



ANNUAL INFORMATION FORM

For the Year Ended December 31, 2013

March 17, 2014

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GLOSSARY OF TERMS

Unless the context indicates otherwise, the terms set forth below shall have the meanings set forth below when used in this Annual Information Form.

“**6.25% Debentures**” means the 6.25% extendible convertible unsecured subordinated debentures of Gamehost which have a maturity date of July 31, 2015.

“**ABCA**” means the *Business Corporations Act* (Alberta), S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder.

“**AGLC**” means the Alberta Gaming and Liquor Commission.

“**Audit Committee**” means the audit committee of the Corporation.

“**Boomtown Casino**” means the Boomtown Casino facility located in Fort McMurray, Alberta.

“**Business Day**” means, with respect to any action to be taken, any day, other than Saturday, Sunday or statutory holiday in the place where such action is to be taken.

“**CF License**” means a Casino Facility License issued by the AGLC.

“**CGT Agreement**” means a Casino Gaming Retailer Agreement, as further described under “*Description of the Business - Services and Sources of Revenue – Gaming Operations - Table Games*”.

“**Commercial Building**” the means the multi-tenant lease facility in Grande Prairie, Alberta.

“**Constraint Action**” has the meaning attributed thereto under “*Description of Capital Structure – Limitations on Ownership Imposed by the AGLC*”.

“**Conversion**” means the reorganization of the income trust structure of Gamehost Income Fund into that of a corporation (i.e. the Corporation) by way of a plan of arrangement.

“**Corporation**” means Gamehost Inc.

“**Deerfoot Inn & Casino**” means the Deerfoot Inn & Casino facility located in Calgary, Alberta.

“**Deerfoot Inn & Casino Joint Venture**” means the joint venture between Gamehost (holding a 91% interest) and J.M. Wood Investments Ltd. (holding a 9% interest).

“**Deerfoot Management Services Agreement**” means the management services agreement entered into between Deerfoot Inn & Casino Inc. and WAL, as amended from time to time.

“**Federal Government**” means the Canadian federal government.

“**Gamehost**”, “**us**”, “**we**” or “**our**” means the Corporation and, where the context requires, the Corporation and its direct and indirect subsidiaries considered on a consolidated basis and its predecessors and their subsidiaries considered on a consolidated basis.

“**Gamehost Casinos**” means collectively the Great Northern Casino, the Boomtown Casino and the Deerfoot Inn & Casino.

“**GMI**” means Gamehost Management Inc., a corporation incorporated under the ABCA.

“**Grande Prairie Real Estate**” means the 123 room hotel and the 10,530 square-foot multi-tenant lease facility in Grande Prairie, Alberta.

“**Great Northern Casino**” means the Great Northern Casino facility located in Grande Prairie, Alberta.

“**Head Office Agreement**” means the lease agreement for head office space entered into between the Limited Partnership and DarcyCo Holdings Ltd.

“**Limited Partnership**” means Gamehost Limited Partnership, a limited partnership formed under the *Partnership Act* (Alberta) on May 23, 2003.

“**Management Services Agreement**” means the management services agreement entered into between the Limited Partnership and GMI, which agreement was amended and restated as of May 1, 2010.

“**MCNWCP**” means a Minimum Continuing Net Working Capital Position.

“**Operational Management Agreement**” means the operational management agreement entered into between a subsidiary of the Corporation and 1508956 Alberta Ltd.

“**person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.

“**Preferred Shares**” means the preferred shares of the Corporation, issuable in series from time to time.

“**REC**” means a Racing Entertainment Centre.

“**Shares**” means the common shares of the Corporation.

“**Shareholders**” means the holders, from time to time, of the Shares.

“**Significant Interest**” has the meaning attributed thereto under “*Description of Capital Structure – Limitations on Ownership Imposed by the AGLC*”.

“**Service Plus Inn**” means the Service Plus Inn & Suites facility located in Grande Prairie, Alberta.

“**Service Plus Shares**” means common shares in the capital of Service Plus Inn.

“**Supplemental Trust Indenture**” means the supplemental trust indenture dated December 31, 2010 between the Corporation, Gamehost Income Fund (the predecessor of the Corporation), and Computershare Trust Company of Canada.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder.

“**TITO**” means Ticket In/Ticket Out technology.

“**Trust Indenture**” means the trust indenture dated April 16, 2010 between Gamehost Income Fund (the predecessor of the Corporation) and Computershare Trust Company of Canada.

“**TSX**” means the Toronto Stock Exchange.

“**TSXV**” means the TSX Venture Exchange.

“**VLT’s**” means the video lottery terminals operated at the Gamehost Casinos, as further described under “*Description of the Business – Services and Sources of Revenue – VLT’s*”.

“**WAL**” means Will Air Ltd., a corporation incorporated under the ABCA.

In this Annual Information Form, a person or company is considered to be an “**affiliate**” of another person or company if one is a subsidiary of the other or if each of them is controlled by the same person or company.

In this Annual Information Form, the term “**associate**”, when used to indicate a relationship with a person or company, means:

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling the person or company to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the person or company,
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including
 - i. the spouse or adult interdependent partner of that person, or
 - ii. a relative of the person’s spouse or adult interdependent personif the relative has same home as that person.

In this Annual Information Form, a person or company (first person) is considered to “**control**” a person or company (second person) if:

- (a) the first person beneficially owns, or controls or directs, directly or indirectly, securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,
- (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or
- (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

In this Annual Information Form, a person or company is considered to be a “**subsidiary**” of another person or company if:

- (a) it is controlled by:

- i. that other, or
 - ii. that other and one or more persons or companies each of which is controlled by that other, or
 - iii. two or more persons or companies, each of which is controlled by that other; or
- (b) it is a subsidiary of a person or company that is the other's subsidiary.

Unless the context otherwise requires, any reference in this Annual Information Form to any agreement, instrument, indenture, declaration or other document shall mean such agreement, instrument, indenture or other document, as amended, supplemented and restated at any time and from time to time prior to the date hereof or in the future.

Words importing the singular number only include the plural and vice versa and words importing any gender include both genders.

All dollar amounts set forth in this Annual Information Form are in Canadian dollars, except where otherwise indicated.

DATE OF INFORMATION

Unless otherwise specified, information in this Annual Information Form is given as of December 31, 2013, being the last day of the most recently completed financial year of Gamehost Inc. (“**Gamehost**” or the “**Corporation**”).

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form and the documents incorporated by reference herein contain forward-looking statements. Forward-looking statements may contain words such as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions. All statements, other than statements of historical fact, that address activities, future growth, results of operations, performance, payment of dividends, and the assumptions underlying any of the foregoing, are forward-looking statements.

Examples of such forward-looking statements in this Annual Information Form include, but are not limited to, Gamehost’s:

- expectation that there will be a trend of continued growth nationally and provincially in the casino gaming industry and that the Gamehost Casinos will benefit from such growth;
- anticipated growth opportunities will exist with respect to each of the Gamehost Casinos (as defined below);
- expectation that internal growth of Gamehost will continue to take the form of additional expansions to the gaming areas and non-gaming amenities offered at the Gamehost Casinos;
- expectation that considerable resources will continue to be expended in order to recruit and train casino employees;

By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties. The forward-looking statements contained in this Annual Information Form reflect Gamehost’s beliefs and assumptions. Gamehost’s most significant assumption is that the gaming industry will continue to grow in Alberta and, more broadly, in Canada thereby allowing Gamehost to continue to be profitable and grow. Additional assumptions used to generate forward-looking statements are, among others: that current industry trends will continue, that growth and development in the respective municipalities where the Gamehost Casinos are located will have a positive impact on these casinos, that Gamehost will be able to obtain the approval of the Alberta Liquor and Gaming Commission (the “**AGLC**”) in order to take advantage of growth opportunities through, for example, casino expansions and that support and acceptance of gaming in Alberta and, more broadly, in Canada will continue to grow. In some instances, this Annual Information Form and accompanying documents may also contain forward-looking statements attributed to third parties. Management of Gamehost believes that the assumptions and analysis contained in this Annual Information Form are reasonable and that the expectations reflected in the forward-looking statements contained herein are also reasonable. However, no assurance can be given that these assumptions and expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

All forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward-looking statements made in this Annual Information Form. Such factors include but are not limited to: general economic, market and business conditions; access to capital and

debt markets; risks arising from co-ownership of facilities; activities of other facility owners; competitive action by other companies; activities of customers and overall industry activity levels; fluctuations in supply/demand trends; fluctuations in interest rates; changes in operating and capital costs; actions by governmental authorities; decisions or approvals of administrative tribunals; reliance on key personnel; competition for, among other things, capital, acquisition opportunities and skilled personnel; changes in tax laws, including the effects that such changes may have on Shareholders; and other factors, many of which are beyond the control of Gamehost, some of which are discussed under “Risk Factors” in this Annual Information Form.

Readers are cautioned that they should not unduly rely on the forward looking statements included in this Annual Information Form or any documents incorporated by reference herein. All forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Gamehost. The forward-looking statements contained herein are made as of the date of this Annual Information Form and Gamehost assumes no obligation to update or revise them to reflect subsequent information, events or circumstances unless otherwise required by applicable securities legislation.

CORPORATE STRUCTURE

Name, Address and Jurisdiction of Formation

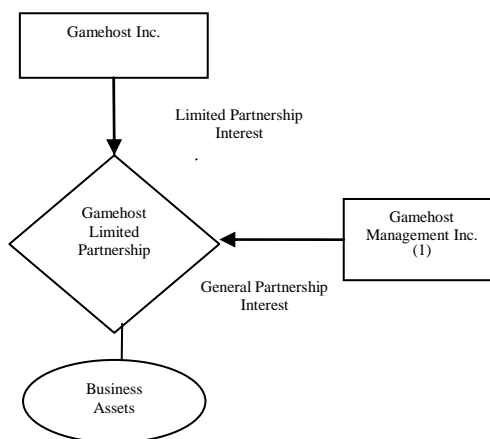
Gamehost Inc. was incorporated on March 15, 2010 pursuant to the provisions of the *Business Corporations Act* (Alberta) (the “**ABCA**”). On December 31, 2010, under the name of Gamehost Newco Inc., and in conjunction with the completion of the Conversion (as defined below), it filed articles of amendment to change its name to Gamehost Inc. and to add certain restraints on the transfer of its shares (see “*Description of Capital Structure – Limitations on Ownership Imposed by AGLC*”). It is referred to herein as “**Gamehost**” or the “**Corporation**” provided that references contained herein to Gamehost may, as the context requires, also mean the Corporation and its subsidiaries considered on a consolidated basis and its predecessors and their subsidiaries considered on a consolidated basis.

The Corporation was incorporated for the purpose of participating in the reorganization (the “**Conversion**”) of the income trust structure of Gamehost Income Fund into that of a corporation (i.e. the Corporation) by way of a plan of arrangement under the provisions of the ABCA. Pursuant to the Conversion, all of the outstanding equity interests of Gamehost Income Fund and its subsidiary, Gamehost Limited Partnership, were exchanged for shares of the Corporation. Articles of arrangement for the Corporation giving effect to the Conversion were filed on December 31, 2010. The Conversion was accounted for as a continuity of interests of Gamehost Income Fund since there was no change of control and since Gamehost continued to operate the business of Gamehost Income Fund.

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

Inter-corporate Relationships

The following diagram shows the organizational structure of Gamehost and its material subsidiaries as at March 17, 2014.



Note: (1) Gamehost Management Inc. (“GMI”) is beneficially owned and controlled by two of the directors and officers of the Corporation, David J. Will and Darcy J. Will.

The following table lists the material subsidiaries of the Corporation as at February 28, 2014, and for each subsidiary, (a) the percentage of securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by the Corporation and (b) its jurisdiction of incorporation, continuance, formation or organization.

Name of Subsidiary	Jurisdiction of Incorporation, Continuance, Formation or Organization	Percentage of Securities Owned, Controlled or Directed by Gamehost
Gamehost Limited Partnership	Alberta	Limited Partnership Interest - 100%

Note: (1) The general partner of the Limited Partnership is GMI, a company beneficially owned and controlled by two directors and officers of the Corporation, David J. Will and Darcy J. Will. The general partner is entitled to 0.01% of the income of the Limited Partnership.

