

## **Overview Report: Gateway Casinos & Entertainment Inc. and Gateway Casinos & Entertainment Limited**

### **I. Scope of Overview Report**

1. This overview report provides information and attaches documents related to Gateway Casinos & Entertainment Inc. ("**Old Gateway**"), which provided operational services to the British Columbia Lottery Corporation ("**BCLC**") pursuant to an amended and restated Multiple Casino Operational Services Agreement prior to September 16, 2010 and Gateway Casinos & Entertainment Limited ("**New Gateway**") which provided operational services to BCLC after that date.

### **II. Gateway Casinos & Entertainment Inc. and Gateway Casinos & Entertainment Limited**

2. Prior to September 16, 2010, Old Gateway provided operational services to BCLC pursuant to an amended and restated Multiple Casino Operational Services Agreement dated June 10, 2009 (the "**June 2009 MCOSA**") as amended by an Amending and Security Deposit Agreement dated October 22, 2009.

3. The June 2009 MCOSA provided that Old Gateway would supply operational services to BCLC with respect to the following gaming facilities:

- a. Starlight Casino;
- b. Grand Villa Casino;
- c. Cascades Casino;
- d. Kelowna Casino;
- e. Penticton Casino;
- f. Vernon Casino; and
- g. Kamloops Casino.

4. A copy of the June 2009 MCOSA is attached to this Overview Report as Appendix 'A'.

5. On September 14, 2010, Old Gateway entered into a Multiple Casino Operational Services Agreement Assignment, Amendment and Consent (the "**MCOSA**")

**Assignment”)** with BCLC and New Gateway pursuant to which Old Gateway agreed to “convey, assign, transfer and set over... all of its right, title and interest in and to the MCOSA” to New Gateway effective September 16, 2010.

6. A copy of the MCOSA Assignment is attached to this Overview Report as Appendix ‘B’.

7. In a letter dated September 14, 2010, the Gaming and Policy Enforcement Branch confirmed that “New Gateway and its directors, officers and associates [had] been found suitable to be registered and/or approved for involvement in the gaming industry in British Columbia.” A copy of this letter and a related email are attached to this Overview Report as ‘Appendix C’.

8. New Gateway, as well as its associated companies, ownership and executive had not been previously registered as gaming services providers under the *Gaming Control Act*, S.B.C. 2002, c. 14 prior to the MCOSA Assignment. None of the individuals who held ownership or executive management roles with Old Gateway were engaged in ownership or executive management roles with New Gateway once the MCOSA Assignment came into effect.

## **Appendix A**

June 10, 2009 Amended and Restated Multiple Casino Operational Services Agreement

**EXECUTION COPY**

**AMENDED AND RESTATED  
MULTIPLE CASINO OPERATIONAL SERVICES AGREEMENT**

**BRITISH COLUMBIA LOTTERY CORPORATION**

**and**

**GATEWAY CASINOS & ENTERTAINMENT INC.**

**June 10, 2009**

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**AMENDED AND RESTATED**  
**MULTIPLE CASINO OPERATIONAL SERVICES AGREEMENT**

THIS AGREEMENT MADE AS OF THE 10TH DAY OF JUNE, 2009.

BETWEEN:

BRITISH COLUMBIA LOTTERY CORPORATION  
74 West Seymour Street  
Kamloops, British Columbia  
V2C 1E2

OF THE FIRST PART

- and -

GATEWAY CASINOS & ENTERTAINMENT INC.,  
a corporation organized under the federal laws of  
Canada, having an address at #210 – 4240 Manor Street,  
Burnaby, British Columbia V5G 1B2

OF THE SECOND PART

WHEREAS:

- A. the Corporation has the statutory authority to:
- (i) conduct, manage and operate lottery schemes on behalf of and as an agent of the Government of the Province of British Columbia; and
  - (ii) to enter into agreements with third parties regarding lottery schemes conducted, managed or operated by the Corporation on behalf of and as an agent of the Government of the Province of British Columbia;
- B. the Corporation has been authorized and directed to conduct and manage Casino Gaming in the Casinos on behalf of and as an agent of the Government of the Province of British Columbia;
- C. the Corporation has requested that the Service Provider provide, and the Service Provider has agreed to supply, certain operational services pertaining to the Corporation's conduct and management of Casino Gaming in the Casinos subject to the terms and conditions set out in this Agreement;
- D. New World Gaming Partners Ltd., NWG Holdings and the Corporation entered into a Multiple Casino Operational Services Agreement made as of November 16, 2007 (the "Original MCOSA");

