGLC adds slot machines					8		
	Stampede Joint Venture now discontinued operations	(19,200)	(480)		(60)	(120)	(8)	
2010	AGLC adds slot machines					60		
	AGLC adds VLT's					3		
	Acquisition of an additional interest in Deerfoot	31,212	10,200	113	153	448	20	
	Deerfoot table addition						2	
2011	AGLC adds VLT's					3		
2012	AGLC adds slot machines					1		
	AGLC adds VLT's					3		
2013	AGLC adds slot machines	400				30		
	AGLC adds bingo at Great Northern	870	(870)			80		
	AGLC adds VLT's at Great Northern					6		
	Great Northern Casino lounge/showroom expansion		2,600		55			
at December 31, 2013		**109,626**	**21,130**	**311**	**578**	**1,731**	**67**	**10,530**

Productive capacity maintenance

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

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

Slot, VLT, E-bingo and Lottery equipment is owned and maintained by the AGLC. Tables are owned or leased and maintained by the Company. Productive capacity maintenance of both tables and electronic gaming devices are more significantly measured in terms of maintenance of the Company’s charitable gaming operator licenses issued by the AGLC. Holders of these licenses must adhere to a strict set of terms and conditions. Furthermore, the three year licenses are subject to annual due diligence audits by the AGLC which are at expense to the Company. The Company’s charitable gaming operator licenses have consistently received favourable results from these audits. Current licenses are valid to June 30, 2014, but the Company considers the licenses to have indefinite life.

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

Discretionary and other items

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

Long-term unfunded contractual obligations

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

Capital Strategy

Current debt instruments will be maintained or eliminated to the extent they allow for repayment. All of the Company’s traditional bank debt instruments allow for additional payments without penalty. Debt maintenance includes regular amortized monthly principal payments, extra principal payments and intermittent payments on outstanding revolving debt instruments when surplus cash is available. Management's objective is to maintain a debt to EBITDA ratio of 2 to 1 or less until such time as opportunities encourage a different strategy. The Company's Debt to EBITDA ratio at the end of the Year is 1:1.

Debentures of the Company issued April 16, 2010, pay interest semi-annually in arrears allowing the Company to use excess cash, between interest payments, for revolving credit line reductions.

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

The Company intends to repay existing non-revolving debt obligations over a period of time which will allow it to continue to pay dividends in the manner described under "Dividend policy and practice". Current interest rates allow for scheduled amortization periods of between 10 and 15 years in meeting dividend objectives.

Financing restrictions on dividends caused by debt covenants

The Company has two demand loans secured by assets owned or leased by the Company. The first loan has two segments, requiring blended principal and interest payments on one segment which is scheduled to term out over 10 years and interest only payments on a revolving segment. The second loan requires blended principal and interest payments and is scheduled to term out over 15 years.

Debt facilities of the Company require the maintenance of certain financial covenants and conditions. Specifically, the Company must maintain a cash flow coverage ratio of not less than 1.25 and a debt to tangible net worth ratio of not greater than 3.0. The Company is in compliance with all covenants and conditions. At the end of the Year these ratios were 2.1:1 and .86:1 respectively.

Income taxes

The Company is subject to income taxes. Transitional rules allow for the payment of taxes related to partnership income deferred from the 2011 fiscal year to be made over five years. At the end of the Quarter, deferred taxes on 2011 partnership income totalled $2.9 million. Payment of 2013 income taxes, will be made from cash generated from operations and available revolving credit facilities if required. Current instalments of $0.5 million per month are required.

Cash dividends

2014 dividend summary

Month	per Share	Date: Declared	Date: Record	Date: Payment	Net Shares o/s [1]	Net paid [1]
January	0.0733	22-Jan-14	31-Jan-14	14-Feb-14	23,406,464	1.7
February	0.0733	14-Feb-13	28-Feb-14	14-Mar-14	23,454,442	-
Total	0.1466					1.7

2013 dividend summary

Month	per Share	Date: Declared	Date: Record	Date: Payment	Net Shares o/s [1]	Net paid [1]
January	0.0733	3-Jan-13	31-Jan-13	15-Feb-13	22,675,856	1.7
February	0.0733	14-Feb-13	28-Feb-13	15-Mar-13	22,886,275	1.7
March	0.0733	12-Mar-13	31-Mar-13	15-Apr-13	22,977,161	1.7
April	0.0733	9-Apr-13	30-Apr-13	15-May-13	23,022,716	1.7
May	0.0733	21-May-13	31-May-13	14-Jun-13	23,033,738	1.7
June	0.0733	17-Jun-13	30-Jun-13	15-Jul-13	23,173,716	1.7
July	0.0733	15-Jul-13	31-Jul-13	15-Aug-13	23,195,497	1.7
August	0.0733	13-Aug-13	31-Aug-13	13-Sep-13	23,274,742	1.7
September	0.0733	6-Sep-13	30-Sep-13	15-Oct-13	23,418,871	1.7
October	0.0733	15-Oct-13	31-Oct-13	15-Nov-13	23,477,555	1.7
November	0.0733	12-Nov-13	30-Nov-13	13-Dec-13	23,523,657	1.8
December	0.0733	19-Dec-13	31-Dec-13	15-Jan-14	23,566,567	1.7
Total	0.8796					20.5

2012 dividend summary

Month	per Share	Date: Declared	Date: Record	Date: Payment	Net Shares o/s [1]	Net paid [1]
January	0.0733	16-Jan-12	31-Jan-12	15-Feb-12	21,159,628	1.5
February	0.0733	13-Feb-12	29-Feb-12	15-Mar-12	21,264,769	1.6
March	0.0733	13-Mar-12	31-Mar-12	13-Apr-12	21,333,736	1.6
April	0.0733	16-Apr-12	30-Apr-12	15-May-12	21,742,535	1.6
May	0.0733	15-May-12	31-May-12	15-Jun-12	22,056,754	1.6
June	0.0733	18-Jun-12	30-Jun-12	13-Jul-12	22,015,965	1.6
July	0.0733	17-Jul-12	31-Jul-12	15-Aug-12	22,029,453	1.6
August	0.0733	14-Aug-12	31-Aug-12	14-Sep-12	22,205,070	1.6
September	0.0733	10-Sep-12	30-Sep-12	15-Oct-12	22,469,478	1.6
October	0.0733	15-Oct-12	31-Oct-12	15-Nov-12	22,505,815	1.6
November	0.0733	12-Nov-12	30-Nov-12	14-Dec-12	22,547,504	1.7
December	0.0733	11-Dec-12	31-Dec-12	15-Jan-13	22,635,669	1.7
Total	0.8796					19.3

(in millions of dollars unless stated otherwise)

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

Tax attributes of dividends to Shareholders

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

Income Tax

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

Current income tax

twelve months ended December 31	2013	2012
Current tax expense		
Current Year	7.7	4.6
Deferred tax expense		
Origination and reversal of temporary differences	(1.0)	0.6
	6.7	5.2

Reconciliation of effective tax rate

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

twelve months ended December 31	2013	2012
Profit attributable to owners of the Company	20.1	20.1
Total income tax expense	6.7	5.2
Profit excluding income tax	26.8	25.3
Income tax using Company's domestic tax rate	25%	25%
Expected income tax expense	6.7	6.3
Changes in income tax expense resulting from:		
Effect of changes in temporary differences	-	
Non-capital losses carried forward from prior year	-	(0.1)
Other	-	(1.0)
Actual income tax expense	6.7	5.2

Capital resources

The Company has a demand loan secured by its land and buildings. The Company is currently paying interest at a stipulated floor rate of 4.0%; Otherwise the rate on this loan is 1.0% above the lender's prime lending rate. The Company is making blended monthly principal and interest payments on a $13.2 million segment of the loan amortized over 10 years. The remaining $9.0 million segment of this loan is available on a revolving basis with interest only payments. $3.9 is drawn on the revolving segment of the loan at February 28, 2014.

The Company has 6.25% Convertible Unsecured Subordinated Debentures (“Debentures”). The Debentures have a maturity date of July 31, 2015 (the “Maturity Date”). Each Debenture is convertible into Shares at the option of the holder of a Debenture (a “Debentureholder”) any time prior to the close of business on the Maturity Date of the Debentures at $10.65 per Gamehost Inc. common Share (the "Conversion Price"). The Company may also call for redemption of the Debentures on the business day immediately preceding the date specified by Gamehost for redemption of the Debentures, at the Conversion Price, being a conversion rate of approximately 93.8967 Gamehost Inc. Shares per $1,000 principal amount of Debentures, subject to adjustment in certain events. The Company’s option to call for redemption is restricted to on or after August 1, 2013 provided proper notice is given and the common share price is at least 125% of the $10.65 per common share strike price. On or after August 1, 2014 there are no restrictions on the Company’s option to call for redemption provided proper notice is given. A portion of the proceeds from the Debenture issue were allocated to the conversion feature which is reported as equity rather than a non-current liability. At February 28, 2014, there were $18.6 million in face value outstanding debentures.

Deerfoot has a demand loan secured by its land and buildings. Deerfoot is currently paying interest at a stipulated floor rate of 4.0%; otherwise the rate on this loan is 1.0% above the lender's prime lending rate. Deerfoot is making blended monthly principal and interest payments on the loan amortized over 15 years.