DEVELOPMENT OF THE BUSINESS

The following is a summary of the significant events that have influenced the general development of the business of Gamehost over the last three completed financial years.

On March 10, 2011, Gamehost commenced a normal course issuer bid to purchase for cancellation, from time to time, as Gamehost considers advisable, up to a maximum of 1,067,622 Shares, being approximately 10% of Gamehost’s “public float” outstanding as at March 8, 2011. Pursuant to the rules of the TSX, Gamehost could not purchase more than 1,980 Shares in any one day, such amount being equal to 25% of the average daily trading volume of the Shares (and the units of the Corporation’s predecessor Gamehost Income Fund) for the six months ended February 28, 2011. The normal course issuer bid terminated on March 9, 2012 with 504,340 Shares purchased for cancellation at an aggregate cost of \$5,553,685.

On April 12, 2012, Gamehost commenced a normal course issuer bid to purchase for cancellation, from time to time, as Gamehost considers advisable, up to a maximum of 1,080,550 Shares, being approximately 10% of Gamehost’s “public float” outstanding as at April 3, 2012. Pursuant to the rules of the TSX, Gamehost could not purchase more than 2,157 Shares in any one day, such amount being equal to 25% of the average daily trading volume of the Shares for the six months ended March 31, 2012. The

normal course issuer bid terminated on April 11, 2013 with 155,200 Shares purchased for cancellation at an aggregate cost of \$1,860,850.

On April 17, 2013, Gamehost commenced a normal course issuer bid to purchase for cancellation, from time to time, as Gamehost considers advisable, up to a maximum of 1,269,693 Shares, being approximately 10% of Gamehost's "public float" outstanding as at April 4, 2013. Pursuant to the rules of the TSX, Gamehost could not purchase more than 2,275 Shares in any one day, such amount being equal to 25% of the average daily trading volume of the Shares for the six months ended March 31, 2013. The normal course issuer bid will terminate on April 16, 2014 or such earlier time as the normal course issuer bid is completed or terminated at the option of Gamehost. As of the date of this Annual Information Form, 454,050 Shares had been purchased for cancellation under the normal course issuer bid at an aggregate cost of \$6,260,440.

DESCRIPTION OF THE BUSINESS

Overview

Through the Limited Partnership, the Corporation (i) owns and operates the Great Northern Casino facility located in Grande Prairie, Alberta (the "**Great Northern Casino**"), (ii) owns and operates the Boomtown Casino facility located in Fort McMurray, Alberta (the "**Boomtown Casino**"), (iii) owns a 91% interest in the joint venture between Gamehost and J.M. Wood Investments Ltd. with respect to the Deerfoot Inn & Casino (the "**Deerfoot Inn & Casino Joint Venture**") (which owns and operates the Deerfoot Inn & Casino facility located in Calgary, Alberta (the "**Deerfoot Inn & Casino**")), and (iv) owns and operates a 123 room hotel and 10,530 square-foot multi-tenant lease facility located in Grande Prairie, Alberta (the "**Grande Prairie Real Estate**").

The Great Northern Casino, the Boomtown Casino and the Deerfoot Inn & Casino are collectively referred to herein as the "**Gamehost Casinos**".

Great Northern Casino, Grande Prairie, Alberta

Expanded from its original capacity in 2003 and 2006, the Great Northern Casino is a 33,464 square foot casino and entertainment facility business located in Grande Prairie, Alberta. It is situated on 7.8 acres of land in the Gateway Power Centre in north-west Grande Prairie and is adjacent to Highway 2, a major north-south corridor. The building and land where the Great Northern Casino is situated are owned by the Limited Partnership. See "*Grande Prairie Real Estate*" below.

The gaming area of the Great Northern Casino facility is comprised of approximately 21,604 square feet, accommodating 15 table games, 419 slot machines, 10 video lottery terminals, 80 E-bingo terminals and a 3 table poker room. The non-gaming area of the facility contains a 30 seat cafe, 245 seat showroom/lounge, a 70 seat bingo lounge, and office and administrative areas.

Boomtown Casino, Fort McMurray, Alberta

Expanded from its original capacity in 2006 and 2012, the Boomtown Casino is a 27,976 square foot casino and entertainment facility business located in the Peter Pond Shopping Mall in Fort McMurray, Alberta. The premises on which the Boomtown Casino operates is leased from a third party. The term of the lease expires in 2020 with an option to renew for an additional 5 year period.

The gaming area of the Boomtown Casino facility is comprised of approximately 17,244 square feet, accommodating 10 table games, 450 slot machines and a 3 table poker room. The non-gaming area of the

facility contains a 35 seat restaurant and a 125 seat lounge featuring a dance floor and capacity for live entertainment.

Deerfoot Inn & Casino, Calgary, Alberta

The Deerfoot Inn & Casino Joint Venture is a joint venture which was formed for the purposes of constructing, developing and operating the Deerfoot Inn & Casino and entertainment facility in south-east Calgary, Alberta, which opened on November 21, 2005. The facility contains the casino, a hotel, a water park, convention facilities, dining and beverage venues and a live entertainment venue.

The Deerfoot Inn & Casino is a full-service convention, entertainment and casino facility. The gaming area of the facility is comprised of approximately 65,000 square feet, accommodating 26 table games including a 7 table semi-private high limit room, 767 slot machines, 5 video lottery terminals and a 10 table poker room. The Chrome Room is a 4,700 square foot live entertainment facility located within the casino which hosts live entertainment, pay per view sporting events and afternoon buffets. There is an island pub located in the centre of the gaming floor, a sushi and martini bar, a pub style restaurant and a café all located adjacent to the gaming floor.

The hotel portion of the Deerfoot Inn & Casino facility, being the Deerfoot Inn, offers 188 guest rooms, which includes 28 suites. The hotel facility also includes 1 restaurant, 1 lounge, 14 conference/banquet rooms, a health and fitness center and a full water park.

The Deerfoot Inn & Casino Joint Venture was originally formed pursuant to a joint venture agreement dated April 26, 2001 among Service Plus Hospitality Ltd. (a predecessor to Gamehost Income Fund and therefore a predecessor to the Corporation), Will Inns Inc., Winners Gaming Inc., JM Wood Investments Ltd. and Deerfoot Inn & Casino Inc. The Corporation now has a 91% interest in the joint venture and JM Wood Investments Ltd., a corporation controlled by Jed Wood, a former director and trustee of predecessors of the Corporation, has a 9% interest in the joint venture. The Deerfoot Inn & Casino Joint Venture was managed by 1016312 Alberta Ltd. pursuant to a management agreement entered into between Deerfoot Inn & Casino Inc. and 1016312 Alberta Ltd. dated November 21, 2005, with the initial term of such agreement expiring on November 21, 2010. On March 30, 2011 the Corporation made a decision to appoint Will Air Ltd. (“WAL”) as the new manager for the Deerfoot Inn & Casino, in place of 1016312 Alberta Ltd., with effect as of November 22, 2010. Similar to 1016312 Alberta Ltd., WAL is beneficially owned and controlled by David J. Will, President and a director of the Corporation, and Darcy J. Will, the Vice President and Secretary and a director of the Corporation. The appointment of WAL as manager of the Deerfoot Inn & Casino Joint Venture was on substantially the same terms and conditions as were in place with 1016312 Alberta Ltd.

Grande Prairie Real Estate

The Grande Prairie Real Estate assets, located in Grande Prairie, Alberta, are comprised of a 123 room, 4 story limited service hotel operating under the name “Service Plus Inns & Suites” (“**Service Plus Inn**”) and a 10,530 square foot commercial multi-tenant lease facility (the “**Commercial Building**”).

Originally constructed in 1999 and expanded in 2001, the Service Plus Inn has 123 guest rooms, an indoor waterslide, pool, hot tub, fitness facility and a meeting room capable of accommodating up to 50 people. The Service Plus Inn offers clean and modern appointed rooms, complimentary continental breakfast, in-room coffee and on demand pay-to-view movies and video games. The Service Plus Inn does not have any restaurant facilities, but catering is available through the restaurant facilities operating in the Great Northern Casino and the Commercial Building.

The Commercial Building was constructed in 1999 and consists of 10,530 square feet of leasable space. One tenant currently operates a family restaurant and separate pub. The lease is currently being renegotiated for an April 1, 2014 start date in conjunction with a complete refurbishment of the tenants 7,200 square feet to a combined restaurant/pub that will be rebranded. The balance of leasable space will be absorbed by the Company as administrative space for Great Northern Casino and Service Plus Inn

Marketing

Gamehost markets the Gamehost Casinos according to an entertainment driven model. This model emphasizes the non-gaming aspects of the casinos, such as live entertainment, meeting and banquet facilities and quality food and beverage services. By doing so, Gamehost targets the segment of the market population that would not normally attend a casino solely for gaming purposes. This marketing format is intended to increase the customer base of the casinos, enhance the profile and acceptance of the casinos in the relevant communities and position the casinos as prime competitors for entertainment-related spending. External advertising and promotions that Gamehost undertakes for the Gamehost Casinos focuses on the non-gaming forms of entertainment they offer.

Human Resources

The gaming industry is labour intensive. As at February 28, 2014, the Great Northern Casino employed approximately 116 part-time and full-time employees, the Boomtown Casino employed approximately 87 part-time and full-time employees and the Deerfoot Inn & Casino employed approximately 426 part-time and full-time employees. There are currently no unionized employees at any of the Gamehost Casinos.

As at February 28, 2014, Gamehost also employed approximately 37 employees at the Service Plus Inn, which forms part of the Grande Prairie Real Estate.

Due to nature of the gaming industry, a significant number of employees are required at each of the Gamehost Casinos and, as such, Gamehost anticipates that it will have to continue to expend considerable resources to recruit and train casino employees. Gamehost continually evaluates its existing benefit plan offerings to ensure it retains its competitiveness within the industry. Gamehost has, to date, been successful in creating a motivated, service orientated and efficient work force for the Gamehost Casinos.

Services and Sources of Revenue

Gaming Operations

The primary source of revenue for Gamehost is the gaming operations carried on at the Gamehost Casinos. Revenue from gaming operations at those casinos is derived from the operation of slot machines, video lottery terminals (“VLT’s”), lottery ticket kiosks, table games and E-bingo.

Slot Machines

Slot machines are free standing or table top, electronic gaming devices that interact directly with the player through player-activated buttons or touch screen technology. Most slot machines operate independently from other slot machines. Some slot machines are linked together to create progressive prizes that can be won by any of the linked slot machines. Players insert bills or TITO slips directly into the machine to play and the machine pays out prizes if the player wins. Slot machines pay out a percentage of all wagers in accordance with a scale established by the AGLC. Slot machines are networked electronically to a centralized system controlled and monitored by the AGLC. The slot machines are owned and serviced by the AGLC.

Gamehost and the Deerfoot Inn & Casino Joint Venture have each entered into separate Casino Gaming Retailer Agreements (each a “**CGT Agreement**”) with the AGLC. A CGT Agreement governs the operation of slot machines and contains covenants of Gamehost related thereto, including, for example, the obligation of Gamehost to provide services in accordance with instructions, directives and operating manuals from time to time provided by the AGLC, to maintain current and accurate records of monies paid, credits paid and withdrawals of monies and, if required by the AGLC, to obtain financial security on such terms and in such amount as may be required by the AGLC. Each CGT Agreement entered into by Gamehost and the Deerfoot Inn & Casino Joint Venture, respectively, has an indefinite term and may be terminated upon seven days’ notice by either party without cause, or immediately by AGLC with cause.

In exchange for providing gaming services, Gamehost receives a commission from the AGLC based on 15% of the net revenue after payout to customers generated from the slot machines

VLT’s

VLT machines are free standing, electronic gaming devices that interact directly with the player through player-activated touch screen technology. Each VLT operates independently from other VLT terminals. Players insert bills directly into the machine to play and the machine pays out prizes if the player wins. VLT machines pay out a percentage of all wagers in accordance with a scale established by the AGLC. VLT machines are networked electronically to a centralized system controlled and monitored by the AGLC. The VLT machines are owned and serviced by the AGLC.

Lottery Ticket Kiosks

Lottery ticket kiosks are located at cashier windows within the Gamehost Casinos, sales of which provide commission revenues.