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- E. as of December 5, 2007, New World Gaming Partners Ltd. and NWG Holdings had amalgamated and the amalgamated corporation had changed its name to form Gateway Casinos & Entertainment Inc.;
- F. pursuant to an Amending Agreement effective as of December 10, 2007, the Service Provider and the Corporation entered into an amended and restated MCOSA;
- G. pursuant to a Second Amending Agreement effective as of November 5, 2008, the Service Provider and the Corporation entered into a further revised amended and restated MCOSA pursuant to which the Corporation authorized the Service Provider to conduct and manage casino gaming at the new Grand Villa Casino in Burnaby and the Corporation terminated the Service Provider's authorization to conduct and manage casino gaming at the Gateway Casino in Burnaby; and
- H. pursuant to a Third Amending Agreement effective June 10, 2009, the Service Provider and the Corporation agreed to enter into this further revised amended and restated MCOSA in order to authorize the Service Provider to conduct and manage casino gaming at the new location of the Vernon Casino situate at 4900 Anderson Way, Vernon, British Columbia, and to terminate the Service Provider's authorization to conduct and manage casino gaming at the former Vernon Casino site located at 4801 - 27th Street, Vernon, British Columbia.

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein, and subject to such covenants and agreements, the parties hereto covenant and agree with each other as follows:

## ARTICLE I DEFINITIONS

### 1.01 Certain Defined Terms

In this Agreement, including in the Recitals and the Schedules hereto, the following words and phrases, unless there is something in the context inconsistent therewith, have the following meanings:

- (a) "Act of Insolvency" means, when used in relation to the Service Provider or an SP Affiliate, that (without the prior written consent of the Corporation) any one or more of them: (i) makes an assignment for the benefit of its or his creditors; or (ii) becomes bankrupt or, as an insolvent debtor, takes the benefit of any Debtor Relief Laws or an actual or deemed entry of an order for relief is made under any Debtor Relief Laws in respect of any one of them; or (iii) has a receiver or other officer with like powers appointed for all or a substantial part of its or their assets; or (iv) a resolution is passed or an order is made or a petition is filed for the cancellation, dissolution, liquidation, revocation, or winding-up under any Debtor Relief Laws, unless such action is being disputed in good faith by appropriate proceedings and such proceedings effectively postpone enforcement of the action;

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- (b) **"Affiliate"** has the meaning given to such term in the Corporations Act;
- (c) **"Agreement"** means this MCOSA, as same may be amended or supplemented from time to time, and the Schedules hereto;
- (d) **"Arbitration Act"** means the *Commercial Arbitration Act*, R.S.B.C. 1996 c. 55;
- (e) **"Applicable Law"** means (a) any domestic or foreign statute, law, treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy or directive; or (d) any franchise, license, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority; or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the Person referred to in the context in which the term is used, or binding on or affecting the property of such Person, in each case having the force of law;
- (f) **"Associate"**, if used to indicate a relationship with any Person, shall include any Person that would fall within the definition of Associate set out in the Securities Act and, without limitation, shall include a Person who has any one or more of the following relationships with another Person, where:
  - (i) one is an Issuer of which that Person is an officer or director;
  - (ii) one is an Issuer in respect of which that Person Beneficially Owns or Controls, directly or indirectly, Voting Securities carrying more than 10% of the voting rights attached to all outstanding Voting Securities of such Issuer;
  - (iii) one is a partnership of which that Person is a partner;
  - (iv) one is a trust or an estate of which that Person is a trustee or a beneficiary;
  - (v) one is a relative, including a spouse, of that Person or a relative of that Person's spouse, if the relative has the same home as that Person;
  - (vi) both are Issuers Controlled by the same Person;
  - (vii) both are members of a voting trust that directly or indirectly exercise Control over Voting Securities of the Service Provider; or
  - (viii) both are parties to an agreement or arrangement the purpose or effect of which is to require them to act jointly or in concert with respect to their interests, direct or indirect, in the Service Provider, or they are otherwise acting jointly or in concert with respect to those interests;
- (g) **"Bankruptcy Act"** means the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985 c. B-3;