	Maturity	December 31, 2013	December 31, 2012
Credit facilities available at face value			
Demand loan	2020	8.6	10.0
Revolving credit lines	2020	9.0	9.0
Deerfoot - demand loan and finance lease	2025/2015	9.6	10.9
Debentures face value	2015	18.9	31.7
		46.1	61.6
Carrying value of borrowed amounts			
Current liabilities			
Demand loan		8.6	10.0
Revolving credit lines		1.8	-
Deerfoot - demand loan and finance lease		9.6	10.6
		20.0	20.6
Non-current liabilities			
[1] Debentures and finance lease		18.1	29.5
		38.1	50.1
Interest rate			
[2] Demand Loan		4.00% (P +1.00%)	4.00% (P +1.00%)
[2] Revolving Credit Lines		4.00% (P +1.00%)	4.00% (P +1.00%)
[2] Deerfoot - demand loan		4.00% (P +1.00%)	4.00% (P +1.00%)
Finance lease		4.32%	4.32%
Debentures face value		6.25%	6.25%

(in millions of dollars unless stated otherwise)

[1] The face value of Debentures has been reduced by an equity component representing the value attributed to the Debentures conversion privilege to Shares. The equity component was determined by discounting the cash flows of future interest payments on the Debentures and the final pay-out of the Debentures at maturity using a cost of capital of 8%. The face value of Debentures is further reduced by Debenture issuing costs which are the amounts incurred to secure the Debenture financing. Debenture issue costs and debenture conversion privileges are amortized to interest expense over the life of the Debentures. The effective interest rate for amortization of the debenture issue costs is 9.6%.

2 Prime rate (P) at the end of the Year was 3.00%. All Prime based financing has a floor rate of 4.00%.

The Company provided an $11.5 million unsecured limited liability guarantee to the lender of the Deerfoot to indemnify it in the event the Deerfoot does not perform its contractual obligations. At the end of the Year, the maximum potential liability under this guarantee is $9.5 million. The Company has not recorded a liability with respect to this guarantee, as the Company does not expect to make any payments in excess of what is recorded on the Financial Statements for the aforementioned items. The Company has not charged a fee to Deerfoot in regards to this guarantee. No specific assets have been provided as security.

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

Financial instruments

Fair value

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

Interest rate risk

The Company's interest rate risk arises primarily from its variable rate debt in the aggregate amount of $19.9 million. The Company is paying interest at a stipulated floor rate of 4.0% on traditional bank demand debt and revolving debt; otherwise the rate on these debt instruments is 1.0% above the bank prime lending rate. A 1.0% increase in interest rates would have an unfavourable impact on earnings of $0.2 million or $0.01/share on an annualized basis ($0.2 million or $0.01/share - 2012).

Credit risk

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

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

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

Liquidity risk

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

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

The Company's lender has scheduled monthly blended payments that will amortize the demand loan balance by June, 2020 and Deerfoot demand loan balance by February, 2021.

The maturity date on the Company's debentures is the earlier of the holder's election to convert, the Company's call for redemption or the final maturity date of the debentures on July 31, 2015. Converted Debentures increase the Company's pre-tax cash outlays to investors by 32% comparing the Company's interest obligation on Debentures to discretionary dividend payments.

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

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

	Carrying amount	Contractual cash flows	1 year or less	2 to 5 years	More than 5 years
As at December 31, 2013					
Trade and other payables	4.7	4.7	4.7	-	-
Finance lease	0.2	0.2	0.1	0.1	-
Demand loans	18.0	20.5	3.2	12.1	5.4
Revolving credit facility	1.8	1.8	-	-	-
Debentures payable	18.9	20.8	1.2	19.6	-
	43.6	48.0	9.2	31.8	5.4
As at December 31, 2012					
Trade and other payables	4.1	4.1	4.1	-	-
Finance lease	0.3	0.3	0.1	0.2	-
Demand loans	20.5	23.8	3.2	12.3	8.2
Revolving credit facility	-	-	-	-	-
Debentures payable	31.7	36.8	2.0	34.8	-
	56.6	65.0	9.4	47.3	8.2

Industry risk

Service Plus in Grande Prairie derives a significant portion of its business from corporate clients in the energy sector. As a result, the Company is exposed to some industry risk at this operation.

Non-controlling interest

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

Shareholder equity

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

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.

The Wills are key management personnel, directors of the Company and significant shareholders. Together, the Wills control 38.7% of the outstanding common shares of the Company. The Company 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") as follows:

- The Company incurred $1.6 million ($1.5 million - 2012) in key management personnel compensation with the Wills for the Year which is included in administrative expenses. Compensation is in the form of short term employee benefits, director fees, management agreements and general partnership agreement. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes depreciation and amortization.

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

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

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

- The Company incurred $0.2 million ($0.2 million – 2012) of charter aircraft rental expenses with Will Air Inc., a company controlled by the Wills, for the Year which is included in administrative expenses. Travel to the Company's operational centres of Grande Prairie and Ft. McMurray is made more efficient via charter air services than can be accomplished through commercial carriers. At the end of the Year $0.1 million ($nil - 2012) remained in accounts payable.

- The Company incurred $0.1 million ($nil – 2012) of office rent expenses for the Year which is included in administrative expenses. The Company moved its corporate office to space leased from Darcy Co Holdings Ltd., a company wholly owned by Darcy Will. Deerfoot rents its head office space from DJ Will Holdings Limited, a company wholly owned by David Will.

The Company incurred $0.1 million ($0.1 million – 2012) of rental expenses for the Year which is included in cost of sales. The Company rents tractor trailer parking and storage space from Grande Gaming Inc., a company controlled by the Wills together with the Company's Chief Operating Officer ("COO").

The Company incurred $0.1 million ($0.1 million – 2012) in directors fees during the Year paid to other directors of the Company which is included in administrative expenses.

The Company incurred $0.4 million ($0.4 million – 2012) in key management personnel compensation paid to other officers or companies controlled by other officers of the Company which is included in administrative expenses. Included in these figures are fees paid under a management services agreement between the Company and the Company's COO that stipulates that the COO is entitled to a fixed annual fee of $0.2 million to be paid in equal monthly increments for overseeing site operations of the Company.

Business risks, opportunities and outlook

General economic outlook

The November 2013 Fiscal Update from Alberta's provincial government indicates the Alberta Treasury Board ("Treasury Board") has raised their growth forecast for Alberta to 3.5% for 2014. The energy sector is expected to be the key driver with strong levels of investment and solid increases in production. Supporting these projections, Alberta's year over year active drilling rig count rose by 6.7% in January. The Fiscal Update also reports that Alberta's population grew by 3.5% in the census year ended July 2013 pushing the total provincial population over the 4 million mark. The Treasury Board is predicting continued population growth of 2.6% in 2014. Job growth is expected to match population growth meaning the unemployment rate will remain largely unchanged in the low range of 4.3% to 5.0%. Consumer spending is projected to rise at an even sharper rate of 4.9% in 2014. All of this bodes well for steady sustainable growth for Gamehost in the year ahead.

The IMF holds a similar sentiment for Canada's broader economy, projecting economic growth of 2.2%. Canada's growth rides in the wake of a projected 2.8% growth rate in the USA which is expected to lead growth in most advanced economies in the world. Again good news for Canada, the USA being our number one trading partner.

There are still many risks to the recoveries noted above. Continued deceleration in the growth of large emerging markets such as China and India is raising the risk of economic activity being curbed by low inflation and at worse the possibility of deflation. The story is still that recovery from the 2008 financial crisis remains fragile, but Canada and Alberta, like during the crisis itself, should fare better than most.

Government regulation

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

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

The Board of the AGLC continues to support a moratorium on the licensing of new casino facilities and will not accept any new applications during this moratorium period.

Special interest groups routinely lobby government on a host of matters. Gaming is a subject of high public interest both for and against. Lobbying efforts can be effective in influencing government action. Next to the Alberta Government Department of Treasury, provincial charitable groups are the main benefactor to the gaming industry. An uneven playing field between traditional casino operators and First Nations casino operators also creates compensation issues for charitable groups supported by traditional casino operators.

Competition

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

Substantial growth is a two edged sword. While Deerfoot has benefitted greatly from the above average growth rate in Calgary's SE quadrant, the build-up of residents and businesses in the area may just as equally attract competition. Gaming related competition is not a concern, given arguments stated previously. However, the area is growing in attractiveness for additional hotel accommodation. A related party to the Company had previously absorbed additional rooming needs in the area, but even that demand is being surpassed. We are monitoring the situation closely for threats and opportunities.

The impact to Deerfoot from construction of a new 178 room hotel and 2,000 seat entertainment centre at a First Nations casino in Calgary's SW quadrant is still to be determined. Construction is nearing completion on both venues. One time events such as banquets and conventions as well as ticket sales for concert offerings will be the revenue streams we will monitor closely.

Still in Calgary, on Dec 4, 2013, a long awaited return of live horse racing to Calgary was announced. A joint arrangement between the United Horsemen of Alberta and Century Casinos Inc. will see construction of a Racino in the far NE quadrant of the city beginning spring of 2014 with completion by the end of 2014. The application for a gaming license, can proceed as it was submitted prior to AGLC's moratorium on new Casinos and Racing Entertainment Centres ("REC's"). The application is currently at Step 5 of an 8 step approval process with the AGLC with a number of hurdles to still overcome. The project anticipates 550 slot machines and is actually located one kilometre north of the city limits. The development is expected to have little impact on Deerfoot operations.

The Great Northern Casino in Grande Prairie is the only full service casino in the city. Evergreen Park, the area's agribition and trade grounds are located 8.5 kilometres from the city centre. The park operates a small REC with off-track betting, 99 slot machines and VLT's.

The Company's Service Plus hotel property operates in a highly competitive market, but continues to succeed on superior location and service. The property is directly across from the area's community college and a favoured choice of sports teams. Service Plus is also adjacent to the Gateway Power Centre big box shopping outlet and convenient for those travelling to Grande Prairie as their nearest major market city.