E-bingo Terminals

E-bingo terminals are table top, electronic gaming devices that interact directly with the player through player-activated touch screen technology. Each E-bingo terminal is linked with all other E-bingo terminals on premises in playing a common set of electronically called bingo balls. Players insert bills into a bingo kiosk to purchase credits on account. The player logs into an E-bingo terminal and applies credits from their account to purchase electronic bingo cards and the terminal pays out prizes if the player wins. E-bingo terminals pay out a percentage of all electronic card purchases in accordance with a scale established by the AGLC. E-bingo terminals are networked electronically to a centralized system controlled and monitored by the AGLC. The E-bingo terminals are owned and serviced by the AGLC.

Table Games

Table games are played at tables with a dealer. Traditional Poker, Three Card Poker, Four Card Poker, Caribbean Stud Poker, Ultimate Texas Hold’em, Blackjack, Roulette and Craps are currently offered at some or all of the Gamehost Casinos. In each of these games, the customer purchases gaming chips from the dealer for cash and wagers an amount. Depending on the outcome of the event, being a card hand, a spin of a wheel or a roll of the dice, the customer either: (i) retains the amount wagered, (ii) receives a payment in the form of additional chips, or (iii) loses the amount wagered. Outcomes of various games are based on standard industry accepted pay out scales established by the AGLC. The odds are designed to provide an advantage to the casino, other than traditional poker where the casino operator receives fees for providing dealer services.

Gamehost is responsible for all labour, facilities, marketing, administration, security services, furniture

and fixtures and certain equipment necessary for the operation of table games in the Gamehost Casinos.

In exchange for providing gaming services, Gamehost receives a commission from the AGLC based on up to 65% of the net revenue generated from the table games at the Gamehost Casinos.

Food, Beverage and Entertainment Services

In addition to gaming, the Gamehost Casinos each offer a full-service menu and beverage services, including the sale of liquor, complemented by a variety of live entertainment acts including dancers, bands, comedians, impersonators, live and pay per view sporting events and theatre groups.

Cash Machine Services

Gamehost also derives revenue from cash machines located on the premises of the Gamehost Casinos. These cash machines are owned or leased and operated by Gamehost. Gamehost receives revenue from the cash machines from user-based surcharges and fees. Credit and debit card advances are also offered at the Gamehost Casinos for a fee.

Guest Rooms

Gamehost owns and operates the Service Plus Inn that makes up part of the Grande Prairie Real Estate and owns a 91% interest in the Deerfoot Inn & Casino Joint Venture. The principal source of revenue from hotel operations is room sales including banquet room rentals. Additional revenues are also generated by pay-per-view movies, video games, telephone charges, confectionary sales and other such guest services.

Commercial Leasing Operations

Gamehost also owns and operates the Commercial Building that makes up the remaining part of the Grande Prairie Real Estate. Gamehost derives revenue from the Commercial Building through long term leases to commercial tenants.

Revenue

The following sets forth, for each of the two most recently completed financial years, Gamehost's revenue for each category of services that accounted for 15% or more of the total consolidated revenues for the applicable financial year.

Services	Year Ended December 31, 2012	Year Ended December 31, 2013
Guest Rooms (<i>including meeting rooms</i>)	\$13,044,198	\$13,339,503
<hr/>		
Gaming Operations		
<i>Table Games (including poker)</i>	\$11,385,902	\$12,160,902
<i>Slot Machines</i>	\$26,747,857	\$26,241,626
<hr/>		
Food and Beverage Operations	\$18,745,789	\$19,151,271

Regulatory Environment

Regulation of Casinos in Alberta

Gaming in Alberta is regulated and controlled by the AGLC. In connection with the adoption of the *Gaming and Liquor Amendment Act* (Alberta), the Gamehost Casinos each operate under a three-year casino facility license (“**CF License**”) issued by the AGLC. Facility operators, such as the Limited Partnership, provide their services to AGLC under a CF License. Applicants for a CF License are first subject to background checks and due diligence investigations by the AGLC, and are reviewed annually following a due diligence process mandated by the board of the AGLC. The CF Licenses held by each of the Gamehost Casinos are scheduled for renewal on June 30, 2014.

The standards and requirements to which casinos are to be operated are set out in detail in the AGLC’s “Casino Terms & Conditions and Operating Guidelines”. With respect to oversight of gaming operations in Alberta, slot machines are centrally controlled and monitored by the AGLC and revenue determined by the system is reconciled to actual cash counts. With respect to cash from table games, charity volunteers participate in all aspects of cash handling, cash counts and deposits under the purview of the AGLC. In addition, charities hire the services of independent professionals who assist the volunteers in their duties.

The AGLC is also responsible for enforcement, compliance and the screening of operators, employees and suppliers within the gaming industry. In particular, AGLC registration and/or determination of suitability may be required for any entity engaged in the gaming industry, any director, officer or key employee of any such entity, any person holding a 5% or greater interest in any such entity and all casino personnel. The AGLC investigates all applicants for registration and has the discretion to grant or refuse registration.

Obtaining Licenses for New Casinos

The AGLC is responsible for approving and licensing new casino facilities, casino expansions or major casino relocations in Alberta.

The process to consider proposals or interest in developing new casinos, major casino expansions or relocations is initiated by interested parties and managed by the AGLC. The approval process for new casino facilities consists of the following eight steps:

1. An interested group or individual expresses formal interest to develop a casino in a community.
2. The AGLC issues a notice of expressed interest for a traditional casino facility or First Nation casino facility, as the case may be, determined by the location of the community where a formal interest has been expressed to develop a casino facility. The AGLC will place an advertisement in a local newspaper advising interested parties that the AGLC will accept expressions of interest from other groups or individuals for this CF License. This process allows all interested parties in a specified market area an opportunity to make an application for a CF License in that particular area and be considered at the same time as the original applicant. The AGLC will advise all municipal and band councils in the surrounding community of the interest in the proposed casino facility.
3. The AGLC will conduct an initial assessment to determine if the responses have merit and meet basic criteria related to market demand and benefit to charitable groups. At this stage in the process, the AGLC does not require municipal land use, zoning and development approval for an expression of interest to be deemed valid. Applicants are expected to defer seeking appropriate

municipal approvals until advised in writing by the AGLC.

4. The Board of the AGLC will consider community support, or the lack thereof, as expressed through the municipal or band council and may conclude the process if in the Board's view the council does not support the concept of a new casino facility in the community. If the council is silent and there is no demonstrated opposition to the concept of a new casino in the community, the Board at its discretion may decide to continue the application process.
5. The AGLC will accept detailed proposals from applicants who have expressed interest in the development of a new casino facility in the community under consideration. The proposals must include a business plan and the applicant must demonstrate to the Commission that the proposal has taken into consideration factors that may impact the community and adjacent communities. The applicants are also required to issue a public notice of their application for a CF License. The AGLC will advise all councils in the surrounding community of any proposals received from applicants.
6. Proposals will be evaluated by a selection committee using stringent criteria and the best proposal will be selected.
7. A thorough due diligence investigation is conducted into the proponents and other key persons associated with the selected proposal.
8. If all requirements for a gaming facility are met (federal and provincial legislation, regulation, and policies, and municipal requirements, permits, licences or authorizations) the AGLC will make a recommendation to the Board respecting the issuance of a CF licence to the successful applicant.

In February of 2012, the Board of the AGLC approved a three-year moratorium on the licensing of new casino facilities with an option to extend the moratorium for an additional two years at the end of the initial three-year period. The AGLC will not accept any new applications for a CF licence during this moratorium period.

The approval process for a casino facility expansion or relocation consists of the following three steps:

1. The AGLC will conduct an initial assessment to determine whether a proposed expansion or major relocation meets basic criteria related to market demand, benefits to charitable groups, and impact on other charitable gaming activities in the community. A casino facility licensee initiates this step by providing the AGLC with a written proposal for the expansion or major relocation of an existing licensed casino facility.
2. The Board of the AGLC will consider community support, or the lack thereof, as expressed through the municipal council. The AGLC will formally notify the council that they have received a request for expansion or major relocation, and may conclude the process, if in the Board's view, the council does not support the expansion or major relocation of an existing casino facility in the community. If the council is silent and there is no demonstrated opposition to the concept of expansion or major relocation, the Board at its discretion may decide to continue the application process.
3. If all requirements for a gaming facility are met (federal and provincial legislation, regulation, and policies, and municipal requirements, permits, licenses or authorizations) the AGLC will approve or license the expansion or major relocation.

First Nations Casinos

The Alberta government's First Nations Gaming Policy requires any First Nations casino to be located on reserve land, regulated by the AGLC and operate under similar terms and conditions as off-reserve casinos.

There are two significant differences in the gaming environment created by the AGLC for First Nations casinos versus Traditional casinos. Firstly, revenue sharing agreements for First Nation casinos are far more lucrative to the operator and by extension to the balance of First Nations in the province. This affords First Nations greater capacity to promote their business potentially at the expense of Traditional casino operators. Secondly, in granting gaming licenses to First Nations, the province chose not to attach conditions that would see First Nations casinos have to comply with provincial non-smoking legislation to which Traditional Casino operators must.

Competition

There are currently 19 traditional casinos and 5 First Nation casinos operating in Alberta. There is 1 First Nations new casino application, 1 First Nations casino expansion application and 2 traditional casino expansion applications proceeding through AGLC's licensing process. Further, there are 3 racing entertainment centres (each referred to as a "REC") operating in the province of Alberta. Additionally there is one new REC application at step 5 of a 5 step process currently being considered by the AGLC. RECs may offer slot machines, but usually on a limited scale. The government of Alberta also licenses bingo operations and VLT's throughout the province. Both of these gaming options typically attract a distinct and separate market segment than that targeted by Gamehost and has little impact on the market for table games and slot machines.

Great Northern Casino

Direct competition to the Great Northern Casino in Grande Prairie includes Evergreen Park, a REC on the outskirts of Grande Prairie that offers 99 slot machines. Also, Great Northern Casino is marginally impacted by casinos operating in north-eastern British Columbia since this area's nearest 'big box' retail centre is located in Grande Prairie, meaning residents of north-east British Columbia regularly travel to Grande Prairie for shopping and other services. The travel of north-eastern British Columbia residents to Grand Prairie for shopping creates opportunities for these individuals to frequent the Great Northern Casino instead of those casinos located in north-eastern British Columbia, thereby creating indirect competition between such casinos and the Great Northern Casino. There are currently no casino license applications for Grande Prairie being processed by the AGLC.

Boomtown Casino

There is currently no other gaming competition in the Regional Municipality of Wood Buffalo. As a result of a municipal plebiscite held in the Regional Municipality of Wood Buffalo, VLT's are not permitted in the municipality, leaving slot machines at the Boomtown Casino the only electronic gaming option, other than bingo, in the community. No other CF Licenses are being considered by the AGLC in the Regional Municipality of Wood Buffalo.

Deerfoot Inn & Casino

The Deerfoot Inn & Casino is one of six casinos operating within the City of Calgary, each of which competes directly with the others. The AGLC generally tries not to license casino operations that will erode another casino's business. The Deerfoot Inn & Casino is located in the deep south-east quadrant of

the City of Calgary at a significant distance from all other casinos. A seventh casino is located on the Western edge of the City on the Tsu Tina' First Nation. This First Nations casino is approximately 11 kilometres east of the nearest casino (Cash Casino) located within Calgary's city limits and 19 kilometres north-west of the Deerfoot Inn & Casino. This First Nations casino is currently undergoing a phased expansion which has added 300 slot machines and in the near future will open a 178 room hotel and a 2,000 seat showroom. An REC application, currently at step 5 of AGLC's 5 step review process for REC's, is being considered by the AGLC. It is slated for a location just north of Calgary's city limits, at the opposite end of the city from Deerfoot Inn & Casino. The REC is slated to have 550 slot machines and off-track betting in addition to live horse racing. If the application is successful, it will have no impact on the Deerfoot Inn & Casino by virtue of its location.