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- (h) a Person shall be deemed the “**Beneficial Owner**” of, and to have “**Beneficial Ownership**” of, and to “**Beneficially Own**”,
- (i) any securities as to which such Person or any of such Person’s Affiliates or Associates is the owner at law or in equity;
  - (ii) any securities as to which such Person or any of such Person’s Affiliates or Associates has the right to become the owner at law or in equity pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than pledges of securities approved by the Corporation in accordance with the terms of this Agreement), or upon the exercise of any conversion right, exchange right, right to purchase a security, warrant or option;
  - (iii) any ownership interest in any assets of any trust, partnership or unincorporated organization as to which such Person or any of such Person’s Affiliates or Associates is the owner at law or in equity; or
  - (iv) any securities or ownership interests which are Beneficially Owned within the meaning of Subsections 1.01(h)(i), (ii) and (iii) above by any other Person with whom such Person, or any of such Person’s Affiliates, is acting jointly or in concert;
- (i) “**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
- (j) “**Casinos**” means the lands and buildings or area in the lands and buildings located at the addresses, and more particularly described in Schedule “A” hereto, and the operations conducted thereupon, and “**Casino**”, as the context may require, means any one such parcel of lands and buildings or area in the lands and buildings as described in Parts 1 through 7 of Schedule “A” hereto, and the operations conducted thereupon;
- (k) “**Casino Accounts**” means the bank accounts prescribed by the Corporation from time to time, in respect of each Casino;
- (l) “**Casino Games**” or “**Casino Gaming**” means slot machines, table games and such other lottery and related promotional schemes, conducted, managed and operated by the Corporation in the Casinos from time to time (collectively referred to as “**Games of Chance**”), including the supply of the right to participate in the said Games of Chance;
- (m) “**Casino Standards, Policies and Procedures**” means the standards, policies and procedures governing the operation of the Casinos and Casino Games as prescribed and amended by the Corporation from time to time;
- (n) “**Companies’ Creditors Arrangement Act**” means the *Companies’ Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36;

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- (o) **“Computer Systems”** means the computers controlled and maintained by the Corporation to which Casino Games in the Casinos are connected for the purpose of providing certain instructions and recording data relating to the operation of such Casino Games;
- (p) **“Constating Documents”** has the meaning given to such term in Section 14.02;
- (q) **“Control”** means control in any manner that results in control in fact, whether directly through the ownership of securities or indirectly through a trust, an agreement or arrangement, the ownership of any Issuer or otherwise, and, without limiting the generality of the foregoing:
  - (i) an Issuer is controlled by a Person or Persons if:
    - (A) such Person holds or Beneficially Owns a sufficient number of the voting rights attached to all outstanding Voting Securities of such Issuer to affect materially the control of such Issuer;
    - (B) any combination of Persons, acting jointly or in concert by virtue of an agreement, arrangement, commitment or understanding, hold or Beneficially Own in total a sufficient number of the voting rights attached to all outstanding Voting Securities of such Issuer to affect materially the control of such Issuer; or
    - (C) such Person holds or Beneficially Owns an ownership interest representing more than twenty (20%) per cent of the assets of any partnership, trust or other unincorporated organization.

A Person or Persons acting jointly or in concert will be deemed to Control an Issuer for the purposes of this Agreement if such Person or Persons holds or Beneficially Owns more than twenty (20%) per cent of the Voting Securities of such Issuer;

- (r) **“Control Person”** means any Person which directly or indirectly Controls the Service Provider, with the exceptions of Macquarie, PBL and any Issuer whose securities are publicly traded and which is not under the Control of any Person or combination of Persons, acting jointly or in concert;
- (s) **“Corporate Chart”** means the corporate chart setting out the legal and beneficial ownership structure of the Service Provider and certain of its Affiliates attached as Schedule “B” hereto and identified as Chart No. 1 as same may be amended or replaced in accordance with Schedule “C” or by agreement of the parties, from time to time;
- (t) **“Corporate Structure”** means the legal and beneficial ownership structure of the Service Provider as set out in the Corporate Chart;