International Financial Reporting Standards (IFRS)

Standards adopted in the Year

The Company has adopted the following new and revised Standards, along with any consequential amendments, effective January 1, 2013. Changes were made in accordance with applicable transitional provisions:

i) Amendments to IFRS 7, Offsetting Financial Assets and Liabilities

The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are: offset in the statement of financial position; or subject to master netting arrangements or similar arrangements.

The Company has assessed the impact of this amendment and there is no impact on the consolidated financial statements.

ii) IFRS 10, Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements ("IFRS 10"). IFRS 10, which replaces the consolidation requirements of SIC-12 Consolidation-Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

iii) IFRS 11, Joint Arrangements

In May 2011, the IASB issued IFRS 11, Joint Arrangements ("IFRS 11"). IFRS 11, which replaces the guidance in IAS 31, Interests in Joint Ventures, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring interests in jointly controlled entities to be accounted for using the equity method.

The Company assessed its reporting of joint arrangements on January 1, 2013 and determined that there were no inconsistencies in its reporting of joint arrangements. The adoption of IFRS 11 did not have any impact on the accounting method used to report joint arrangements.

iv) IFRS 12, Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"). IFRS 12 establishes new and comprehensive disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The Company assessed its disclosure of interests in other entities and determined the adoption of IFRS 12 did not have a significant impact on the Company's financial statements except for additional disclosure [note 25].

v) IFRS 13, Fair Value Measurement

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company has applied IFRS 13 disclosure requirements in note 22 of the financial statements. The note disclosure will help users of the Company's consolidated financial statements assess both the valuation techniques and inputs used to develop those measurements and, for recurring fair value measurements using significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income for the Year.

vi) Amendment to IAS 19, Employee Benefits

IAS 19 (amended in 2011) required changes to the accounting treatment of defined benefit plans and termination benefits. It also enhanced the disclosure requirements, providing better information about the characteristics of defined benefit plans and the risk that entities are exposed to through participation in those plans.

The Company does not currently have any defined benefit plans or termination benefits and therefore the adoption of these amendments did not result in any adjustment to the consolidated statement of financial position.

vii) Amendments to IAS 27, Separate Financial Statements

In May 2011, the IASB amended IAS 27, Separate Financial Statements ("IAS 27"). This amendment removes the requirements for consolidated statements from IAS 27, and moves it over to IFRS 10, Consolidated Financial Statements. The amendment mandates that when a company prepares separate financial statements, investment in subsidiaries, associates, and jointly controlled entities are to be accounted for using either the cost method or in accordance with IFRS 9, Financial Instruments. In addition, this amendment determines the treatment for recognizing dividends, the treatment of certain group reorganizations, and some disclosure requirements.

Adoption of the amendment did not have any impact on the Company's financial statements.

viii) Amendments to IAS 28, Investments in Associates and Joint Ventures

In May 2011, the IASB amended IAS 28, Investments in Associates and Joint Ventures ("IAS 28"). This amendment requires any retained portion of an investment in an associate or joint venture that has not been classified as held for sale to be measured using the equity method until disposal. After disposal, if the retained interest continues to be an associate or joint venture, the amendment requires it to continue to be accounted for under the equity method. The amendment also disallows the remeasurement of any retained interest in an investment upon the cessation of significant influence or joint control.

Adoption of the amendment did not have any impact on the Company's financial statements.

New Standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations are not yet effective for the year ended December 31, 2013 and have not been applied in preparing these consolidated financial statements. Based on the Company's preliminary assessment, those standards which are expected to have a significant effect on its consolidated financial statements are described below. For those standards where earlier application is permitted, the Company expects to apply the changes at the effective date.

ix) Amendment to IAS 32, Offsetting Financial Assets and Liabilities

On December 16, 2011 the IASB issued amendments to IAS 32 to clarify that an entity currently has a legally enforceable right to set-off if that right is: not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014.

x) IAS 36, Impairment of Assets

In May 2013, the IASB issued amendments to IAS 36 which require disclosure of the recoverable amount of impaired assets and additional disclosures about the measurement of the impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments are effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

xi) IFRS 9, Financial Instruments

In November 2013, the IASB issued amendments to IFRS 9 – Financial instruments which address the classification and measurement requirements of financial assets and liabilities, improve transparency in the disclosure of expected credit losses and improve the overall usefulness of financial statements for users by revising the current hedge accounting requirements. The effective dates of the changes are to be determined and are to be applied retrospectively. Earlier application is permitted.

Additional information

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

Gamehost Inc.

Annual Consolidated Financial Statements
for the twelve months ended December 31, 2013

* I.G. HILLS, CA
* D.G. OSZLI, B. Comm., FCA, CA*CIA, CMA
* R.M. MONEA, B. Comm., CA
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Gamehost Inc.:

We have audited the accompanying consolidated financial statements of Gamehost Inc., which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, the consolidated statements of profit and comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gamehost Inc. as at December 31, 2013, and December 31, 2012, and its consolidated financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Heywood Holmes & Partners LLP

Red Deer, Alberta
March 11, 2014

Chartered Accountants

Consolidated statements of profit and comprehensive income

In Canadian dollars (millions except per share figures)	*Note*	*(audited)* twelve months ended December 31 2013	2012	*(unaudited)* three months ended December 31 2013	2012
Operating revenue	6	$ 77.6	$ 76.6	$ 19.8	$ 19.8
Cost of sales					
Other	5	(39.4)	(38.7)	(10.5)	(10.3)
Depreciation	15	(2.1)	(2.2)	(0.6)	(0.6)
		(41.5)	(40.9)	(11.1)	(10.9)
Gross profit		36.1	35.7	8.7	8.9
Other income	7	0.2	0.2	0.1	0.1
Administrative expenses					
Other	8	(2.9)	(2.8)	(0.8)	(0.6)
Depreciation	15	(2.0)	(2.3)	(0.5)	(0.6)
		(4.9)	(5.1)	(1.3)	(1.2)
Profit from operating activities		31.4	30.8	7.5	7.8
Other (losses) gains	9	-	(0.1)	-	(0.1)
Finance income	10	0.1	0.1	-	-
Finance costs	10	(3.3)	(4.1)	-	(1.0)
Profit before income taxes		28.2	26.7	7.5	6.7
Income tax expense	11	(6.7)	(5.2)	(2.1)	(0.8)
Profit and comprehensive income		21.5	21.5	5.4	5.9
Profit and comprehensive income attributable to:					
Shareholders of the Company		$ 20.1	$ 20.1	$ 5.1	$ 5.5
Non-controlling interest		1.4	1.4	0.3	0.4
		$ 21.5	$ 21.5	$ 5.4	$ 5.9
Earnings per share	12				
Basic and diluted		$ 0.87	$ 0.92	$ 0.22	$ 0.24
Weighted average number of common shares outstanding	12				
Basic		23.1	21.9	23.5	22.5
Diluted		24.9	24.9	25.3	25.5

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statements of financial position

In Canadian dollars (millions)	*Note*	***(audited)*** **December 31, 2013**	***(audited)*** **December 31, 2012**
Assets			
Current assets			
Cash		$ 15.0	$ 19.7
Restricted cash	13	0.3	0.1
Trade and other receivables		2.3	2.0
Inventories	14	0.6	0.6
Prepaid expenses		0.5	0.4
		18.7	22.8
Non-current assets			
Property, plant and equipment	15	77.4	79.1
Intangible assets	16	76.9	76.9
Investment property	17	2.8	2.8
Deferred tax assets	11	0.1	0.1
		157.2	158.9
		$ 175.9	$ 181.7
Liabilities			
Current liabilities			
Trade and other payables		$ 4.7	$ 4.1
Loans and borrowings	18	20.0	20.6
Income tax payable	11	3.0	4.6
Dividends payable	19	1.7	1.7
		29.4	31.0
Non-current liabilities			
Loans and borrowings	18, 24	18.1	29.5
Deferred tax liabilities	11	11.0	12.0
		29.1	41.5
		58.5	72.5
Equity			
Share capital	19, 24	157.9	148.1
Contributed surplus		1.7	2.8
Deficit		(50.3)	(50.0)
Equity attributable to the Company		109.3	100.9
Non-controlling interest		8.1	8.3
		117.4	109.2
		$ 175.9	$ 181.7

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board:

(signed, David J. Will)
David J. Will, Director

(signed, Darcy J. Will)
Darcy J. Will, Director

Consolidated statements of changes in equity

In Canadian dollars (millions)	*Note*	Share capital	Contributed surplus	Deficit	Total	Non-controlling interest	Total equity
				(audited)			
Equity as at January 1, 2012		$ 132.1	$ 4.4	$ (50.8)	$ 85.7	$ 8.1	$ 93.8
Profit and comprehensive income		-	-	20.1	20.1	1.4	21.5
Dividends to shareholders of the Company	19	-	-	(19.3)	(19.3)	-	(19.3)
Distributions to non-controlling interest		-	-	-	-	(1.2)	(1.2)
Shares repurchased for cancellation	19	(2.0)	-	-	(2.0)	-	(2.0)
Conversion of debentures into common shares	24	16.4	-	-	16.4	-	16.4
Conversion privilege on debentures converted to common shares		1.6	(1.6)	-	-	-	-
Equity as at December 31, 2012		$ 148.1	$ 2.8	$ (50.0)	$ 100.9	$ 8.3	$ 109.2
Profit and comprehensive income		-	-	20.1	20.1	1.4	21.5
					-		
Dividends to shareholders of the Company	19	-	-	(20.5)	(20.5)	-	(20.5)
Distributions to non-controlling interest		-	-	-	-	(1.5)	(1.5)
Shares repurchased for cancellation	19	(3.6)	-	-	(3.6)	-	(3.6)
Conversion of debentures into common shares	19	12.3	-	-	12.3	-	12.3
Conversion privilege on debentures converted to common shares	19	1.1	(1.1)	-	-	-	-
Equity as at December 31, 2013		$ 157.9	$ 1.7	$ (50.3)	$ 109.3	$ 8.1	$ 117.4