A limited service hotel which services budget-conscious customers operates one block north of the Deerfoot Inn & Casino. The limited service hotel is owned by a related company in which David Will and Darcy Will hold a majority interest (for further information see "*Conflicts of Interest*"). The Deerfoot Inn & Casino benefited from the additional rooms available at this other hotel by way of higher foot traffic through the casino and eating establishments. Occupancy levels at Deerfoot Inn & Casino have not been negatively impacted as a result of the proximity of this other hotel.

Approximately 8 kilometres, or 10 minutes, north of the Deerfoot Inn & Casino is a full service hotel at the Deerfoot Meadows shopping centre. The proximity of this hotel has minimal impact on the Deerfoot Inn & Casino.

Service Plus Inn

In spite of significant additional room capacity being added in the Grande Prairie hotel market, superior location and management continue to be the Service Plus Inn's strength in maintaining a strong market position and some of the highest occupancy levels in the trading area. Located next door to Great Northern Casino, adjacent to the under construction Grande Prairie Regional Hospital, across the street from the Grande Prairie College, walking distance to big box shopping and a good selection of restaurants as well as a reasonable distance from large tracts of light industrial make it an ideal location for a solid cross-section of clientele.

Online Gambling

Gamehost faces competition from gambling conducted over the internet. Online gaming sites offer a variety of games including slot machines, roulette, poker and blackjack, which are gaming opportunities similar to those offered at actual casinos, including the Gamehost Casinos. Online gaming websites allow players to pay using online payment services and credit cards which are often not available or have limits in physical casinos. Online gaming websites are easily accessible and are unregulated in Canada. Pursuant to the *Canadian Criminal Code*, only the provinces have the authority to regulate gambling over the internet in Canada. In Canada, the British Columbia Lottery Corporation, Loto-Québec and the Atlantic Lottery Corporation have created authorized Internet Gaming sites. The Ontario Lottery launched their PlayOLG online gaming site in 2014 but games are not yet available to play on it. The United States ("U.S.") government has long considered online wagering illegal. The U.S. passed the Unlawful Internet Gambling Enforcement Act of 2006 which prohibits U.S. banks, credit card companies and other financial intermediaries from facilitating the electronic transmission of money from the U.S. to internet gambling businesses. Additionally, in the U.S., the Department of Justice has attempted to prosecute parties who accept advertising from online gambling services. The Department of Justice in late 2011 clarified its stance, paving the way for states to unilaterally legalize some forms of online gambling. The catch, however, is that the new laws apply only to people physically present in the individual states. In response, New Jersey in late February 2013 became the third state to approve online

gambling, after Nevada and Delaware. At this time, Gamehost cannot, with any degree of certainty, determine the impact, if any, of internet gambling on Gamehost's business and financial results.

Growth Strategy

The entertainment driven casino gaming model is still largely unexploited in Alberta and, more broadly, in Canada, leaving opportunity for growth. It is anticipated that public acceptance of entertainment driven casino gaming and the need of provincial governments and non-profit organizations for revenues will lead to continued but moderate growth of the industry's customer base and per capita expenditures. Gamehost will participate in the growth of casino gaming through a combined strategy of internal growth and highly scrutinized targeted acquisitions.

In terms of internal growth, it is believed that opportunities exist with respect to each of the Gamehost Casinos. Facilities have varying amounts of sufficient surplus capacity to provide for growth to levels experienced at the combined facilities high water mark achieved in 2007/2008 before the financial crisis hit. Returning to the 2007/2008 levels represents a 14% growth opportunity and this does not consider some additional capacity added to Boomtown Casino and Great Northern Casino since the financial crisis. Additional physical expansion opportunities exist at Deerfoot Inn & Casino that will be pursued when market conditions dictate.

Internal Growth by Casino

Great Northern Casino

The Grande Prairie area where Great Northern Casino is located has experienced higher than average population growth. The Great Northern Casino has expanded twice since 2003 and is currently expanding its food, beverage and entertainment areas, as well as giving the building exterior a needed face lift.

The last census information collected in 2011 reported Grande Prairie's population to be 55,032 indicating an average population growth of 2.4% since 2007. An additional 27,909 people live within 50 kms of the city in the surrounding county and nearby communities of Beaverlodge, Sexsmith and Wembley. The Grande Prairie gaming market draws on an even wider area of northern Alberta and into north-eastern British Columbia. Grande Prairie is the largest northern market centre offering a full range of shopping and services which attract people from a 200 km radius. The city's website reports that compared with the demographic profile of Canada, Grande Prairie's profile is younger and is attracting more young families. In other words, there are more people under the age of 40 living in Grande Prairie than are living in other Canadian cities. The Great Northern Casino facility is well suited to support the current and foreseeable growth in the City of Grande Prairie and surrounding area.

The Great Northern Casino is located adjacent to but separate from the Service Plus Inn by some 200 feet. This land is currently zoned road allowance with its ultimate use being dependant on access requirements to the new hospital site adjacent to the rear of both properties. The possibility of joining the two properties and providing either increased gaming space, hotel rooms or both remains unknown until eventual use of the road allowance is determined.

Boomtown Casino

A small scale renovation and relocation of the operations administrative offices allowed for an additional 30 slot machines to be installed at the Boomtown Casino in February 2013. This increased the total machine count from 420 (as at December 31, 2012) to 450. Given heavy investment in the oil sands rich area of Fort McMurray, population growth is expected to exceed national and provincial averages for the

foreseeable future.

Fort McMurray is situated in the Regional Municipality of Wood Buffalo. The community has more than doubled in size since 2000 with an average annual growth rate of 7.4%. A municipal census completed in 2012 reports the population of the city of Fort McMurray to be 76,009, a decrease of 1% from the 2010 census figure of 76,797. The entire Wood Buffalo region has a population of 119,496, an increase of 14.5% from the 2010 census figure of 104,338. The decrease in city population can be attributed to what is known in the municipality as the 'land squeeze', a shortage of land for residential and commercial development. Resource companies, with long standing rights to the bitumen resources around the current municipal boundaries are in the way of developing additional commercial and residential lands. The provincial government recently cancelled 32 leases with oil companies to allow land to be purchased for municipal development. This action will allow for the City of Fort McMurray to pursue its goals of improving the quality of life in the municipality so as to attract permanent residents. One of the objectives stated in the Municipality's strategy is to promote and support city centre redevelopment. To the extent progress is made on this initiative, the Boomtown Casino should be a beneficiary. A forecast based on information from 2009 projected the population in Fort McMurray to increase to 133,000 by 2028. A study completed by Price Waterhouse Coopers in 2012 projects five year growth for the City of Fort McMurray of 46.6 thousand residents requiring 10.7 million square feet of new office space and up to 20,000 new residential dwellings. Demographics for the area show a high concentration of adult workers in the 20 to 54 year age group, giving the Fort McMurray population an energetic and high spending makeup.

Peter Pond Mall in Fort McMurray, in which Boomtown Casino is a tenant, was purchased by H&R REIT ("H&R") in July, 2013. H&R is currently looking at options for redevelopment of the site. The Company has communicated to H&R an interest in taking additional space in any development plans.

Deerfoot Inn & Casino

The Deerfoot Inn & Casino is located in Calgary, Alberta. Civic census information indicates Calgary's growth rate for the twelve months ended April 2013 was an average 2.6%, adding 29,327 residents for a total population of 1,149,552. Some of the city's highest growth rates are to subdivisions located directly south of the Deerfoot Inn & Casino.

Based on current business levels, the gaming space available at the Deerfoot Inn & Casino is expected to satisfy demand requirements for the foreseeable future. Expansion plans have been drawn up for the casino that could see floor space added to the north of the existing gaming floor to accommodate an increase in the number of slot machines to 1,200 which already has the approval of AGLC. Expansion is on hold until demand suggests the expansion is necessary.

External Growth

In addition to pursuing internal growth opportunities, Gamehost continually assesses external growth opportunities.

Opportunities for strategic acquisitions by Gamehost exist within and outside of the province of Alberta, in both the gaming and hospitality sectors that would provide synergies with existing operations.

Seasonal Cycles

Operations of Gamehost are not overtly impacted by seasonal cycles. The most significant influence of seasonal cycles on the business of Gamehost relates to spring break-up in the energy sector. Beginning in

March/April of each year, and for a duration of six to eight weeks, ground thaw prohibits the movement of heavy equipment on provincial highways and in and out of lease sites. Spring break-up has its most profound impact in the northern half of the province. This is normally a period of high activity for the Great Northern and Boomtown Casinos while it has the opposite effect on hotel operations in Grande Prairie. The Deerfoot Inn & Casino is less affected by spring break-up.

Trends

It is anticipated that the casino gaming industry in Canada and Alberta, respectively, will continue to grow. Public acceptance of casino gaming and specifically charitable based casino gaming models like that of Alberta's will become further entrenched. It is anticipated that the growth of the industry experienced over the past 10 to 15 years will moderate, but continue over the long term based on continued population growth and a drive by games designers to create gaming devices and interactive games that have increased appeal to younger demographics.

Enhancement Based Casinos

The operation of entertainment based casinos in Alberta, while on a smaller scale than that found in Las Vegas, Nevada, for example, is a trend that is evolving. Live theatre entertainment, fine dining, connection to convention space and full service hotels with spa amenities are beginning to play a combined role with casinos. Management expects this trend to continue and intends to capitalize on it through internal and external growth.

Online Gaming

This is clearly a growing trend with laws and regulations playing catch up to an increasing number on online gaming options hosted by sites located all over the world and in Canada. Federal laws in the USA have been relaxed to allow individual state jurisdiction over access to online gaming for USA residents. Currently three US States offer online gaming. Atlantic Canada, Quebec and BC all have their own online gaming platforms, with Ontario to follow suit in 2014.

DIVIDENDS

The board of directors of Gamehost is responsible for determining the dividend policy of Gamehost from time to time. As an ABCA corporation, the dividend policy must comply with the requirements of the ABCA, including satisfying the dividend test applicable to ABCA corporations (i.e. an ABCA corporation shall not declare or pay a dividend if there are reasonable grounds for believing that (a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes).

The dividend policy adopted by the Corporation is designed to provide for 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 Corporation has retained the right to modify such dividend policy from time to time in its discretion.

The following table summarizes, for each of the three most recently completed financial years and the current year to date, the Corporation's cash dividend payments declared:

Month	Cash Dividends per Share			
	2014	2013	2012	2011
January	\$0.0733	\$0.0733	\$0.0733	\$0.0733
February	\$0.0733	\$0.0733	\$0.0733	\$0.0733
March	\$0.0733	\$0.0733	\$0.0733	\$0.0733
April	-	\$0.0733	\$0.0733	\$0.0733
May	-	\$0.0733	\$0.0733	\$0.0733
June	-	\$0.0733	\$0.0733	\$0.0733
July	-	\$0.0733	\$0.0733	\$0.0733
August	-	\$0.0733	\$0.0733	\$0.0733
September	-	\$0.0733	\$0.0733	\$0.0733
October	-	\$0.0733	\$0.0733	\$0.0733
November	-	\$0.0733	\$0.0733	\$0.0733
December	-	\$0.0733	\$0.0733	\$0.0733

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Shares without nominal or par value and an unlimited number of preferred shares issuable in series (“**Preferred Shares**”). As at December 31, 2013, there were 23,566,567 Shares and nil Preferred Shares issued and outstanding. As at February 28, 2014, there were 23,454,442 Shares and nil Preferred Shares issued and outstanding.

Shares

Holders of Shares (“**Shareholders**”) are entitled to vote at any meeting of Shareholders, receive any dividend declared by the Corporation, and receive the remaining property of the Corporation upon dissolution.

Preferred Shares

The board of directors of the Corporation may fix from time to time the number of Preferred Shares and the designation, rights, privileges, restrictions and conditions attaching thereto. The Preferred Shares of each series are entitled to preference over the Shares, and over any other shares of the Corporation ranking by their terms junior to the Preferred Shares, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Corporation, or any other return of capital or distribution of assets of the Corporation among its shareholders for the purposes of winding-up its affairs. If any cumulative dividends or amounts payable on the return of capital in respect of a series of Preferred Shares are not paid in full, all series of Preferred Shares participate rateable in respect of accumulated dividends and return of capital.