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- (u) **“Corporation”** means the British Columbia Lottery Corporation and its successors and assigns;
- (v) **“Corporations Act”** means the British Columbia *Business Corporations Act*, S.B.C. 2002 c. 57;
- (w) **“Credit Agreement Termination Triggering Event”** means the occurrence of the Termination Date (as prescribed in subparagraph (a) of the definition thereof in the First Lien Credit Agreement) pursuant to Section 6.01 of the First Lien Credit Agreement;
- (x) **“Credit Agreements”** means the First Lien Credit Agreement and the Second Lien Credit Agreement and all replacements and/or substitutions therefor;
- (y) **“Credit Reports”** means all default notices, financial statements, quarterly financial statements, adjusted financial statements, budgets, officers’ certificates, notices with respect to litigation, investigations and proceedings, insurance summary reports and other information required to be provided by any member of the NWG Group to any lender under any of the Credit Agreements;
- (z) **“Criminal Code”** means the *Criminal Code of Canada*, R.S.C. C-34;
- (aa) **“Debtor Relief Laws”** means the Bankruptcy Act, the Companies’ Creditors Arrangement Act, any successor statute or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtors’ relief laws of Canada, the United States of America or other applicable legislation including, without limitation, the United States Federal Bankruptcy Code, from time to time in effect and affecting the rights of creditors generally;
- (bb) **“Default”** means any Event of Default or any event that would constitute an Event of Default but for the passage of time with a requirement that notice be given or both;
- (cc) **“Disposition”** has the meaning given to such term in Section 14.04;
- (dd) **“Effective Date”** means November 16, 2007;
- (ee) **“Event of Default”** has the meaning given to such term in Sections 9.01 and 10.01;
- (ff) **“Facility Development Commission”** has the meaning given to such term in Schedule “A”;
- (gg) **“Financial Administration Act”** means the British Columbia *Financial Administration Act*, R.S.B.C. 1996 c. 138;

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- (hh) **"First Lien Credit Agreement"** means the First Lien Credit Agreement dated November 14, 2007 among NWG Holdings, the subsidiary guarantors and initial lenders named therein, Bear Stearns Corporate Lending Inc. as US Administrative Agent and Collateral Agent, Royal Bank of Canada as Canadian Administrative Agent, Syndication Agent and Swingline Lender, CIT Lending Services Corporation as Documentation Agent and Bear, Stearns & Co. Inc. and RBC Capital Markets (Royal Bank of Canada) as Joint Lead Arrangers and Joint Book Running Managers, as the same may be amended, restated, revised, refinanced (in whole or part) or otherwise replaced (in whole or part) from time to time including all successor or replacement agreements in respect thereof;
- (ii) **"First Option Term"** has the meaning given to such term in Section 10.02;
- (jj) **"Force Majeure Event"** means for the purposes hereof, an event, condition or circumstance (and the effect thereof) which is not within the reasonable control of the party claiming Force Majeure and which the party claiming Force Majeure is unable to prevent or overcome, including acts of God, fire, explosion, civil disturbance, war, riot, insurrection, military or guerrilla action, terrorist activity, economic sanction, blockade or embargo, sabotage, flooding, earthquake, drought, strike, lockout, work stoppage, labour controversy and action, restraint by the order of, or intervention by, any Governmental Authority but specifically excluding any event, condition or circumstances (or the effect thereof) which results from:
- (i) any change in domestic or international economic conditions, including fluctuations in currencies;
  - (ii) any change in general market conditions relating to the Casino Gaming Industry;
  - (iii) any change in financial, banking or securities markets (including a disruption thereof and any decline in the price of any security or any market index); or
  - (iv) the impecuniosity of the Party claiming Force Majeure;
- (kk) **"Gaming Bank Rolls"** means the cash floats supplied by the Corporation to be retained in the Casinos by the Service Provider in such amounts prescribed by the Corporation from time to time and which are required for the purpose of making change, redeeming chips and paying Winnings;
- (ll) **"Gaming Control Act"** means the British Columbia *Gaming Control Act*, S.B.C. 2002 c. 14;
- (mm) **"Gaming Equipment"** means any mechanical, electronic or other devices, furnishings, fixtures, signs and other items prescribed by the Corporation for the purpose of conducting, managing and operating Casino Games;