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statements of cash flows

In Canadian dollars (millions)	*Note*	***(audited)*** twelve months ended December 31 2013	***(audited)*** twelve months ended December 31 2012	***(unaudited)*** three months ended December 31 2013	***(unaudited)*** three months ended December 31 2012
Cash provided by (used in):					
Operating activities					
Profit and comprehensive income		$ 21.5	$ 21.5	$ 5.4	$ 5.9
Adjustments for:					
Depreciation of property, plant and equipment	15	4.1	4.5	1.1	1.2
Finance costs	10	3.3	4.1	-	1.0
Other gains	9	-	0.1	-	0.1
Income tax expense	11	6.7	5.2	2.1	0.8
		35.6	35.4	8.6	9.0
Change in:					
Non-cash working capital:					
Trade and other receivables		(0.2)	(0.3)	(0.2)	(0.2)
Inventories		-	-	(0.1)	(0.1)
Prepaid expenses		(0.1)	(0.1)	0.5	0.2
Trade and other payables		0.2	0.2	0.1	(0.1)
Finance costs paid		(2.7)	(3.9)	(0.2)	(0.3)
Income taxes paid		(9.2)	-	(1.4)	-
Net cash provided by operating activities		23.6	31.3	7.3	8.5
Investing activities					
Purchase of property, plant and equipment	15	(2.1)	(0.5)	(1.1)	(0.2)
Net cash (used in) investing activities		(2.1)	(0.5)	(1.1)	(0.2)
Financing activities					
Proceeds of loans and borrowings		11.0	4.1	1.2	1.6
Payments on loans and borrowings		(11.7)	(10.5)	(2.6)	(2.3)
Distributions to non-controlling interest		(1.6)	(1.2)	(0.4)	(0.2)
Dividends paid		(20.3)	(19.2)	(5.2)	(4.9)
Share repurchases		(3.6)	(2.0)	-	-
Net cash (used in) financing activities		(26.2)	(28.8)	(7.0)	(5.8)
Net increase (decrease) in cash		(4.7)	2.0	(0.8)	2.5
Opening cash		19.7	17.7	15.8	17.2
Closing cash		$ 15.0	$ 19.7	$ 15.0	$ 19.7

The accompanying notes are an integral part of the consolidated financial statements.

Supplemental disclosures

$-29.5 million ($15.5 million - 2012) in debenture liability (non-current loans and borrowings) was settled with conversion to common shares during the Year.

$0.2 million ($0.2 million - 2012) in recorded capital expenditures remains unpaid at the end of the Year and have been adjusted to Trade and other payables.

1 Reporting entity

Gamehost Inc. (the "Company") is incorporated in Canada under the Business Company's Act (Alberta). The Company's shares and debentures are listed on the Toronto Stock Exchange (the "TSX") under the trading symbols GH and GH.DB respectively. The address of the Company's registered office is Suite 2800 – 715, 5th Avenue S.W. Calgary, Alberta T2P 2X6. The consolidated financial statements of the Company as at and for the twelve months ended December 31, 2013 (the "Year") are comprised of the Company, its wholly owned subsidiary Gamehost Limited Partnership and its 91% controlling interest in Deerfoot Inn & Casino Inc. ("Deerfoot"). The Company's activities are currently confined to the Province of Alberta, Canada. Operations include the Deerfoot Inn & Casino in Calgary, 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 Company owns a retail complex (the "Strip Mall") that leases space to a full service restaurant operation with pub. Gaming operations of the Company are controlled by the Alberta Gaming and Liquor Commission (the "AGLC") including Company owned table games and government owned slot machines, video lottery terminals and lottery ticket outlets. Hotel operations of the Company include full and limited service hotels and banquet and convention services. Food, beverages and entertainment are offered at each of the Company's casino locations.

2 Basis of presentation

(a) Statement of compliance and authorization of financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The policies applied in these consolidated financial statements are based on IFRS issued and effective December 31, 2013. These consolidated financial statements were authorized for issue by the Board of Directors on March 11, 2014.

(b) Basis of measurement

These consolidated financial statements have been prepared on historical cost basis except for investment property in the statement of financial position, which is measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Unless otherwise noted, all figures are expressed in millions of dollars.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and disclosures of contingent assets and liabilities. Actual results may differ materially from these estimates.

Estimates, judgments and assumptions are reviewed on an on-going basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates used in the preparation of these consolidated financial statements include estimates and assumptions used in the determination of the useful lives of property and equipment [note 3(e)], estimating and discounting of future cash flows for impairment testing [note 16], the fair value of investment property [note 3(g)] and the variables in determining the debenture conversion privilege reported as contributed surplus [note 18].

2 Basis of presentation (cont.)

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the note related to the impairment of financial and non-financial assets [note 3(i)(ii)].

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

(a) Basis of consolidation

i) Business combinations

The Company applies the acquisition method to account for business combinations. The Company measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative a bargain purchase gain is recognized immediately in profit or loss.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs that the Company incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

i.i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Company.

i.ii) Acquisition of non-controlling interest

Acquisition of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. Therefore, no goodwill is recognized as a result of such transactions.

i.iii) Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

3 Significant accounting policies (cont.)

(b) Financial instruments

The Company's financial assets and liabilities are classified into the following categories:

		Measurement
Financial asset/liability	Classification	Amortized Cost
Cash	Loans and receivables	✔
Trade and other receivables	Loans and receivables	✔
Trade and other payables	Other financial liabilities	✔
Loans and borrowings	Other financial liabilities	✔

The Company has not classified any of its financial assets as available-for-sale, held-to-maturity or fair value through profit or loss.

i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies its non-derivative financial assets in the loans and receivables category. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables are comprised of cash and trade and other receivables.

ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

iii) Other financial liabilities

The Company initially recognizes other financial liabilities at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise of loans and borrowings and trade and other payables.

3 Significant accounting policies (cont.)

iv) Financial liabilities at fair value through profit or loss

A financial liability is classified at fair value through profit or loss (FVTPL) if it is held for trading or if it is designated as FVTPL upon initial recognition. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

v) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

vi) Compound financial instruments

Compound financial instruments issued by the Company comprise of it's convertible debentures that can be converted to common shares at the option of the holder. The number of shares issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument, which is recorded in contributed surplus, is not re-measured subsequent to initial recognition.

Interest and losses and gains, relating to the financial liability are recognized in profit or loss. On conversion, the financial liability is reclassified to equity along with a prorated portion of the original proceeds allocated to the equity component; no gain or loss is recognized on conversion.

(c) Cash

Cash includes cash on hand, and balances with financial institutions. Cash balances with financial institutions earn interest at a rate of bank prime less 1.65%.

(d) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the first-in first-out method and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets.

3 Significant accounting policies (cont.)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized as a net amount in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a declining or straight-line basis, over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Land Improvements	- 2% straight line
Buildings	- 4% - 5% declining balance
Leaseholds	- 5 to 10 years straight line
Furniture, fixtures and equipment	- 20% - 100% declining balance

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. See note 3(a)(i) for the policy on measurement of goodwill at initial recognition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, see note 3(i)(ii).

Licenses

Licenses are issued by the AGLC and allow for the operation of government owned slot machines, video lottery terminals and lottery ticket kiosks as well as private operator owned table games in private operator facilities. While licenses are renewable every three years, the Company has estimated them to have an indefinite life. They are measured at cost less accumulated impairment losses.

3 Significant accounting policies (cont.)

(g) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognized in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

The Company's Strip Mall has been classified as investment property.

(h) Leases

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each Year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognized in the Company's statement of financial position. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(i) Impairment

i) Financial Assets (including loans and receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 Significant accounting policies (cont.)

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time or more frequently if indication of impairment exists.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected income tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3 Significant accounting policies (cont.)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that deferred taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Employee benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the Year during which services are rendered by employees. The Canada Pension Plan corresponds to a defined contribution plan.

A liability is recognized for the amount expected to be paid under short term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(l) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as the principal or agent. The following specific recognition criteria must also be met before revenue is recognized:

Gaming operations

Revenues from gaming operations consist of the Company's share of the gaming wins net of prizes paid pursuant to its operating agreement with AGLC and are recognized in profit or loss in the same period in which the game is played. Related operating costs are recorded in the profit or loss in the Year they are incurred.

Hotel operations

Revenues from hotel operations are recognized in profit or loss when services are rendered to customers, when the selling price is fixed or determinable, and when collection is reasonably assured. Related operating costs are recorded in profit or loss in the Year they are incurred.

Food and beverage operations

Revenues from food and beverage sales are recognized in profit or loss when services are rendered to customers, when the selling price is fixed and determinable, and when collection is reasonably assured. Related operating costs are recorded in profit or loss in the Year they are incurred.

In certain locations, food and beverage sales are commission based. When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commissions earned by the Company.

3 Significant accounting policies (cont.)

Investment property

Revenues from investment property are recognized in profit or loss per terms and conditions stipulated in lease agreements with tenants and when lease payments are reasonably assured. Related operating costs are recorded in profit or loss in the Year they are incurred.

(n) Finance income and finance costs

Finance income comprises interest income on funds on deposit. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial liabilities at fair value through profit or loss, and impairment losses recognized on financial assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(o) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise of convertible debentures.