Limitations on Ownership Imposed by the AGLC

No person, or group of persons acting jointly or in concert, shall acquire, agree to acquire, hold, beneficially own or control, either directly or indirectly, Shares or Preferred Shares to which are attached, in the aggregate, more than 5% of the votes that may be ordinarily cast to appoint directors of the Corporation at a meeting of the holders of Shares and Preferred Shares (referred to in this section as a

“**Significant Interest**”), unless such parties obtain the prior written consent of, and if required, registration with, the AGLC.

Until such time as the prior written consent of the AGLC has been obtained, no person, or group of persons acting jointly or in concert, holding, acquiring or agreeing to acquire, beneficially own or control, a Significant Interest, either directly or indirectly shall:

- (a) acquire, in any manner whatsoever, any Shares or Preferred Shares or otherwise increase the holder’s Significant Interest; or
- (b) dispose, in any manner whatsoever, any portion of the Significant Interest, except where such disposition is by way of a redemption in accordance with the terms of the articles of the Corporation;

if such disposition or acquisition would result in a change of ownership of the Corporation within the meaning of the *Gaming and Liquor Act* (Alberta), and the *Gaming and Liquor Regulation* and AGLC policies promulgated thereunder.

In addition, any holder of Shares or Preferred Shares, regardless of the number of shares held by such holder, may be required to file an application, be investigated and have suitability as a holder determined if the AGLC has reason to believe such ownership would otherwise be inconsistent with its declared policies. The holder of Shares or Preferred Shares must pay all of the costs of the investigation incurred by the AGLC.

If, in the opinion of the board of directors of the Corporation, a person, or group of persons acting in concert, fails to comply with the foregoing constraints, the board of directors of the Corporation shall be entitled to take any of the following actions (each, referred to in this section as a “**Constraint Action**”):

- (a) place a stop transfer on all or any of the Shares or Preferred Shares of the person, or group of persons, the board of directors of the Corporation reasonably believes is violating such constraints;
- (b) suspend all voting and distribution rights on all or any of the Shares or Preferred Shares held by the person, or group of persons, the board of directors of the Corporation reasonable believes is violating such constraints;
- (c) apply to the Court of Queen’s Bench of Alberta or such other court of competent jurisdiction seeking an injunction to prevent a breach or continuing breach of such constraints; or
- (d) make application to the relevant securities commission, its successors or assigns or such other governmental regulatory agency having jurisdiction over the affairs of Gamehost or the Shares or Preferred Shares, or the person or group of persons, to effect a cease trading order or such similar restriction against such person or group of persons until such time as the person or group of persons complies with such constraints.

In addition, if the AGLC has determined that a holder’s ownership of Shares or Preferred Shares is inconsistent with its declared policies, the board of directors of the Corporation shall also be entitled to take one or more Constraint Actions against such holder.

6.25% Debentures

The 6.25% Debentures were issued under the trust indenture dated April 16, 2010 (the “**Trust Indenture**”) between Gamehost Income Fund (the predecessor to the Corporation) and the trustee for the 6.25% Debentures, Computershare Trust Company of Canada. Following the completion of the Conversion, and pursuant to the supplemental trust indenture dated December 31, 2010 (the “**Supplemental Trust Indenture**”), between the Corporation, Gamehost Income Fund and Computershare Trust Company of Canada, the obligations of Gamehost Income Fund regarding the 6.25% Debentures were assumed by the Corporation and the 6.25% Debentures became debentures of the Corporation.

The 6.25% Debentures have a maturity date of July 31, 2015. Each debenture is convertible into freely tradable Shares at the option of the holder of a 6.25% Debenture at any time after July 31, 2010 and prior to the close of business on July 31, 2015 or, if called for redemption by the Corporation at any time on or after August 1, 2013, on the business day immediately preceding the date specified by Gamehost for redemption of such debentures, at a conversion price of \$10.65 per Share, being a conversion rate of approximately 93.8967 Shares per \$1,000 principal amount of 6.25% Debentures, subject to adjustment in certain events. Holders of 6.25% Debentures converting their 6.25% Debentures will receive accrued and unpaid interest thereon up to but excluding the date of conversion. Notwithstanding the foregoing, no 6.25% Debentures may be converted during the five business days preceding July 31 and January 31, in each year, commencing July 31, 2010, as the registers of Computershare Trust Company of Canada will be closed during such periods.

As at December 31, 2013, \$36,098,000 million in conversions had taken place with 6.25% Debentures outstanding totalling approximately \$18,902,000 million at face value. Between January 1, 2014 and March 17, 2014, \$822,000 million in conversions at face value had taken place resulting in the issuance of 77,176 Shares. As at March 17, 2014, 6.25% Debentures outstanding totalled \$18,080,000 million.

MARKET FOR SECURITIES, TRADING PRICE AND VOLUME

Shares

The Shares trade on the TSX under the symbol “GH”. The following table sets forth the reported high and low sales prices and the trading volumes of the Shares as reported by the TSX for the periods indicated:

	Price Range		
	High	Low	Trading Volume
2013			
January	\$13.25	\$12.56	238,974
February	\$13.25	\$12.81	236,038
March	\$13.35	\$12.85	184,001
April	\$13.33	\$12.90	288,995
May	\$13.59	\$12.90	277,918
June	\$13.47	\$13.10	228,962
July	\$13.39	\$13.16	156,033
August	\$13.67	\$13.14	213,661
September	\$14.44	\$13.35	248,513
October	\$14.60	\$13.69	232,180

Price Range

	High	Low	Trading Volume
November	\$15.25	\$14.17	219,866
December	\$14.93	\$14.40	130,914
Total for the Period			2,656,055
2014			
January	\$14.92	\$14.35	323,190
February	\$14.69	\$14.40	230,003
Total for the Period			553,193

6.25% Debentures

The 6.25% Debentures trade on the TSX under the symbol "GH.DB". The following table sets forth the reported high and low sales prices and the trading volumes for the 6.25% Debentures as reported by the TSX for the periods indicated:

Price Range

	High	Low	Trading Volume
2013			
January	\$123.00	\$118.00	9,630
February	\$123.00	\$120.00	4,470
March	\$124.00	\$120.00	1,310
April	\$124.00	\$121.00	2,710
May	\$127.00	\$122.00	5,160
June	\$126.00	\$115.00	2,720
July	\$124.00	\$123.00	380
August	\$126.00	\$123.00	2,300
September	\$133.34	\$124.31	7,510
October	\$135.75	\$128.00	10,090
November	\$140.50	\$128.36	1,830
December	\$139.00	\$132.00	3,120
Total for the Period			51,230
2014			
January	\$139.00	\$133.42	4,810
February	\$136.30	\$133.75	2,490
Total for the Period			7,300

DIRECTORS AND OFFICERS

The following table and notes thereto sets forth the name, province or state and country of residence of

each director and executive officer of the Corporation, their respective positions and offices held with the Corporation and their respective principal occupations during the five preceding financial years. Directors of the Corporation will hold office until the next annual general meeting of the Shareholders unless re-elected at that meeting.

Name and Municipality of Residence	Current Office Held	Present Occupations for at least last 5 Years	Securities Beneficially Owned or Controlled
David J. Will Red Deer, Alberta Canada	Director, and President	Director and President of Gamehost, including predecessors, since 2003. Director, President and Chief Executive Officer Gamehost Management Inc. since 2003. President and Chief Executive Officer of Will Air Ltd. since December 17, 2004. President of DJ Wills Holdings Limited, a service and hospitality company operating hotels and retail leasing space, since December 20, 2005.	5,763,400 (24.6%)
Darcy J. Will Red Deer, Alberta Canada	Director, Vice President and Secretary	Director, Vice President and Secretary of Gamehost, including predecessors, since 2003. Vice President and Secretary of Gamehost Management Inc. since 2003. Vice President and Secretary of Will Air Ltd. since December 17, 2004. President of Winner's Gaming Inc., a private gaming and entertainment company, and its predecessors, since 1990.	3,346,400 (14.3%)
James McPherson ⁽¹⁾⁽²⁾ Red Deer, Alberta Canada	Director	A director of Gamehost, including its predecessors, since April 10, 2003. Senior partner in MLA Benefits Inc., an estate and financial planning business since 1978. An independent Licensed Life Insurance Broker since June 2, 1969. A member of the Board of Governors for the Alberta Motor Vehicle Association from 1989 to June 2012. A member of the Alberta Legislative Assembly in Red Deer from 1982 to 1986.	314,956 (1.3%)
Timothy J. Sebastian ⁽²⁾ Calgary, Alberta Canada	Director	A director of Gamehost, including its predecessors, since July 22, 2004. Vice President of Corporate Development and General Counsel of Western Energy Services Corp., an oil and gas services company, since May 2013. Vice President of Corporate Development, General Counsel and Corporate Secretary for IROC Energy Services Corp., an oil and gas services company, from January 2008 until May 2013. Counsel with McCarthy Tétrault LLP, a law firm, from March 2006 to January 2008.	2,000 (less than 1%)
Jerry Van Someren ⁽¹⁾⁽²⁾ Red Deer, Alberta Canada	Director	A director of Gamehost, including its predecessors, since August 4, 2005. Vice President, Business Operations of the Red Deer Rebels	300 (less than 1%)

Name and Municipality of Residence	Current Office Held	Present Occupations for at least last 5 Years	Securities Beneficially Owned or Controlled
		Hockey Club from 2006 to 2011. President, 536026 Alberta Ltd., a private corporation providing business consulting services since 2004. Chief Financial Officer, Eagle Builders Group, precast concrete specialist companies, since May 2012.	
Peter L. Miles ⁽¹⁾ Vancouver, BC Canada	Director	A director of Gamehost, including its predecessors, since May 17, 2006. A director of Western Potash Corp., a potash mining company since April 2011. President and Chief Executive Officer of Sanatana Diamonds Inc., a diamond exploration and development company since 2006.	nil (nil%)
Craig Thomas Red Deer, Alberta Canada	Chief Financial Officer	Chief Financial Officer for Gamehost, including its predecessors, since November 2004, and was a controller of Gamehost from September 2003 to his appointment as Chief Financial Officer.	27,750 (less than 1%)
Elston Noren Lethbridge, Alberta Canada	Chief Operating Officer	President, a joint venture partner and operational manager of 1717317 Alberta Ltd o/a Best Western Plus, Service Inn and Suites Lethbridge, since January 2013. President of 1508956 Alberta Ltd., a management services company, providing services to Gamehost as a Chief Operations Officer, since December 2009. A joint venture partner, co-creator and co-operational manager for 13119902 Alberta Ltd. o/a Service Plus Inns & Suites – Calgary, since April 2009. A joint venture partner and operational manager for Grande Gaming Inc. a gaming entertainment operator since 2005. President of 669293 Alberta Ltd., a management services company, since November 1995. Partner and operations manager for Winners Gaming Inc., a gaming entertainment company since 1989.	858,145 (3.7%)

Notes:

- (1) Member of the Audit Committee.
- (2) Member of Joint Compensation and Governance Committee.

As at February 28, 2014, the directors and executive officers listed above, as a group, beneficially owned, or controlled or directed, directly or indirectly, 10,312,951 Shares (44.0%) of the outstanding Shares).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the best of the knowledge of management of the Corporation, except as set out below, no person or company who is a director or executive officer of the Corporation:

- (a) is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial

officer of any company (including the Corporation) that,

- (i) was subject to an order (as defined below) that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after that person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

For the purposes of (a) above, “**order**” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

A subsidiary of Gamehost Income Fund (the predecessor to the Corporation), Calgary West Hospitality Inc., voluntarily turned over the assets and operations of a casino located on the Calgary Stampede and Exhibition Grounds to a court appointed receiver in August of 2009. David J Will, a director and President of the Corporation, and Darcy J. Will, a director and Vice President and Secretary of the Corporation, were each directors of that subsidiary at the time the court appointed receiver took control of the assets and operations of that casino. Further, David J. Will was President and Chief Executive Officer of that subsidiary and Darcy J. Will was Vice President and Secretary of that subsidiary at that same time. To the best of the knowledge of David J. Will and Darcy J. Will, the appointed receiver subsequently sold the assets and operations of that casino and it continues to operate as a going concern.