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- (mn) **"Gaming Supplies"** means such items prescribed by the Corporation and used in or held in storage for use in the conduct, management and operation of Casino Games;
- (oo) **"Government"** has the meaning given to such term in Schedule "A";
- (pp) **"Governmental Authority"** means any nation or government, any state, province, territory, city, municipal entity or other political subdivision thereof, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board, bureau or similar body, whether federal, state, provincial, territorial, local or foreign;
- (qq) **"Guarantors"** means such Persons acceptable to the Corporation as may become parties to this Agreement, from time to time, and who have covenanted and agreed to guarantee the Service Provider's obligations hereunder in accordance with the provisions of Section 13.03 hereof;
- (rr) **"Insurance Certificate"** means a confirmation of insurance certificate in a form satisfactory to the Corporation, setting out particulars of the Service Provider's insurance coverage in place as at the Effective Date;
- (ss) **"Issuer"** has the meaning given to such term in the Securities Act;
- (tt) **"Macquarie"** means Macquarie Group Limited, an Australian corporation;
- (uu) **"Material Adverse Effect"** means, with respect to a Person, fact, circumstance, event, thing, term, right, obligation or other matter, that (alone or in combination with one or more related Persons, facts, circumstances, events, things, terms, rights, obligations or other matters), such Person, fact, circumstance, event, thing, term, right, obligation or other matter significantly adversely affects or could, in the Corporation's opinion, be expected to significantly adversely affect the assets, financial condition, results of operations, liabilities or prospects of the business of the Service Provider, taken as a whole;
- (vv) **"MCOSA"** means this Amended and Restated Multiple Casino Operational Services Agreement, as same may be amended and restated from time to time;
- (ww) **"NWG Group"** means Topco, the Service Provider and the SP Affiliates;
- (xx) **"NWG Holdings"** means New World Gaming Partners Holdings Ltd., a predecessor corporation of the Service Provider;
- (yy) **"operational services"** means all services reasonably required of the Service Provider to facilitate the Corporation's conduct, operation and management of Casino Gaming in the Casinos including, without limitation, the specific services described and set out in this Agreement and in, and subject to, the Rules and Regulations Respecting Lotteries and Gaming of the Corporation, the Casino

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Standards, Policies and Procedures and such other directions and instructions of the Corporation communicated to the Service Provider from time to time;

- (zz) **"Original MCOSA"** has the meaning given to such term in the Recitals hereto;
- (aaa) **"PBL,"** means Publishing and Broadcasting Limited, and upon the completion of the PBL de-merger transactions as contemplated as part of the Permitted Reorganization, means Crown Limited;
- (bbb) **"Permitted Reorganizations"** means the proposed reorganizations described in Schedule "C";
- (ccc) **"Person"** includes any individual, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, body corporate, corporation, unincorporated organization, syndicate, Issuer, government or government entity;
- (ddd) **"Player"** means a Person, nineteen (19) years or older who, for the purpose, hope or expectation of winning:
  - (i) has paid the prescribed consideration in order to participate in Casino Games; or
  - (ii) has satisfied the conditions prescribed by the Corporation to participate in a promotional scheme;
- (eee) **"Player Information"** means the name, address, occupation, and other personal information pertaining to a Player and disclosed by the Corporation, in its sole discretion, to the Service Provider;
- (fff) **"prescribe, prescribes or prescribed"** means specified, designated or approved in writing by the Corporation from time to time;
- (ggg) **"Responsible Officer"** means the Chief Executive Officer, Chief Financial Officer, General Counsel, President or other authorized officer of the Service Provider;
- (hhh) **"Rules and Regulations Respecting Lotteries and Gaming of the Corporation"** means the rules and regulations passed by the Board of Directors of the Corporation from time to time respecting lotteries and gaming and all amendments, replacements or substitutions therefor;
- (iii) **"Second Lien Credit Agreement"** means the Second Lien Credit Agreement dated November 14, 2007 among NWG Holdings, the subsidiary guarantors and initial lenders named therein, Bear Stearns Corporate Lending Inc. as US Administrative Agent and Collateral Agent, Royal Bank of Canada as Syndication Agent, CIT Lending Services Corporation as Documentation Agent and Bear, Stearns & Co. Inc. and RBC Capital Markets as Joint Lead Arrangers and Joint