(p) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Officer ("COO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the COO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the Year to acquire property, plant and equipment, and intangible assets other than goodwill.

3 Significant accounting policies (cont.)

(q) Standards adopted in the Year

The Company has adopted the following new and revised Standards, along with any consequential amendments, effective January 1, 2013. Changes were made in accordance with applicable transitional provisions:

i) Amendments to IFRS 7, *Offsetting Financial Assets and Liabilities*

The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are: offset in the statement of financial position; or subject to master netting arrangements or similar arrangements.

The Company has assessed the impact of this amendment and there is no impact on the consolidated financial statements.

ii) IFRS 10, *Consolidated Financial Statements*

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements ("IFRS 10"). IFRS 10, which replaces the consolidation requirements of SIC-12 Consolidation-Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

iii) IFRS 11, *Joint Arrangements*

In May 2011, the IASB issued IFRS 11, Joint Arrangements ("IFRS 11"). IFRS 11, which replaces the guidance in IAS 31, Interests in Joint Ventures, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring interests in jointly controlled entities to be accounted for using the equity method.

The Company assessed its reporting of joint arrangements on January 1, 2013 and determined that there were no inconsistencies in its reporting of joint arrangements. The adoption of IFRS 11 did not have any impact on the accounting method used to report joint arrangements.

iv) IFRS 12, *Disclosure of Interests in Other Entities*

In May 2011, the IASB issued IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"). IFRS 12 establishes new and comprehensive disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The Company assessed its disclosure of interests in other entities and determined the adoption of IFRS 12 did not have a significant impact on the Company's financial statements except for additional disclosure [note 25].

v) IFRS 13, *Fair Value Measurement*

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company has applied IFRS 13 disclosure requirements in note 22 of the financial statements. The note disclosure will help users of the Company's consolidated financial statements assess both the valuation techniques and inputs used to develop those measurements and, for recurring fair value measurements using significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income for the Year.

3 Significant accounting policies (cont.)

vi) Amendment to IAS 19, *Employee Benefits*

IAS 19 (amended in 2011) required changes to the accounting treatment of defined benefit plans and termination benefits. It also enhanced the disclosure requirements, providing better information about the characteristics of defined benefit plans and the risk that entities are exposed to through participation in those plans.

The Company does not currently have any defined benefit plans or termination benefits and therefore the adoption of these amendments did not result in any adjustment to the consolidated statement of financial position.

vii) Amendments to IAS 27, *Separate Financial Statements*

In May 2011, the IASB amended IAS 27, Separate Financial Statements ("IAS 27"). This amendment removes the requirements for consolidated statements from IAS 27, and moves it over to IFRS 10, Consolidated Financial Statements. The amendment mandates that when a company prepares separate financial statements, investment in subsidiaries, associates, and jointly controlled entities are to be accounted for using either the cost method or in accordance with IFRS 9, Financial Instruments. In addition, this amendment determines the treatment for recognizing dividends, the treatment of certain group reorganizations, and some disclosure requirements.

Adoption of the amendment did not have any impact on the Company's financial statements.

viii) Amendments to IAS 28, *Investments in Associates and Joint Ventures*

In May 2011, the IASB amended IAS 28, Investments in Associates and Joint Ventures ("IAS 28"). This amendment requires any retained portion of an investment in an associate or joint venture that has not been classified as held for sale to be measured using the equity method until disposal. After disposal, if the retained interest continues to be an associate or joint venture, the amendment requires it to continue to be accounted for under the equity method. The amendment also disallows the remeasurement of any retained interest in an investment upon the cessation of significant influence or joint control.

Adoption of the amendment did not have any impact on the Company's financial statements.

(d) New Standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations are not yet effective for the year ended December 31, 2013 and have not been applied in preparing these consolidated financial statements. Based on the Company's preliminary assessment, those standards which are expected to have a significant effect on its consolidated financial statements are described below. For those standards where earlier application is permitted, the Company expects to apply the changes at the effective date.

ix) Amendment to IAS 32, *Offsetting Financial Assets and Liabilities*

On December 16, 2011 the IASB issued amendments to IAS 32 to clarify that an entity currently has a legally enforceable right to set-off if that right is: not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014.

3 Significant accounting policies (cont.)

x) IAS 36, *Impairment of Ass ets*

In May 2013, the IASB issued amendments to IAS 36 which require disclosure of the recoverable amount of impaired assets and additional disclosures about the measurement of the impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments are effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

xi) IFRS 9, *Financial Instruments*

In November 2013, the IASB issued amendments to IFRS 9 – Financial instruments which address the classification and measurement requirements of financial assets and liabilities, improve transparency in the disclosure of expected credit losses and improve the overall usefulness of financial statements for users by revising the current hedge accounting requirements. The effective dates of the changes are to be determined and are to be applied retrospectively. Earlier application is permitted.

4 Operating segments

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

twelve months ended December 31, 2013	Gaming	Hotel	Food & Beverage	Corporate and other [1]	Total
Operating revenue and other income	44.1	13.8	19.6	0.3	77.8
Finance costs, net of finance (income)	1.7	1.0	0.7	(0.2)	3.2
Depreciation	1.5	1.8	0.8	-	4.1
Other expenses	19.4	6.2	12.6	4.1	42.3
Profit before income tax	21.5	4.8	5.5	(3.6)	28.2
Segment assets	79.5	66.0	26.5	3.9	175.9
Segment liabilities	19.4	14.5	8.3	16.3	58.5
Capital expenditures	1.8	-	0.6	-	2.4

twelve months ended December 31, 2012	Gaming	Hotel	Food & Beverage	Corporate and other [1]	Total
Operating revenue and other income	43.8	13.5	19.2	0.3	76.8
Other gains (losses)	-	-	-	(0.1)	(0.1)
Finance costs, net of finance (income)	2.2	1.0	0.9	(0.1)	4.0
Depreciation	1.6	2.0	0.9	-	4.5
Other expenses	18.9	6.1	12.3	4.2	41.5
Profit before income tax	21.1	4.4	5.1	(3.9)	26.7
Segment assets	83.3	68.1	26.9	3.4	181.7
Segment liabilities	25.5	17.4	10.4	19.2	72.5
Capital expenditures	0.3	0.1	0.1	-	0.5

(in millions of dollars unless stated otherwise)

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

5 Cost of sales by nature

Cost of sales - Other	twelve months ended December 31 2013	2012	three months ended December 31 2013	2012
Food and beverage inventory used	4.9	4.8	1.4	1.4
Human resources [note 5 (a)]	19.5	19.3	5.2	5.0
Marketing & Promotions	3.1	3.0	0.8	0.8
Operating	9.7	9.2	2.7	2.5
Direct overhead and other	2.2	2.4	0.4	0.6
	39.4	38.7	10.5	10.3

(in millions of dollars unless stated otherwise)

5(a) Human resources

Human resources	twelve months ended December 31 2013	2012	three months ended December 31 2013	2012
Wages and salaries	17.1	16.9	4.6	4.4
Canada pension plan remittances	0.7	0.7	-	0.2
Employment insurance remittances	0.5	0.4	0.3	0.1
Other human resource related expenses	1.2	1.3	0.3	0.3
	19.5	19.3	5.2	5.0

(in millions of dollars unless stated otherwise)

The Company does not have a defined benefit plan obligation. Employee benefits are limited to those under the Canada Pension Plan ("CPP") for which the Company makes regular contributions with each payroll period. In addition to contributions to CPP, the Company also has an employee Health Spending Plan ("HSP"). Benefits under this plan are limited to fixed annual Company contributions, which if not used for allowable medical expenses as defined by the Canada Revenue Agency, are paid out as taxable income to the employee.

6 Operating revenue

Revenue	twelve months ended December 31 2013	2012	three months ended December 31 2013	2012
Sale of goods	19.6	19.2	5.7	5.6
Rendering of services	58.0	57.4	14.1	14.2
	77.6	76.6	19.8	19.8

(in millions of dollars unless stated otherwise)

The sale of goods primarily relates to food and beverage revenues with all other revenues being service related.

7 Other income

Other income	twelve months ended December 31 2013	2012	three months ended December 31 2013	2012
Gross lease revenue	0.3	0.3	0.1	0.1
Direct costs	(0.1)	(0.1)	-	-
Lease revenue from investment property	0.2	0.2	0.1	0.1

(in millions of dollars unless stated otherwise)

8 Administrative expenses - by nature

	twelve months ended December 31		three months ended December 31	
Administrative expenses - Other	2013	2012	2013	2012
Corporate salaries	0.4	0.4	0.1	0.1
Management fees	1.9	1.8	0.5	0.4
Legal and other professional fees	0.2	0.2	-	-
General and other	0.4	0.4	0.2	0.1
	2.9	2.8	0.8	0.6

(in millions of dollars unless stated otherwise)

9 Other (losses) gains

	twelve months ended December 31		three months ended December 31	
Other (losses) gains	2013	2012	2013	2012
Sale of property, plant and equipment	-	(0.1)	-	(0.1)
	-	(0.1)	-	(0.1)

(in millions of dollars unless stated otherwise)

10 Finance income and finance costs recognized in profit or loss

	twelve months ended December 31		three months ended December 31	
Net finance costs recognized in profit or loss	2013	2012	2013	2012
Interest income on bank deposits	0.1	0.1	-	-
Finance income	0.1	0.1	-	-
Debenture interest	1.4	2.5	0.2	0.5
Debenture amortization	1.0	0.7	(0.4)	0.3
Interest on demand loans	0.9	0.9	0.2	0.2
Finance costs	3.3	4.1	-	1.0
Net finance costs recognized in profit or loss	3.2	4.0	-	1.0

(in millions of dollars unless stated otherwise)

11 Income tax expense

Current income tax

twelve months ended December 31	2013	2012
Current tax expense		
Current period	7.7	4.6
Deferred tax expense		
Origination and reversal of temporary differences	(1.0)	0.6
Income tax expense	6.7	5.2

(in millions of dollars unless stated otherwise)

11 Income tax expense (cont.)

Reconciliation of effective tax rate

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

twelve months ended December 31	2013	2012
Profit attributable to owners of the Company	20.1	20.1
Total income tax expense	6.7	5.2
Profit excluding income tax	26.8	25.3
Income tax using Company's domestic tax rate	25%	25%
Expected income tax expense	6.7	6.3
Changes in income tax expense resulting from:		
Non-capital losses carried forward from prior year	-	(0.1)
Other	-	(1.0)
Income tax expense	6.7	5.2

(in millions of dollars unless stated otherwise)

Recent changes to tax laws as they relate to the Company's liability for current and deferred taxes have been factored into the determination of reported taxes. No foreseeable events have materialized or are expected to materialize that would result in a risk to tax rates used in the determination of the Company's liability for current or deferred tax.