CONFLICTS OF INTEREST

Shareholders will be dependent upon the directors and officers of the Corporation for the administration of Gamehost. The directors of Gamehost own a large number of Shares. Certain of the directors and officers of the Corporation have interests in and are engaged, and will continue to be engaged, in other entities operating in the gaming and hospitality industry and may make additional investments or dispose of investments and situations may arise where such directors and officers will be in competition with

Gamehost. Certain of the directors and officers of the Corporation have interests in and are engaged, and will continue to be engaged, in other entities providing services to Gamehost. These services are not, however, considered to be materially significant.

David Will, Darcy Will and Elston Noren hold a majority interest in a limited service hotel located one block north of the Deerfoot Inn and Casino. An entity beneficially owned and controlled by David Will and Darcy Will (WAL) provides management services to the Deerfoot Inn & Casino Joint Venture. An entity beneficially owned and controlled by Elston Noren (1508956 Alberta Ltd.) provides operational management services to Gamehost. For further information see “*Interest of Management and Others in Material Transactions*” and “*Competition – Deerfoot Inn & Casino*”.

The ABCA contains “conflict of interest” provisions that serve to protect Shareholders by requiring each director and officer of the Corporation to disclose to the Corporation any interest in a material contract or transaction or proposed material contract or transaction with Gamehost or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with Gamehost. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the board of directors of the Corporation, the director or officer is required to disclose in writing to the Corporation or request to have entered into the minutes of the meeting of the board of directors the nature and extent of his or her interest forthwith after the director or officer becomes aware of the contract or transaction or proposed contract or transaction. In any case, a director or officer who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration as a director, officer, employee or agent of Gamehost or one for indemnity under the provisions of the ABCA or liability insurance.

In the case of subsidiary corporations, the governing statutes contain similar “conflict of interest” provisions to those described in the preceding paragraph and the directors and executive officers of the subsidiaries of the Corporation are legally obligated to comply with such provisions.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth in the paragraphs below, no person or company who is a director or executive officer of the Corporation, or a trustee, director or executive officer of a subsidiary of the Corporation, or a person or company that is the direct or indirect owner of, or who exercises control or direction over, more than 10% of the outstanding Shares, or an associate or affiliate of any of the aforementioned persons or companies, has had any material interest in any transaction with either the Corporation or any subsidiary or the Corporation within the three most recently completed financial years of the Corporation or any predecessor of the Corporation, as applicable, or during the current financial year of the Corporation, that has or will materially affect Gamehost.

On June 1, 2003, the Limited Partnership entered into a management services agreement (the “**Management Services Agreement**”) with GMI, which agreement was amended and restated as of May 1, 2010, whereby GMI agreed to assume responsibility for all aspects of the Business (as defined below) to the extent that the activities or actions, or both, related thereto are not in conflict with the terms and conditions of the Limited Partnership Agreement of the Limited Partnership. For the purposes of this paragraph, “**Business**” means all of the businesses and all of the assets related thereto acquired by, constructed by, or transferred directly and indirectly to the Limited Partnership from time to time. For the purposes of this Annual Information Form, the Business of the Limited Partnership shall also be deemed to include the business of the Corporation and any and all other entities consolidated from time to time for

purposes of the Corporation's financial reporting. For services rendered by GMI under the Management Services Agreement, the Limited Partnership will pay to GMI a fee equal to 1.5% of the gross operating profit of the Limited Partnership. GMI is a related party of the Corporation in that GMI is owned and controlled by David Will, a director and the President of the Corporation, and Darcy Will, a director and the Vice President and Secretary of the Corporation.

On January 1, 2007, a subsidiary of the Corporation entered into a verbal agreement for operational management services (the "**Operational Management Agreement**") with 1508956 Alberta Ltd., which agreement has been renewed verbally on an annual basis for successive one year terms. The operations manager, 1508956 Alberta Ltd., is a related party of the Corporation in that it is owned and controlled by Elston Noren, the acting Chief Operating Officer of the Corporation. Elston Noren is also the sole director and an officer of 1508956 Alberta Ltd. Pursuant to the terms of the Operational Management Agreement, 1508956 Alberta Ltd. receives compensation equal to \$17,700 per month for services rendered thereunder. The original terms and conditions of the Operational Management Agreement continue to apply during each renewal term, except for the fees to be paid thereunder, which are re-negotiated at the time of each renewal, and from time to time as deemed necessary by the parties thereto. Gamehost is currently in the process of re-negotiating and finalizing a written Operational Management Agreement.

On November 22, 2010, Gamehost, through the Deerfoot Inn & Casino Joint Venture, entered into a management services agreement (the "**Deerfoot Management Services Agreement**"), as amended from time to time, between the Deerfoot Inn & Casino Inc. and WAL, an entity beneficially owned and controlled by David Will and Darcy Will. This new agreement follows the termination of an earlier agreement with a related party (1016312 Alberta Ltd.) and contains essentially the same terms and conditions as the earlier agreement, including entitling WAL to 1.5% of the gross revenues plus 2.0% EBITDA of the Deerfoot Inn & Casino. For further information see "*Description of the Business – Deerfoot Inn & Casino, Calgary, Alberta*".

On May 1, 2012, the Limited Partnership entered into a lease agreement for head office space (the "**Head Office Agreement**"), with Darcy Co Holdings Ltd., an entity beneficially owned and controlled by Darcy Will. This agreement follows the expiry of a previous third party lease and physical move to newly constructed space in 2012. Lease rates are at commercial fair value.

LEGAL PROCEEDINGS OR REGULATORY ACTIONS

From time to time Gamehost is subject to claims and lawsuits arising in the ordinary course of operations. In the opinion of management of Gamehost, the ultimate resolution of such currently pending legal proceedings will not have a material adverse effect on Gamehost's financial position.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of Gamehost is Computershare Trust Company of Canada at their office in Calgary, Alberta at 600, 530 - 8th Avenue S.W. T2P 3S8.

MATERIAL CONTRACTS

Other than as set out in the list below, there are no contracts, other than contracts entered into in the ordinary course of business, that are material to Gamehost, that were entered into within the current financial year of Gamehost, or within or before the most recently completed financial year of Gamehost but that are still in effect:

1. The Trust Indenture governing the 6.25% Debentures dated April 16, 2010. See “*Description of Capital Structure – 6.25% Debentures*”.
2. The Supplemental Trust Indenture governing the 6.25% Debentures dated December 31, 2010. See “*Description of Capital Structure – 6.25% Debentures*”.
3. The Limited Partnership Agreement of the Limited Partnership dated May 23, 2003 and amended as of December 31, 2010. The Limited Partnership, as subsidiary of the Corporation, is authorized to issue an unlimited number of Class A units of the Limited Partnership and an unlimited number of Class B Units. As at the date hereof, 100% of the Limited Partnership interest is held by the Corporation. See “*Corporate Structure – Inter-corporate Relationships*”.
4. The Management Services Agreement effective June 1, 2003, as amended and restated as of May 1, 2010, and as may be further amended from time to time between the Limited Partnership and GMI by which the Limited Partnership engaged GMI to provide management services to the Limited Partnership. See “*Interests of Management and Others in Material Transactions*”.
5. The Deerfoot Management Services Agreement effective November 22, 2010, as may be amended from time to time between Deerfoot Inn & Casino and WAL by which the Deerfoot Inn & Casino engaged WAL to provide management services to the Deerfoot Inn & Casino. See “*Interests of Management and Others in Material Transactions.*”
6. The Operational Management Agreement effective January 1, 2007, renewed annually for successive one year terms and re-negotiated at the time of each renewal, and from time to time as deemed necessary by the parties thereto, between a subsidiary of the Corporation and 1508956 Alberta Ltd., by which the subsidiary engaged 1508956 Alberta Ltd. to provide management services to the Corporation. See “*Interests of Management and Others in Material Transactions*”.
7. Casino Facility Licenses effective July 1, 2011 for each of Deerfoot Inn & Casino Inc., Boomtown Casino and Great Northern Casino, by which each casino is authorized to operate their premises for the purposes of conducting licensed casino events in accordance with the provisions of the Gaming and Liquor Act, the Gaming and Liquor Regulations, AGLC Policies and all other conditions prescribed by the Board of the AGLC.

INTERESTS OF EXPERTS

Gamehost’s auditor, Heywood Holmes and Partners LLP, is independent in accordance with the Rules of Professional Conduct of the Institute of Accountants of Alberta as of March 10, 2014, being the date of their audit report on the financial statements for the most recently completed financial year of Gamehost.

AUDIT COMMITTEE

General

Gamehost has established an audit committee (the “**Audit Committee**”) comprised of three members: Jerry Van Someren, James McPherson and Peter Miles, each of whom is considered “independent” and “financially literate” within the meaning of Multilateral Instrument 52-110 – Audit Committees.

Mandate of the Audit Committee

The mandate of the Audit Committee is to assist the board of directors of Gamehost in its oversight of the integrity of the financial and related information of Gamehost, including the financial statements, internal

controls and procedures for financial reporting and the processes for monitoring compliance with legal and regulatory requirements. In doing so, the Audit Committee oversees the audit efforts of Gamehost's external auditors and, in that regard, is empowered to take such actions as it may deem necessary to satisfy itself that the external auditors are independent of Gamehost. It is the objective of the Audit Committee to have direct, open and frank communications throughout the year with management, chairmen of other committees of the board of directors of Gamehost, the external auditors, and other key committee advisors or Gamehost employees, as applicable.

The Audit Committee's function is oversight. Management of the Corporation is responsible for the preparation, presentation and integrity of the financial statements of Gamehost. Management is responsible for maintaining appropriate accounting and financial reporting principles and policy and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations.

While the Audit Committee has the responsibilities and powers set forth above, it is not the duty of the Audit Committee to plan or conduct audits or to determine whether the financial statements of Gamehost are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the external auditors, on whom the members of the Audit Committee are entitled to rely upon in good faith. The Audit Committee Charter is attached hereto as Appendix A.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the board of directors.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services. The policies and procedures adopted outline the list of non-permitted services and permitted services which require the pre-approval of the Audit Committee, as well as the pre-approval procedures to be followed prior to engagement in addition to reporting requirements from management to ensure compliance with the policy.

Reliance on Exemptions in NI 52-110

The Corporation is relying on the exemption contained in section 2.4 (*De Minimis Non-Audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Corporation's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Corporation, are not recognized as non-audit services at the time of engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit). Since the commencement of the Corporation's most recently completed financial year ended December 31, 2013, the Corporation has not relied on an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

Relevant Education and Experience of Audit Committee Members

The following is a brief summary of the education and/or experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by Gamehost to prepare annual and interim financial statements.

Name of Audit Committee Member**Relevant Education and Experience**

Jerry Van Someren

CA, Bachelor of Commerce Degree from the University of Alberta. Currently Chief Financial Officer of the Eagle Builders Group. Former Partner with Collins Barrow Chartered Accountants. Former Vice President, Business Operations and WHL League Governor for the Red Deer Rebels Hockey Club.

James R. McPherson

CFP, CLU, ChFC. Partner in MLA Benefits Inc.. 44 years' experience in Employee Benefit Consulting, Business Succession Planning and Estate & Financial Consulting.

Peter Miles

B.Comm from the University of British Columbia. 20 years' experience in investment banking and retail stock brokerage. Former Vice President of Midland Doherty Inc., Dean Witter Reynolds and CIBC World Markets. Founder, President and Chief Executive Officer of Sanatana Resources Inc. Director of Western Potash Corp.

Gamehost has adopted formal policies and procedures for the engagement of non-audit services. See *“Mandate of the Audit Committee – Pre-Approval Policies and Procedures”*. In practise, Gamehost has not engaged its auditors for non-audit services of a material nature.

External Auditor Services Fees

The following chart sets out the fees billed by Gamehost’s external auditors, Heywood Holmes and Partners LLP, for the years ended December 31, 2012 and 2013:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
December 31, 2012	\$121,013	\$35,420	\$52,620	\$7,500
December 31, 2013 (estimate)	\$138,900	\$18,000	\$22,500	\$44,100

Notes:

- (1) The aggregate fees billed for audit services.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Gamehost’s financial statements and are not disclosed in the ‘Audit Fees’ column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns. These include, but are not limited to review engagement fees for Gamehost’s interim reporting periods.