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Book Running Managers, as the same may be amended, restated, revised, refinanced (in whole or part) or otherwise replaced (in whole or part) from time to time including all successor or replacement agreements in respect thereof;

- (jjj) **"Second Option Term"** has the meaning given to such term in Section 10.02;
- (kkk) **"Secured Party"** has the meaning given to such term in Section 14.06;
- (lll) **"security"** has the meaning given to such term in the Securities Act;
- (mmm) **"Securities Act"** means the British Columbia *Securities Act*, R.S.B.C. 1996 c. 418;
- (nnn) **"Security Constraint"** has the meaning given to such term in Section 14.04;
- (ooo) **"Service Provider"** means Gateway Casinos & Entertainment Inc., a successor corporation of New World Gaming Partners Ltd. formed upon the amalgamation of New World Gaming Partners Ltd. and NWG Holdings, and, as the context requires, its successors, predecessors and permitted assigns;
- (ppp) **"Significant Interest"** has the meaning given to such term in Section 14.04;
- (qqq) **"SP Affiliate"** means any Affiliate of the Service Provider identified as such in the Corporate Chart;
- (rrr) an Issuer shall be a **"Subsidiary"** of another Issuer if:
  - (i) It is Controlled by:
    - (A) that other Issuer; or
    - (B) that other Issuer and one or more Issuers Controlled by that Issuer; or
    - (C) two or more Issuers Controlled by that other Issuer; or
  - (ii) it is a Subsidiary of a Subsidiary of that other Issuer;
- (sss) **"Terms"** means the terms over which the Corporation retains the Service Provider to supply operational services under this Agreement to each Casino, as described in Schedule "A";
- (ttt) **"Third Party Replacement"** has the meaning given to such term in Section 14.07;
- (uuu) **"Topco"** means New World Gaming Partners Holdings British Columbia Ltd. and its successors and permitted assigns;

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- (vvv) **“Unpaid Facility Development Commission”** has the meaning given to such term in Section 14.10;
- (www) **“Voting Security”** means a share, unit, interest or other security carrying voting rights under all circumstances, or under some circumstances that have occurred and are continuing, or that may be triggered by the holder thereof, and includes, without limitation, a security convertible into such a share, unit, interest or security and exercisable options and rights to acquire such a share, unit, interest or security, or to acquire such a convertible security;
- (xxx) **“Win”** means, for any period, the aggregate of all revenues collected by the Corporation or by the Service Provider on behalf of the Corporation from the operation of Casino Games less only the aggregate of all Winnings; and
- (yyy) **“Winnings”** means the amount of money payable to a Player as a consequence of monies paid by the Player to participate in Casino Games and the performance by the Player of the acts necessary to entitle the Player to payment of such money.

#### 1.02 **Other Terms**

Other terms may be defined elsewhere in the text of this Agreement and, unless otherwise indicated, shall have such meanings throughout this Agreement. Terms defined by reference to other agreements or instruments, including, without limitation, the First Lien Credit Agreement, have the meanings given to them therein on the Effective Date.

#### 1.03 **Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

#### 1.04 **Rules of Construction**

The following rules of construction will apply to this Agreement:

- (a) titles and headings are for convenience only and will not be deemed part of the Agreement for purposes of interpretation;
- (b) unless otherwise stated, references in this Agreement to “Articles”, “Sections”, “Exhibits” and “Schedules” refer, respectively, to Articles of, Sections of, and Exhibits and Schedules to, this Agreement;
- (c) “including” means “including, but not limited to” and “include” or “includes” means “include, without limitation” or “includes, without limitation”;
- (d) “month” means “calendar month”;
- (e) “hereunder”, “herein”, “hereto” and “hereof”, when used in this Agreement, refer to this Agreement and not to a particular Section or clause of this Agreement;

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- (f) in the case of defined terms, the singular includes the plural and vice versa;
- (g) unless otherwise indicated, each reference to a particular agreement is a reference to such agreement as it may be amended, modified, extended, amended and restated, restated or supplemented from time to time in compliance with this Agreement;
- (h) references to any document, instrument or agreement (i) shall include all exhibits, schedules and other attachments thereto, (ii) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (iii) shall mean such document, instrument of agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time (to the extent permitted hereunder) and in effect at any given time; and
- (i) references to any Person shall include such Person's successors and assigns (in the case of the Service Provider, to the extent permitted hereunder).