Deferred income tax

a) Recognized deferred tax assets and liabilities

The income tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

twelve months ended December 31	2013			2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Debenture issuance costs	-	(0.1)	(0.1)	-	(0.1)	(0.1)
Deferred partnership income	-	(2.9)	(2.9)	-	(3.7)	(3.7)
Finance lease obligation	0.1	-	0.1	0.1	-	0.1
Intangible assets	-	(5.9)	(5.9)	-	(5.7)	(5.7)
Property, plant and equipment	-	(2.1)	(2.1)	-	(2.5)	(2.5)
Deferred tax assets (liabilities)	0.1	(11.0)	(10.9)	0.1	(12.0)	(11.9)

(in millions of dollars unless stated otherwise)

b) Movement in deferred tax balances

twelve months ended December 31	2013			2012		
	Opening	Recognized in profit	Closing	Opening	Recognized in profit	Closing
Debenture issuance costs	(0.1)	-	(0.1)	(0.1)	-	(0.1)
Deferred partnership income	(3.7)	0.8	(2.9)	(4.6)	0.9	(3.7)
Finance lease obligation	0.1	-	0.1	-	0.1	0.1
Intangible assets	(5.7)	(0.2)	(5.9)	(4.6)	(1.1)	(5.7)
Non-capital loss carry forward	-	-	-	1.4	(1.4)	-
Property, plant and equipment	(2.5)	0.4	(2.1)	(3.4)	0.9	(2.5)
Deferred tax assets (liabilities)	(11.9)	1.0	(10.9)	(11.3)	(0.6)	(11.9)

(in millions of dollars unless stated otherwise)

12 Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to common shareholders and weighted average number of common shares outstanding calculated as follows:

Profit attributable to common shareholders	twelve months ended December 31 2013	2012	three months ended December 31 2013	2012
Profit and comprehensive income	21.5	21.5	5.4	5.9
Less: attributable to non-controlling interest	1.4	1.4	0.3	0.4
Profit attributable to common shareholders	20.1	20.1	5.1	5.5

Weighted average number of common shares	twelve months ended December 31 2013	2012	three months ended December 31 2013	2012
Opening balance of common shares	22.6	21.1	23.4	22.5
Weighted average effect of debenture conversions	0.7	0.9	0.1	0.1
Weighted average effect of shares purchased for cancellation	(0.2)	(0.1)	-	(0.1)
Weighted average common shares outstanding	23.1	21.9	23.5	22.5
Basic earnings per share	$ 0.87	$ 0.92	$ 0.22	$ 0.24

(in millions of dollars unless stated otherwise)

Diluted earnings per share

Weighted average number of common shares	twelve months ended December 31 2013	2012	three months ended December 31 2013	2012
Weighted average number of common shares (basic)	23.1	21.9	23.5	22.5
Dilutive effect of convertible debentures	1.8	3.0	1.8	3.0
Weighted average number of common shares (diluted)	24.9	24.9	25.3	25.5

(in millions of dollars unless stated otherwise)

Convertible Debentures have an anti-dilutive effect on earnings per share.

13 Restricted cash

Restricted cash consists of progressive jackpot funds that have accumulated over time on specific slot machines and Bad Beat funds for table games. Progressive jackpot funds and Bad Beat funds are not available for use in general operations. Included in trade and other payables is $0.3 million ($0.1 million - 2012) relating to progressive jackpots and poker pots.

14 Inventories

	December 31, 2013	December 31, 2012
Consumables	0.1	0.1
Product supplies	0.5	0.5
	0.6	0.6

(in millions of dollars unless stated otherwise)

Consumables consist of supplies that are used in daily operations including uniforms and cards. Product supplies include food, liquor and mix and other condiments used in the supply of food and beverages. In 2013, consumables, merchandise and product supplies recognized as a cost of sales amounted to $5.2 million ($4.8 million - 2012). During 2013 and 2012 no inventories were written down, and no reversals of previous write-downs occurred.

15 Property, plant and equipment

	Land and other	Land Improvement	Buildings	Leaseholds	Furniture and equipment [1]	Total
Cost						
At January 1, 2013	10.9	3.3	73.0	2.6	19.6	109.4
Additions	-	-	1.6	0.2	0.5	2.3
At December 31, 2013	10.9	3.3	74.6	2.8	20.1	111.7
Accumulated depreciation						
At January 1, 2013	-	0.5	14.9	1.7	13.2	30.3
Depreciation	-	0.1	2.4	0.3	1.3	4.1
At December 31, 2013	-	0.6	17.2	2.0	14.5	34.3
Carrying value at December 31, 2013	10.9	2.7	57.4	0.8	5.6	77.4

	Land and other	Land Improvement	Buildings	Leaseholds	Furniture and equipment [1]	Total
Cost						
At January 1, 2012	10.9	3.3	72.9	2.4	19.2	108.7
Additions	-	-	0.2	0.2	0.4	0.8
Disposals	-	-	(0.1)	-	-	(0.1)
At December 31, 2012	10.9	3.3	73.0	2.6	19.6	109.4
Accumulated depreciation						
At January 1, 2012	-	0.4	12.4	1.5	11.5	25.8
Depreciation	-	0.1	2.5	0.2	1.7	4.5
At December 31, 2012	-	0.5	14.9	1.7	13.2	30.3
Carrying value at December 31, 2012	10.9	2.8	58.1	0.9	6.4	79.1

(in millions of dollars unless stated otherwise)

Certain equipment and machines on premises of the Company are provided by and owned by AGLC and have not been included in these financial statements.

[1] Includes assets under finance lease at Deerfoot at a cost of $0.3 million ($0.3 million - 2012) with a carrying value of $0.2 million ($0.2 million - 2012).

16 Intangible assets

	December 31, 2013	December 31, 2012
Goodwill	57.9	57.9
Licences	19.0	19.0
	76.9	76.9

(in millions of dollars unless stated otherwise)

For the purpose of impairment testing, intangible assets are allocated to the Company's cash generating units ("CGU's") which represent the lowest level within the Company at which the intangibles are monitored for internal management purposes, which is not higher than the Company's operating segments.

Goodwill and intangible assets with indefinite lives are tested annually for impairment. The impairment test is based on fair value less costs to sell determined using a discounted cash flow model and marketplace participant assumptions. Cash flows were projected over a five-year period using historical operating results, 5% revenue growth in years 1 and 2 and 2.5% thereafter and 2.5% cost inflation. Cash flows were discounted with a pre-tax rate of 16%. Salvage values include land only in year 5. The costs to sell are based on an estimated percentage of the fair value.

Management uses judgement in determining the fair market value of its CGU's where there are indications the fair values may have changed significantly and at points in time where independent assessment of same are not current or cost effective to obtain. Use of judgement in this area has the most significant effect on amounts recognized in the consolidated statements. The fair value of Great Northern Casino was amended upwards based on an independent appraisal of Boomtown Casino which was completed during the Year. Management assessed factors common to both Great Northern Casino and Boomtown Casino and determined the likely effect on Great Northern Casino from their effect on the Boomtown Casino since a previous independent appraisal was completed for both CGU's in 2010.

The aggregate carrying amounts and recoverable amounts of intangibles allocated to each CGU quantifying that no impairment exists are as follows:

	December 31, 2013			December 31, 2012		
CGU	Carrying Value	Recoverable Amount	Excess (Impairment)	Carrying Value	Recoverable Amount	Excess (Impairment)
Great Northern Casino	29.4	31.0	1.6	29.4	29.5	0.1
Boomtown Casino	13.2	73.9	60.7	13.2	51.0	37.8
Deerfoot Casino	26.7	45.2	18.5	26.7	45.2	18.5
Deerfoot Hotel	7.7	13.0	5.3	7.7	13.0	5.3
	77.0	163.1	86.1	77.0	138.7	61.7

(in millions of dollars unless stated otherwise)

17 Investment property

The Company classifies the Strip Mall as an investment property. This property is located in Grande Prairie and lease income is earned from two tenants. There were no changes to the fair value of the investment property during the Year.

18 Loans and borrowings

The Company has a demand loan secured by its land and buildings. The Company is currently paying interest at a stipulated floor rate of 4.0%; otherwise the rate on this loan is 1.0% above the lender's prime lending rate. The Company is making blended monthly principal and interest payments on a $13.2 million segment of the loan amortized over 10 years. The remaining $9.0 million segment of this loan is available on a revolving basis with interest only payments. $1.8 million is drawn on the revolving segment of the loan as at December 31, 2013 ($nil - December 31, 2012).