RISK FACTORS

An investment in securities of Gamehost involves a number of risks and uncertainties. This section describes the general material risks that management of Gamehost believes may impact security holders and/or Gamehost. If any of the following risks actually occur, Gamehost’s business, results of operations and financial conditions, and the amount of cash available for distribution to Shareholders as dividends,

could suffer. Further, the risks described below are not the only risks that Gamehost and its security holders may face. Additional risks not currently known to Gamehost's management or that are currently considered immaterial also may have a negative impact on Gamehost and its security holders.

Risks Relating to the Shares

Ability to Pay Dividends

The ability of Gamehost to pay dividends and the actual amount of such dividends will be dependent upon, among other things, the performance of the Gamehost Casinos, its working capital requirements, its future capital requirements, its debt covenants and obligations and its ability to refinance its debt obligations on similar terms and at similar interest rates. Dividend payments may be reviewed and adjusted from time to time by the board of directors of the Corporation to reflect current business conditions. The Shares are not a source of guaranteed income and Shareholders should be aware that they bear the risk that the frequency and amounts of dividends may fluctuate or be interrupted.

It is important for a person making an investment in securities of Gamehost to consider the particular risk factors that may affect both Gamehost and the industry in which Gamehost and its subsidiaries operate. See other risk factors set out in this section which describes Gamehost's assessment of those risk factors, as well as potential consequences to a security holder if a risk should occur.

The Corporation May Issue Additional Shares Diluting Existing Shareholders' Interests

The articles of the Corporation authorize the Corporation to issue an unlimited number of Shares. The Corporation may issue additional Shares to raise funds. The Corporation cannot predict the number of Shares it may issue, or the effect, if any, that an issue will have on the market price of the Shares. However, additional Shares issued by the Corporation may be dilutive to Shareholders and such dilution could be significant.

Ability to Issue Preferred Shares

The articles of the Corporation authorize the Corporation to issue from time to time in one or more series an unlimited number of Preferred Shares. The Corporation may issue one or more series of Preferred Shares to raise funds. The Corporation cannot predict the number of Preferred Shares it may issue, or the effect, if any, that an issue will have on the market price of the Shares.

Control of Shares by Management

As at February 28, 2014, the directors and executive officers of Gamehost collectively held Shares representing approximately 44.0% of the total number of outstanding Shares. If the directors and executive officers of Gamehost sell substantial amounts of Shares in the public market, the market price of the Shares could fall. The perception among the public that these sales will occur could also produce such an effect.

As a result of their ownership interest in the Corporation, the directors and executive officers of Gamehost may be able to exert significant influence over matters that are to be determined by votes of the Shareholders. The timing and receipt of any takeover or control premium by Shareholders could depend on the determination of the directors and executive officers of Gamehost as to when to sell Shares. This could delay or prevent a change of control that would be attractive to, and provide liquidity for, Shareholders and could limit the price that investors are willing to pay in the future for Shares.

Price Volatility of Shares

In recent years, the securities markets in Canada and the U.S. have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance continual fluctuations in price will not occur. Gamehost believes any quoted market for the Shares will, to a certain degree, be subject to market trends generally, notwithstanding the success of the Corporation in creating revenues, cash flows or earnings. The value of the Shares will be affected by such volatility.

Structural Subordination of the Shares

In the event of a bankruptcy, liquidation or reorganization of the Corporation or its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the Corporation or its subsidiaries before any assets are made available for distribution to the Corporation and/or its shareholders. The Shares will be effectively subordinated to most of the indebtedness and other liabilities of the Corporation and its subsidiaries. Neither the Corporation nor its subsidiaries will be limited in their ability to incur secured or unsecured indebtedness.

Risks Relating to the 6.25% Debentures

Credit Risk and Prior Ranking Indebtedness

The likelihood that the purchasers of 6.25% Debentures will receive payments owing to them under the terms of such debentures will depend on the financial health of the Corporation and its creditworthiness. In addition, the 6.25% Debentures are unsecured obligations of the Corporation and are subordinate in right of payment to all of the Corporation's existing and future senior indebtedness. Therefore, if the Corporation becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the Corporation's assets will be available to pay its obligations with respect to the 6.25% Debentures only after it has paid all of its senior indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the 6.25% Debentures then outstanding. The 6.25% Debentures are also effectively and structurally subordinate to claims of creditors (including trade creditors) of the Corporation's subsidiaries. Neither the articles of amendment of the Corporation nor the Trust Indenture (as amended by the Supplemental Trust Indenture) prohibit or limit the ability of the Corporation or its subsidiaries to incur additional debt or liabilities (including senior indebtedness). Neither the articles of amendment of the Corporation nor the Trust Indenture (as amended by the Supplemental Trust Indenture) contain any provision specifically intended to protect holders of 6.25% Debentures in the event of a future leveraged transaction involving the Corporation.

Market Value Fluctuation

Prevailing interest rates will affect the market value of the 6.25% Debentures, as they carry a fixed interest rate. Assuming all other factors remain unchanged, the market value of the 6.25% Debentures, which carry a fixed interest rate, will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

Prevailing Yields on Similar Securities

Prevailing yield on similar securities will affect the market value of the 6.25% Debentures. Assuming all other factors remain unchanged, the market value of the 6.25% Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Conversion Following Certain Transactions

In the case of certain transactions, each 6.25% Debenture will become convertible into the securities, cash or property receivable by a holder of Shares in the kind and amount of securities, cash or property into which the 6.25% Debenture was convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the 6.25% Debentures in the future. For example, if the Corporation were acquired in a cash merger, each 6.25% Debenture would become convertible solely into cash and would no longer be convertible into Shares whose value would vary depending on the Corporation's future prospects and other factors.

Redemption Prior to Maturity

The 6.25% Debentures may be redeemed, at the option of the Corporation, at any time and from time to time on or after August 1, 2013, at the redemption price equal to their principal amount plus accrued and unpaid interest. Holders of 6.25% Debentures should assume that this redemption option will be exercised if the Corporation is able to refinance at a lower interest rate or it is otherwise in the best interest of the Corporation to redeem the 6.25% Debentures.

Inability to Fund Purchase of 6.25% Debentures

The Corporation is required to offer to purchase all outstanding 6.25% Debentures upon the occurrence of a change of control. However, it is possible that following a change of control the Corporation will not have sufficient funds to make the required purchase of outstanding 6.25% Debentures at that time or that restrictions contained in other indebtedness will restrict those purchases.

Risks Related to the Business of Gamehost

Casino Licenses for the Current Casinos

Each of the Gamehost Casinos can only be operated under licenses granted by the AGLC.

Currently, the CF Licenses issued to each of the Gamehost Casinos by the AGLC are for a period of three years and are generally reissued at the end of that period following approval by the board of the AGLC. Each of the CF Licenses currently issued to the Gamehost Casinos are scheduled for renewal on June 30, 2014. There can be no guarantee that the licenses under which any of the Gamehost Casinos operate will be reissued by the AGLC in the future or, if reissued, will be on the same or as favourable terms as the existing licenses.

In casinos operating slot machines, such as the Gamehost Casinos, the operator must enter into a CGT Agreement with the AGLC. The CGT Agreement relates to the operation of slot machines and contains covenants of each licensee. The CGT Agreement has an indefinite term and may be terminated upon seven days' notice by either party without cause or immediately by the AGLC with cause.

If Gamehost has any problem with obtaining and keeping licenses to operate any of the Gamehost Casinos, or with keeping the CGT Agreement in good standing, such event or events would have a material adverse effect on Gamehost in that it would eliminate Gamehost's ability to do business at one or all of the Gamehost Casinos.

Casino Licenses for New Casinos

Any new casino to be developed by Gamehost in Alberta will require a license from the AGLC or, in

provinces other than Alberta, from the applicable regulatory body. The process for obtaining a new license is complex and there is intense competition for new licenses. There can be no guarantee that the AGLC or any other applicable regulatory body will grant a new license for any new casino that Gamehost might propose to develop in the future. Failure to get these licenses would potentially limit the growth of Gamehost.

In February of 2012 the Board of the AGLC approved a three-year moratorium on the licensing of new casino facilities, with an option to extend the moratorium for an additional two years at the end of the initial three-year period. The AGLC will not accept any new applications for a CF licence during this moratorium period.

AGLC Regulation

The casino gaming industry in Alberta is highly regulated by the AGLC. Such regulation can restrict the manner in which Gamehost may carry on its business or add to the cost of doing business. Gamehost has no control over the slot machines it offers in its casinos or over the percentage of payment it will receive out of the net revenue generated from the gaming activities conducted within its casinos. Failure of Gamehost to comply with applicable gaming regulations could jeopardize its ability to maintain and obtain the necessary casino licenses and future gaming licenses. Also, there is no assurance that current regulations concerning the gaming industry will not adversely change in the future.

Revenue Sharing

The provincial government, through the AGLC, sets revenue sharing agreements between charities, facility operators and governments. There can be no assurance that these revenue sharing agreements will not change.

Laws

There can be no assurance that governments will not pass legislation which will have a material adverse effect on gaming operations. While the Cities of Grande Prairie, Fort McMurray and Calgary currently allow the operations at the Great Northern Casino, the Boomtown Casino and the Deerfoot Inn & Casino, respectively, there can be no assurance that the municipal governments will not enact by-laws restricting the operations at these facilities in the future. Also, the Alberta provincial government or the Canadian federal government (the “**Federal Government**”) could make new laws or change existing laws concerning gaming in a way that would not be favourable to the gaming operations carried on by Gamehost at its casinos. Such new laws or changes to existing laws could materially adversely affect the results and financial condition of Gamehost.

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.

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.

Special interest groups routinely lobby government on a host of matters. Gaming is a subject of high 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

The Great Northern Casino and the Boomtown Casino are currently the only casinos in the Cities of Grande Prairie and Fort McMurray, respectively, meaning they are not currently in direct competition with other casinos. The Deerfoot Inn & Casino, however, is located in the City of Calgary where there are a number of other casinos with whom the Deerfoot Inn & Casino is in direct competition. Further, additional licenses to operate casinos in Calgary, and any of the other cities where the Gamehost Casinos are operated, may be granted in the future. An increased level of competition could adversely affect Gamehost's results and financial condition.

Gamehost also competes with online gambling sites which offer same or similar gaming services and opportunities as Gamehost. Online competition could negatively affect Gamehost's ability to grow or sustain its current revenue and profit levels in the future. See "*Description of the Business – Competition*".

General Economy

Continued recovery from the recent global recession is the most significant risk to short term profitability. While statistics support the view that the recession has ended in Canada there is a lingering impact on consumer confidence that will only improve slowly. Gamehost depends on highly discretionary consumer spending and the lasting effects of recent economic conditions on consumer spending cannot be estimated with certainty at this point in time. A key economic indicator for Gamehost is cash played on slot machines. Results indicate that the market has ended its decline and fragile growth is returning.

Dependence on Oil and Gas Industry

The Service Plus Inn in Grande Prairie currently generates approximately 40% of its business from the oil and gas industry. As a result, Gamehost is susceptible to changes in the general economic conditions in this sector. A significant decline in the general oil and gas production could affect Service Plus Inn's business and, subsequently, Gamehost's results and profit levels. Declines in this industry could be triggered by a number of events, including a decline in commodity prices for oil and gas, technological changes, regulatory changes, and other changes in industry and worldwide economic and political conditions.

Management of Capital Projects

Returns on investment, dividends and profitability are dependent on the effective management of Gamehost's various capital projects. Gamehost's program of capital expenditures faces risk that financial and managerial resources may be insufficient to properly manage capital projects. In the event that Gamehost is unable to effectively manage its direct costs of construction and third party procurement for construction returns on investment, dividends and profitability will suffer.

Future Capital Requirements

Gamehost may need to raise funds in the future through public or private financing in order to achieve objectives or act on opportunities as they present themselves. There can be no assurance that additional financing will be available in the future when needed or on terms favourable to Gamehost. The inability to access financing to support future growth opportunities could limit Gamehost's future growth and have a material adverse impact on Gamehost's liquidity position, including its ability to pay obligations as they come due.

Ability to Add Slot Machines

Municipalities currently have the right to prohibit the addition of new slot machines within their boundaries. Municipalities, through land use bylaws, could impede or block possible expansions for reasons of inadequate parking, traffic congestion or other such arguments of existing operations but not acquisition opportunities for Gamehost.