#### 1.05 Statutes

Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder and all applicable guidelines, bulletins, or policies made in connection therewith and which are legally binding, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision.

#### 1.06 Acting Jointly or in Concert

For the purposes hereof, a Person is acting jointly or in concert with every Person who, in the reasonable opinion of the Corporation, as a result of any agreement, commitment or understanding, whether formal or informal, written or unwritten, with the first Person or any Affiliate thereof, acquires or offers to acquire or agrees to vote or refrain from voting or otherwise deal with any securities of the Service Provider, any Control Person or any Affiliate thereof.

#### 1.07 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the recommendations at the relevant time of the Canadian Institute of Chartered Accountants, or any successor institute, applicable on a consolidated basis (unless otherwise specifically provided herein to be applicable on an unconsolidated basis) as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise

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agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

#### 1.08 Schedules

The following Schedules attached hereto are integral to and form part of this Agreement:

|              |                             |
|--------------|-----------------------------|
| Schedule "A" | - Special Provisions        |
| Part 1       | Starlight Casino            |
| Part 2       | Grand Villa Casino          |
| Part 3       | Cascades Casino             |
| Part 4       | Kelowna Casino              |
| Part 5       | Penticton Casino            |
| Part 6       | Vernon Casino               |
| Part 7       | Kamloops Casino             |
| Schedule "B" | - Corporate Chart           |
| Schedule "C" | - Permitted Reorganizations |

### ARTICLE II

#### APPOINTMENT OF THE SERVICE PROVIDER AND LIMITATIONS ON AUTHORITY

##### 2.01 Appointment of Service Provider

The Corporation hereby retains the Service Provider as an independent contractor to supply operational services to the Corporation in the Corporation's conduct and management of the Casino Games in the Casinos and the operation of the Casinos in accordance with this Agreement, the Casino Standards, Policies and Procedures and the Rules and Regulations Respecting Lotteries and Gaming of the Corporation, subject to the terms, conditions, covenants and provisos set out in this Agreement. The Service Provider hereby accepts its appointment as an independent contractor to provide such operational services.

##### 2.02 Employees and Subcontractors

The Service Provider shall engage such Persons as employees or as subcontractors as may be necessary to supply the services which the Service Provider contracts to supply herein, provided that in the engagement of such Persons, the Service Provider complies with the provisions of this Agreement.

##### 2.03 Service Provider Acknowledgement

The Service Provider acknowledges and agrees that the Corporation is solely responsible for the conduct, management and operation of all Casino Games in the Casinos, in accordance with paragraph 207(1)(a) of the Criminal Code and the Gaming Control Act

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and that the operational services to be supplied by the Service Provider under this Agreement are services authorized by paragraph 207(1)(g) of the Criminal Code. The Service Provider acknowledges and agrees that the Service Provider shall have no authority and shall take no action which is in any manner inconsistent with the Criminal Code, the Gaming Control Act, any successor statute, the Casino Standards, Policies and Procedures or the Rules and Regulations respecting Lotteries and Gaming of the Corporation or any Applicable Law, as such respectively exist or are amended from time to time.