The Company has 6.25% Convertible Unsecured Subordinated Debentures (“Debentures”). The Debentures have a maturity date of July 31, 2015 (the “Maturity Date”). Each Debenture is convertible into Shares at the option of the holder of a Debenture (a “Debentureholder”) any time prior to the close of business on the Maturity Date of the Debentures at $10.65 per Gamehost Inc. common share (the "Conversion Price"). The Company may also call for redemption of the Debentures on the business day immediately preceding the date specified by Gamehost for redemption of the Debentures, at the Conversion Price, being a conversion rate of approximately 93.8967 Gamehost Inc. shares per $1,000 principal amount of Debentures, subject to adjustment in certain events. The Company’s option to call for redemption is restricted to on or after August 1, 2013 provided proper notice is given and the common share price is at least 125% of the $10.65 per common share strike price. On or after August 1, 2014 there are no restrictions on the Company’s option to call for redemption provided proper notice is given. A portion of the proceeds from the Debenture issue were allocated to the conversion feature which is reported as equity rather than a non-current liability.

Deerfoot has a demand loan secured by its land and buildings. Deerfoot is currently paying interest at a stipulated floor rate of 4.0%; otherwise the rate on this loan is 1.0% above the lender's prime lending rate. Deerfoot is making blended monthly principal and interest payments on the loan amortized over 15 years.

Deerfoot has a finance lease on security monitoring equipment. Deerfoot is currently making scheduled payments with an effective interest rate of 4.32% amortized over three years maturing in 2015.

	Maturity	December 31, 2013	December 31, 2012
Credit facilities available at face value			
Demand loan	2020	8.6	10.0
Revolving credit lines	2020	9.0	9.0
Deerfoot - demand loan and finance lease	2025/2015	9.6	10.9
Debentures face value	2015	18.9	31.7
		46.1	61.6
Carrying value of borrowed amounts			
Current liabilities			
Demand loan		8.6	10.0
Revolving credit lines		1.8	-
Deerfoot - demand loan and finance lease		9.6	10.6
		20.0	20.6
Non-current liabilities			
[1] Debentures and finance lease		18.1	29.5
		38.1	50.1
Interest rate			
[2] Demand Loan		4.00% (P +1.00%)	4.00% (P +1.00%)
[2] Revolving Credit Lines		4.00% (P +1.00%)	4.00% (P +1.00%)
[2] Deerfoot - demand loan		4.00% (P +1.00%)	4.00% (P +1.00%)
Finance lease		4.32%	4.32%
Debentures face value		6.25%	6.25%

(in millions of dollars unless stated otherwise)

18 Loans and borrowings (cont.)

[1] The face value of Debentures has been reduced by an equity component representing the fair value attributed to the Debentures conversion privilege to common shares of $1.7 million ($2.8 million - 2012). The equity component was determined by discounting the cash flows of future interest payments on the Debentures and the final pay-out of the Debentures at maturity using a cost of capital of 8%. The face value of Debentures is further reduced by Debenture issuance costs $0.8 million ($1.3 million - 2012) which are the amounts incurred to secure the Debenture financing. Debenture issuance costs and debenture conversion privileges are amortized to interest expense over the life of the Debentures. The effective interest rate for amortization of the debenture issue costs is 9.6%.

[2] Prime rate (P) at the end of the Year was 3.00%. All Prime based financing has a floor rate of 4.00%.

The Company provided an $11.5 million unsecured limited liability guarantee to the lender of the Deerfoot to indemnify it in the event the Deerfoot does not perform its contractual obligations. At the end of the Year, the maximum potential liability under this guarantee is $9.5 million. The Company has not recorded a liability with respect to this guarantee, as the Company does not expect to make any payments in excess of what is recorded on the Financial Statements for the aforementioned items. The Company has not charged a fee to Deerfoot in regards to this guarantee. No specific assets have been provided as security.

A finance lease liability at Deerfoot included with demand loans totals $0.2 million ($0.3 million - 2012).

19 Equity

	December 31, 2013		December 31, 2012	
	Shares	$'s	Shares	$'s
Opening number of common shares	22.6	148.1	21.1	132.1
Shares issued on debenture conversions	1.2	13.4	1.7	18.0
Shares purchased for cancellation under normal course issuer bid	(0.2)	(3.6)	(0.2)	(2.0)
Ending number of common shares	23.6	157.9	22.6	148.1

(in millions of dollars unless stated otherwise)

Normal course issuer bid

On April 17, 2013 the Company commenced a normal course issuer bid. Pursuant to the Bid, Gamehost intends to purchase for cancellation up to a maximum of 1.3 million common shares, being equal to 10% of Gamehost's "public float" outstanding on April 4, 2013. Notwithstanding the foregoing, pursuant to the rules of the TSX, Gamehost may not purchase more than 2,275 common shares in any one day, such amount being equal to 25% of the average daily trading volume of the for the six months ended March 31, 2013. Common shares purchased during the Year were made in the open market at market prices in effect on the date of trade. Neither the Company, nor its subsidiaries or associates hold treasury shares.

Convertible debentures

The Company's convertible debentures may be dilutive if conversion privileges were exercised. During the Year $12.8 million ($18.1 million - 2012) in face value debentures were converted to common shares leaving a total of $18.9 million ($31.7 million - 2012) in debentures equating to potentially dilutive shares of 1.8 million (3.0 million - 2012). Fractional shares from conversions during the Year were expensed. Otherwise, the Company did not have any options, warrants, or rights that would be potentially dilutive during the Year.

Common shares

Common shares of the Company have no par value. The Company is authorized to issue an unlimited number of common shares without nominal or par value to which shares shall be attached the right to vote at any meeting of shareholders of the Company; receive any dividend declared by the Company; and receive the remaining property of the Company upon dissolution.

10 Equity (cont.)

Dividends

Dividends declared	December 31, 2013	December 31, 2012
January	1.7	1.5
February	1.7	1.6
March	1.7	1.6
April	1.7	1.6
May	1.7	1.6
June	1.7	1.6
July	1.7	1.6
August	1.7	1.6
September	1.7	1.6
October	1.7	1.6
November	1.8	1.7
December	1.7	1.7
	20.5	19.3

(in millions of dollars unless stated otherwise)

Dividends are based on $0.0733 per qualifying share. Dividends are considered "eligible" dividends for income tax purposes of the holder.

Other shares

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

20 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.

The Wills are key management personnel, directors of the Company and significant shareholders. Together, the Wills control 38.7% of the outstanding common shares of the Company. The Company 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") as follows:

- The Company incurred $1.6 million ($1.5 million - 2012) in key management personnel compensation with the Wills for the Year which is included in administrative expenses. Compensation is in the form of short term employee benefits, director fees, management agreements and general partnership agreement. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes depreciation and amortization.

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

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

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

20 Related party transactions (cont.)

- The Company incurred $0.2 million ($0.2 million – 2012) of charter aircraft rental expenses with Will Air Inc., a company controlled by the Wills, for the Year which is included in administrative expenses. Travel to the Company's operational centres of Grande Prairie and Ft. McMurray is made more efficient via charter air services than can be accomplished through commercial carriers. At the end of the Year $0.1 million ($nil - 2012) remained in accounts payable.

- The Company incurred $0.1 million ($nil – 2012) of office rent expenses for the Year which is included in administrative expenses. The Company moved its corporate office to space leased from Darcy Co Holdings Ltd., a company wholly owned by Darcy Will. Deerfoot rents its head office space from DJ Will Holdings Limited, a company wholly owned by David Will.

The Company incurred $0.1 million ($0.1 million – 2012) of rental expenses for the Year which is included in cost of sales. The Company rents tractor trailer parking and storage space from Grande Gaming Inc., a company controlled by the Wills together with the Company's Chief Operating Officer ("COO").

The Company incurred $0.1 million ($0.1 million – 2012) in directors fees during the Year paid to other directors of the Company which is included in administrative expenses.

The Company incurred $0.4 million ($0.4 million – 2012) in key management personnel compensation paid to other officers or companies controlled by other officers of the Company which is included in administrative expenses. Included in these figures are fees paid under a management services agreement between the Company and the Company's COO that stipulates that the COO is entitled to a fixed annual fee of $0.2 million to be paid in equal monthly increments for overseeing site operations of the Company.

21 Commitments

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

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

Commitments	2014	2015	2016	2017	2018	Thereafter
Total	1.3	1.2	1.2	1.2	1.2	0.5

(in millions of dollars unless stated otherwise)

22 Determination of fair values

Some of the Company's accounting policies require the determination of fair value. Fair values have been determined for measurement and disclosure purposes as follows:

Non-financial assets

The Company's non-financial assets requiring impairment testing consist of property, plant and equipment [note 3(e)] and intangible assets [note 3(f)]. The Company's intangible assets consist of goodwill and licenses both of which have indefinite lives. Non-financial assets are reviewed at each reporting date for indications of impairment. If any indication of impairment exists, the recoverable amount of the asset(s) is estimated. Regardless of any indication of impairment, the recoverable amounts of intangible assets are determined annually at December 31.

Assets that cannot be tested individually for impairment are grouped into cash generating units ("CGUs"). A CGU is defined as the smallest group of assets that generate cash inflows that are largely independent of cash inflows of other CGU's. Intangible assets that were acquired in a business combination are allocated to the CGU's that are expected to benefit from the business combination. All of the Company's non-financial assets have been grouped or allocated to CGU's.

22 Determination of fair values (cont.)

An impairment loss is recognized when the carrying amount of a CGU is greater than its estimated recoverable amount. Impairment losses are recognized in profit(loss) in the period in which they occur. An impairment loss at a CGU will be allocated first to any goodwill to the extent there is goodwill included in the CGU and then to licenses to the extent there is licenses included in the CGU and then to other assets in the CGU on a prorated basis.