Failure to Realize on Anticipated Benefits from Acquisitions

Achieving the benefits of business acquisitions depends, in part, on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner. Failure to successfully complete and integrate acquisitions in the future may have an adverse effect on Gamehost's earnings.

Indebtedness

There are risks related to indebtedness. The majority of Gamehost's debt includes a demand clause from the lender. The majority of Gamehost's debt, including debt facilities through its subsidiaries and joint venture, is exposed to fluctuations in variable prime lending rates at Gamehost's lending institutions. Gamehost carries low levels of debt in comparison to its industry peers.

Debt Covenants

The Corporation has a demand facility secured by a collateral mortgage first charge on Gamehost's Grande Prairie Real Estate assets and lease agreement in Fort McMurray. Gamehost is making scheduled principal plus interest payments on a \$13.2 million portion of the loan over an amortization period of 10 years. The remaining portion of \$9.0 million is available on an on-demand revolving basis with interest only payments. The Corporation is 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. As at February 28, 2014 \$3.9 million is drawn. The Corporation must maintain certain cash flow coverage and debt to tangible net worth ratios.

The Deerfoot Inn & Casino Joint Venture has a demand loan secured by its land and buildings. The Deerfoot is 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 Deerfoot is making blended monthly principal and interest payments on the loan amortized over 15 years. The Corporation must maintain certain cash flow coverage and debt to tangible net worth ratios.

Gamehost has a 91% participating interest responsibility in the debt facilities of the Deerfoot Inn & Casino Joint Venture. The Deerfoot Inn & Casino Joint Venture has a loan secured by its land and building which is structured in two segments. The Deerfoot Inn & Casino Joint Venture loan is subject to the joint venture meeting certain financial covenants.

If the Corporation or any of its subsidiaries or joint ventures breaches standard or stated financial ratio

covenants, Gamehost could be required to pay back outstanding loans on demand together with interest and any prepayment penalties.

Interest Rate Risk

Gamehost's interest rate risk arises primarily from its variable rate debt in the aggregate amount of \$19.8 million as of December 31, 2013. Gamehost 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 unfavorable impact on earnings of \$0.2 million or \$0.01/common share on an annualized basis.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers. Gamehost's day to day commercial banking is primarily with an AAA rated Canadian financial institution, however, day to day commercial banking is not concentrated with a single financial institution. Gamehost, in the normal course of operations, monitors the financial condition of its customers. Gamehost 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. Gamehost does not currently carry an allowance for doubtful accounts. Carrying amounts of accounts receivable are reduced by direct write-off to earnings in the period of loss recognition. At the end of the 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. Gamehost's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet ongoing liquidity requirements. Gamehost achieves this by maintaining a conservative dividend policy.

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

The maturity date on Gamehost's term debt is the earlier of the date the loan is paid out and February 2017. The maturity date on the Deerfoot Inn & Casino Joint Venture term debt is the earlier of the date the loan is paid out and January 2021. The maturity date on Gamehost's debentures is the earlier of the holder's election to convert, Gamehost's call for redemption or the final maturity date of the debentures on July 31, 2015. The current dividend rate results in a 32% increase to cash payments over the interest liability on debentures.

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. Gamehost's internal working capital requirements typically exceed that of MCNWCP.

As at February 28, 2014, Gamehost had \$18.1 million aggregate principal amount of 6.25% Debentures outstanding. Interest payments are made semi-annually on July 31 and January 31 of each year. Conversions of 6.25% Debentures to Shares of the Corporation would result in an increase in the frequency and amount of aggregate annual cash distributions by way of combined Debentures and Shares

if Gamehost were to maintain its current dividend policy.

Changes in Tax Laws

Changes in tax and other laws may adversely affect Shareholders. Income tax laws may in the future be changed or interpreted in a manner that adversely affects Gamehost and its Shareholders. Tax authorities having jurisdiction over Gamehost or its Shareholders may disagree with the manner in which Gamehost calculates its income for tax purposes or could change their administrative practices to Gamehost's detriment or the detriment of the Shareholders.

Key Personnel

The success of Gamehost and its affiliates will depend upon the abilities, expertise and knowledge of its senior management, including their ability to retain and attract other management staff. While certain members of senior management have entered into employment arrangements, the loss of any key personnel could have a material adverse effect on the operations of Gamehost and its affiliates.

Workforce Availability

The gaming and hotel industries are very labour intensive. The success of Gamehost will depend in part on its ability to attract and retain qualified, well-trained, experienced employees at competitive rates. There are currently no unionized employees at the Gamehost Casinos. However, there are no assurances that unionization of Gamehost Casino employees may not happen in the future. If unionization does occur, it may result in increased labour costs to Gamehost and reduced flexibility, thereby creating the potential to have an adverse impact on Gamehost. Further, Gamehost needs to attract and retain quality employees, or its long-term success and ability to take advantage of growth opportunities could be threatened.

Opposition to the Gaming Industry

With the expansion of gaming in North America, gaming has become a more mainstream form of acceptable entertainment. There are, however, some protest groups, newspaper columnists and others who have vocally denounced gaming in general or specifically with regard to gaming activities such as VLTs and slot machines. Vocal opposition to government plans to expand gaming can have an impact on a government's political willingness to introduce and pursue any such plans. Also, a negative public perception of gaming within any demographic area decreases the likelihood that a new casino can be successfully established in that area or that an existing casino will be financially viable. Such perceptions could have a negative impact on Gamehost's results and financial condition.

ADDITIONAL INFORMATION

Additional information concerning the Corporation is available on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the management information circular of the Company for its most recent annual meeting of Shareholders which involved the election of directors.

Additional financial information is provided in the Corporation's consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2013.

APPENDIX A

AUDIT COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Gamehost Inc. (the “**Company**”) is to:

- Assist the Board in fulfilling its responsibility to oversee the Company’s accounting and financial reporting processes and the audits of the Company’s financial statements and management discussion and analysis (“**MD&A**”);
- Review the financial reports and other financial information provided by the Company, the Company’s disclosure controls and procedures, and its internal accounting and financial controls;
- Assume direct responsibility for the appointment, compensation, retention (and where appropriate, replacement), and oversight of the work of the outside auditor in preparing or issuing an audit report or related work;
- Oversee the independence of the outside auditor and approve all auditing services and permitted non-audit services provided by the outside auditor;
- Receive direct reports from the outside auditor and resolve any disagreements between management and the outside auditor regarding financial reporting;
- Review risk management with management and the outside auditor, as well as any proposed changes in major accounting policies and the presentation and impact of significant risks and uncertainties; and
- Carry out the specific responsibilities set forth below in furtherance of this stated purpose.

Committee Membership and Procedures

The Committee shall consist of at least three directors and may from time to time be comprised of the entire Board. The Board shall appoint the members of the Committee. Every member of the Committee must be a director of the Company. The Board shall appoint one member of the Committee to be the Chair of the Committee.

Except for such times as when the entire Board assumes the responsibilities of the Committee and in circumstances where there is an exemption from the following requirement available to the Company in Multilateral Instrument 52-110 entitled “Audit Committees” (“**MI 52-110**”), each director appointed to the Committee by the Board shall be “independent” (as such term is defined in Section 1.4 of MI 52-110).

Unless there is an exemption from the following requirement available to the Company in MI 52-110, each member of the Committee shall be “financially literate” (as such term is defined in Section 1.6 of MI 52-110).

A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

The Chairman of the Board shall be an *ex officio* member of the Committee.

The Committee shall meet not less often than quarterly and shall conduct its meetings in accordance with this Charter, the procedures of the Board set forth in the by-laws for the Board's meetings, and such other procedures as the Committee may adopt.

Responsibilities, Resources and Authority

In discharging its oversight role, the Committee is granted all responsibilities and authority required by MI 52-110, including without limitation the authority to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the authority to engage independent legal, accounting or other advisors to obtain such advice and assistance as the Committee determines necessary to carry out its duties. The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee.

The Company shall provide the Committee with all appropriate funding, as determined by the Committee, for payment of compensation to any such advisors and any outside auditor, as well as for any ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its responsibilities.

Key Responsibilities

The Committee's role is one of oversight, and it is recognized that the Company's management is responsible for preparing the Company's financial statements and that the outside auditor is ultimately accountable to the Board and the Committee, as representatives of the stockholders, and is responsible for auditing those financial statements and MD&A.

The following functions shall be the common recurring activities of the Committee in carrying out its oversight role. The functions are set forth as a guide and may be varied and supplemented from time to time as appropriate under the circumstances:

Appointment of Outside Auditor

The Committee shall have direct responsibility for the appointment, compensation, retention (and where appropriate, replacement), and oversight of the work of any registered public accounting firm selected to be the Company's outside auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

Appointment and Performance Evaluation of Chief Financial Officer and Internal Auditor

The Chair of the Committee shall participate in the identification of candidates for the positions of Chief Financial Officer and lead of the Company's internal auditing function, if any, and shall advise management with respect to the decision to hire a particular candidate.

Disclosure Controls and Procedures

The Committee shall review periodically with management the Company's disclosure controls and procedures.

Internal Controls

The Committee shall discuss periodically with management and the outside auditor the quality and

adequacy of the Company's internal controls and internal auditing procedures, if any, including any significant deficiencies in the design or operation of those controls which could adversely affect the Company's ability to record, process, summarize and report financial data and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls, and discuss with the outside auditor how the Company's financial systems and controls compare with industry practices.

Accounting Policies

The Committee shall review periodically with management and the outside auditor the quality, as well as acceptability, of the Company's accounting policies, and discuss with the outside auditor how the Company's accounting policies compare with those in the industry and all alternative treatments of financial information within Canadian generally accepted accounting principles and International Financial Reporting Standards (IFRS) that have been discussed with management, the ramifications of use of such alternative disclosures and treatments and the treatment preferred by the outside auditor.

Pre-approval of All Audit Services and Permitted Non-Audit Services

The Committee shall approve, in advance, all audit services and permitted non-audit services to be provided to the Company by the outside auditor; provided that any non-audit services performed pursuant to an exception to the pre-approval requirement permitted under applicable laws shall not be deemed unauthorized.

Annual Audit

In connection with the annual audit of the Company's financial statements, the Committee shall:

- request from the outside auditor a formal written statement delineating all relationships between the auditor and the Company, discuss with the outside auditor any such disclosed relationships and their impact on the outside auditor's objectivity and independence, and take appropriate action to oversee the independence of the outside auditor.
- approve the selection and the terms of the engagement of the outside auditor.
- review with management and the outside auditor the audited financial statements and MD&A to be included in the Company's Annual Report filed on the System for Electronic Document Analysis and Retrieval ("**SEDAR**").
- perform the procedures set forth below in "Financial Reporting Procedures" with respect to the annual financial statement to be reported.
- Review with management and the outside auditor the Company's critical accounting policies and practices.
- Recommend to the Board whether, based on the reviews and discussions referred to above, the annual financial statements and MD&A should be included in the Company's Annual Report to be filed on SEDAR.

Interim Reports

In connection with the Company's preparation of its interim financial information to be included in the Company's Quarterly Reports filed on SEDAR, the Committee shall:

- review with management the Company's critical account policy practices;
- recommend to the Board whether, based on their reviews and discussions referred to above the interim financial statements and interim MD&A should be included in the Company's Quarterly Report to be filed on SEDAR.

Financial Reporting Procedures

In connection with the Committee's review of each reporting of the Company's annual or interim financial information, the Committee shall:

- discuss with the outside auditor whether all material correcting adjustments identified by the outside auditor in accordance with Canadian generally accepted accounting principles, IFRS and the rules of the CSA are reflected in the Company's financial statements.
- review with the outside auditor all material communications between the outside auditor and management, such as any management letter or schedule of unadjusted differences.
- review with management and the outside auditor any material financial or other arrangements of the Company which do not appear on the Company's financial statements and any transactions or courses of dealing with third parties that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties, and which arrangements or transactions are relevant to an understanding of the Company's financial statements.
- resolve any disagreements between management and the outside auditor regarding financial reporting.

Charter

The Committee shall review and reassess at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.

Complaint Procedures

Any issue of significant financial misconduct shall be brought to the attention of the Committee for its consideration. In this connection, the Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.