Impairment losses that reduce the value of goodwill are never reversed. Impairment losses that reduce the value of other assets may be reversed if a change in estimates used to determine the recoverable amount warrants a reversal. The reversal of an impairment cannot exceed the carrying amount that would have been determined if the impairment loss had never been recognized.

There is no indication of impairment in any of the Company's non-financial assets and no impairment loss has been recorded or reversed during the year.

No events have occurred or are expected to occur that would change our assessment of the Company's determination of CGU's. Factors used in determination of the Company's CGU's, such as customer base and independent cash flows remain consistent with the date of determination of the Company's CGU's.

Estimates relating to the fair value of the debenture conversion privilege reported as contributed surplus include the determination of the cost of capital. The Company's cost of capital was determined by evaluating the Company's current and future expected costs of debt including a risk premium for potential default. No events have occurred or are expected to occur that would result in a material risk to the established cost of capital based on cost of debt. Furthermore, the Company has evaluated the cost of equity by reviewing other similar investments with comparable risk profiles. No events have occurred and no events are expected to occur that would result in a material risk to the established cost of capital based on cost of equity. Yield rates for comparable investments have not changed significantly since our original assessment of cost of equity.

<u>Investment property</u>

There is no indication of impairment of the Company's investment property and no impairment loss has been recorded or reversed during the year.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as derived from prices.

- Level 3 inputs are unobservable inputs for the asset or liability.

22 Determination of fair values (cont.)

a) Assets and liabilities measured at fair value on a recurring basis

The Company's assets and liabilities recorded at fair value are as follows:

at December 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	15.0	-	-	15.0
Restricted cash	0.3	-	-	0.3
Investment property	-	2.8	-	2.8
	15.3	2.8	-	18.1
Financial liabilities				
Loans and borrowings	20.1	-	-	20.1
Debentures	26.3	-	-	26.3
	46.4	-	-	46.4

(in millions of dollars unless stated otherwise)

There were no transfers between fair value hierarchy during the Year.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	December 31, 2013		December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortized cost				
Cash	15.0	15.0	19.7	19.7
Restricted cash	0.3	0.3	0.1	0.1
Trade and other receivables	2.3	2.3	2.0	2.0
	17.6	17.6	21.8	21.8
Liabilities carried at amortized cost				
Trade and other payables	4.7	4.7	4.1	4.1
Loans and borrowings	20.1	20.1	20.8	20.8
Debentures payable	18.0	26.3	27.6	37.4
	42.8	51.1	52.5	62.3

(in millions of dollars unless stated otherwise)

b) Valuation techniques

Cash, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short term nature.

Investment property

The Company's investment is a Level 2 financial instrument. The property was appraised by an external, independent valuation company in early 2010. The appraisal was completed by a representative of the valuation company with recognized professional qualifications and experience in the location and category of property being valued. The appraisal was based on market values, being the estimated amount for which the property could expect to be sold for on the date of the valuation to a willing buyer in an arm's length transaction after proper marketing where both the buyer and the seller had each acted knowledgeably and willingly. Given only modest changes in market conditions where the Company's investment property is located, the Company has relied on the 2010 valuation for 2013 reporting. The property is leased to tenants operating complimentary businesses to the Company's adjacent business's which is consider the highest and best use of the property.

22 Determination of fair values (cont.)

Loans and borrowings

Loans and borrowings including finance leases and demand debt including revolving debt are accounted for at amortized cost, using the effective interest rate method. The fair value required to be disclosed is measured using quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity, and is therefore classified within Level 1 of the fair value hierarchy.

Debentures

Company debentures are fair valued using the face value of issued and outstanding convertible debentures multiplied by their closing price on the TSX as at balance sheet date.

Transfers into or out of fair value hierarchy levels are recognized on the date of the event or circumstances that caused the transfer. There were no transfers between levels during the Year.

23 Financial risk and capital management

Financial risk management

The Company is exposed to certain risks as a result of holding financial instruments including interest rate risk, credit risk, liquidity risk and industry risk.

Interest rate risk

The Company's interest rate risk arises primarily from its variable rate debt in the aggregate amount of $19.9 million. The Company is paying interest at a stipulated floor rate of 4.0% on traditional bank demand debt and revolving debt; otherwise the rate on these debt instruments is 1.0% above the bank prime lending rate. A 1.0% increase in interest rates would have an unfavourable impact on earnings of $0.2 million or $0.01/share on an annualized basis ($0.2 million or $0.01/share - 2012).

Credit risk

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

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

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

Liquidity risk

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

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

The Company's lender has scheduled monthly blended payments that will amortize the demand loan balance by June, 2020 and Deerfoot demand loan balance by February, 2021.

23 Financial risk and capital management (cont.)

The maturity date on the Company's debentures is the earlier of the holder's election to convert, the Company's call for redemption or the final maturity date of the debentures on July 31, 2015. Converted Debentures increase the Company's pre-tax cash outlays to investors by 32% comparing the Company's interest obligation on Debentures to discretionary dividend payments.

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

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	1 year or less	years 2 to 5	More than 5 years
As at December 31, 2013					
Trade and other payables	4.7	4.7	4.7	-	-
Finance lease	0.2	0.2	0.1	0.1	-
Demand loans	18.0	20.5	3.2	12.1	5.4
Revolving credit facility	1.8	1.8	-	-	-
Debentures payable	18.9	20.8	1.2	19.6	-
	43.6	48.0	9.2	31.8	5.4
As at December 31, 2012					
Trade and other payables	4.1	4.1	4.1	-	-
Finance lease	0.3	0.3	0.1	0.2	-
Demand loans	20.5	23.8	3.2	12.3	8.2
Debentures payable	31.7	36.8	2.0	34.8	-
	56.6	65.0	9.4	47.3	8.2

(in millions of dollars unless stated otherwise)

Industry risk

Service Plus in Grande Prairie derives a significant portion of its business from corporate clients in the energy sector. As a result, the Company is exposed to some industry risk at this operation.

Capital management

The Company's capital is comprised of net debt, finance leases and shareholder equity:

	December 31, 2013	December 31, 2012
Total debt including revolving loans and finance lease	38.1	50.1
Less cash	(15.0)	(19.7)
Net debt	23.1	30.4
Total equity	117.4	109.2
	140.5	139.6

(in millions of dollars unless stated otherwise)

23 Financial risk and capital management (cont.)

Current debt instruments will be maintained or eliminated to the extent they allow for repayment. All of the Company's traditional bank debt instruments allow for additional payments without penalty. Debt maintenance includes regular amortized monthly principal payments, extra principal payments and intermittent payments on outstanding revolving debt instruments when surplus cash is available.

Debentures of the Company issued April 16, 2010, pay interest semi-annually in arrears allowing the Company to use excess cash, between interest payments, for revolving credit line reductions.

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

The Company intends to repay existing non-revolving debt obligations over a period of time which will allow it to continue to pay regular dividends at the current monthly rate of $0.0733 per common share. Current interest rates allow for scheduled amortization periods of between 10 and 15 years in meeting dividend objectives.

The Company initiated a normal course issuer bid, to repurchase for cancellation, shares trading on the open market at prices below their inherent value. Otherwise, there has been no change in the Company's approach to capital management in the Year.

Financing restrictions on dividends caused by debt covenants

Debt facilities of the Company require the maintenance of certain financial covenants and conditions. Specifically, the Company must maintain a cash flow coverage ratio of not less than 1.25 and a debt to tangible net worth ratio of not greater than 3.0. The Company is in compliance with all covenants and conditions. At the end of the Year these ratios were 2.1:1 and .86:1 respectively.

24 Recast comparative figures

The carrying value of debentures has been adjusted to correct for an immaterial error that arose on the conversion of debentures to common shares.

The December 31, 2012 comparative financial results contained within these consolidated financial statements has been adjusted to reflect the correction of the immaterial error, resulting in a change from the originally published financial statements, as follows: a decrease in share capital of $1.7 million and a corresponding increase of $1.7 million in loans and borrowings.

25 Deerfoot Joint Venture

The Company has a 91% controlling interest in Deerfoot Inn & Casino Inc., a joint venture formed for the construction and operation of Deerfoot. Decisions affecting Deerfoot require the consent of joint venturers holding a minimum 60% interest in Deerfoot.

Deerfoot has one additional 9% non-controlling interest ("NCI"). The NCI holds a Participating Interest which entitles it to 9% of the income, assets, liabilities and equity of Deerfoot. Any distributions from Deerfoot, in what ever form, must be made in accordance with the Participating Interest held by each joint venturer.

The NCI has a Contributing Interest which obligates it to 12.25% of any capital requirements of Deerfoot not able to be funded by operating cash flow or debt financing. Deerfoot has not needed capital funding requirements of this nature since the initial construction was completed.

Each of Deerfoot's joint venturers has a right of first refusal on any bonafide offer made for the other joint venturers interest in Deerfoot.

26 Subsequent events

Regular monthly dividends

The Company declared a regular monthly dividend of $0.0733 per common share for each of January and February 2014 which are payable on or about the 15th day of the subsequent month.

Normal course issuer bid

During the period January 1, 2014 to March 11, 2014, the Company purchased 0.2 million Shares at an average price of $14.45 per Share before commissions.

Debenture conversions

Debentures totalling a principal amount of $0.8 million were converted to common shares from January 1, 2014 to March 11, 2014 resulting in the issue of 73,422 common shares.

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Craig Thomas - Chief Financial Officer

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Jerry Van Someren
Tim Sebastian
Peter Miles

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