### ARTICLE III CORPORATION COVENANTS

#### 3.01 Corporation Covenants

The Corporation covenants and agrees with the Service Provider:

- (a) to supply the Gaming Equipment and the Gaming Supplies described in Schedule "A" to each of the Casinos as specified therein;
- (b) to maintain the Gaming Equipment specified in Schedule "A" at each of the Casinos as specified therein;
- (c) to supply and maintain the Gaming Bank Rolls;
- (d) to prescribe and approve training programs for employees or subcontractors of the Service Provider as is appropriate for such employees or subcontractors to carry out their respective duties;
- (e) to pay the Service Provider the remuneration set out in Schedule "A" hereto in respect of each of the Casinos for supplying the operational services required under this Agreement;
- (f) that in the event the Corporation prescribes additional or amended Casino Standards, Policies and Procedures or Rules and Regulations Respecting Lotteries and Gaming of the Corporation, or issues instructions or directives, in accordance with Applicable Law, which, in the reasonable opinion of the Corporation, results in a substantial and bona fide increase in the Service Provider's net operating costs, the Corporation will, subject to receiving all required approvals from applicable Governmental Authorities, reimburse the Service Provider for such increase in net operating costs, after an audit of the amount and the bona fides of such increase in the net operating costs has been conducted, with the costs of such audit being borne equally by the Service Provider and the Corporation;
- (g) to provide the Service Provider with access to the Casinos as may be necessary to supply the operational services contemplated by this Agreement;
- (h) to exercise its responsibility and authority to conduct, manage and operate Casino Gaming in the Casinos and in that regard respond to the Service Provider's

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requests for directions, approvals and/or consents when required under the Casino Standards, Policies and Procedures; and

- (i) that any amendments to the Casino Standards, Policies and Procedures or any matter that may be prescribed by the Corporation, from time to time, after the date of this Agreement shall, subject to Applicable Law or other cause or causes beyond the control of the Corporation, not be inconsistent with the provisions of this Agreement.

#### ARTICLE IV SERVICE PROVIDER COVENANTS

##### 4.01 Operational Services Covenants

The Service Provider covenants and agrees with the Corporation:

- (a) to supply operational services and to cause all Persons engaged or employed by the Service Provider in the provision of operational services hereunder to do so in accordance with this Agreement, the Rules and Regulations Respecting Lotteries and Gaming of the Corporation, the Casino Standards, Policies and Procedures and such other instructions and directives of the Corporation, as amended from time to time;
- (b) except as otherwise permitted in writing by the Corporation, to provide the Corporation with the exclusive use, occupation and possession of the Casinos for the purposes of conducting, managing and operating the Casino Games;
- (c) to supply the Gaming Equipment and the Gaming Supplies prescribed by the Corporation from time to time to the Casinos other than the Gaming Equipment and the Gaming Supplies referred to in Section 3.01(a) of this Agreement;
- (d) to maintain the Casinos, the Gaming Equipment (but not to repair or otherwise maintain the Gaming Equipment to be maintained by the Corporation as specified in Schedule "A" to this Agreement) and the Gaming Supplies in good condition and repair in accordance with the Casino Standards, Policies and Procedures or as prescribed by the Corporation from time to time;
- (e) to provide furnishings, fixtures and equipment acceptable to the Corporation for use in association with the operation of the Casinos;
- (f) not to permit any Gaming Equipment or Gaming Supplies to be installed or used in the Casinos other than Gaming Equipment or Gaming Supplies supplied or approved by the Corporation;
- (g) to locate the Gaming Equipment described in Schedule "A" only at the specific locations within the specific Casinos in each case as prescribed by the Corporation;

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- (h) to at all times provide for the physical security of the Gaming Equipment and the Casinos as prescribed by the Corporation and to safeguard the proper operation thereof and to immediately notify the Corporation of any loss, damage or malfunction to any of the Gaming Equipment or any of the Casinos;
- (i) to indemnify the Corporation for the cost of repairs to the Casinos and for the cost of repairing or replacing lost, stolen, damaged or destroyed Gaming Equipment or Gaming Supplies installed in any of the Casinos or supplied to the Service Provider, by the Corporation;
- (j) to engage or employ only such Persons as are trained, competent and otherwise satisfy the standards and qualifications prescribed by the Corporation from time to time to enable the Service Provider to supply operational services under this Agreement and to ensure such Persons receive such training as the Corporation may prescribe from time to time;
- (k) to ensure that the Service Provider and all Persons engaged or employed by it, to supply operational services under this Agreement, are registered, licensed and approved as required by Applicable Law;
- (l) to maintain exclusive supervision and control over all Persons engaged or employed by the Service Provider to supply operational services under this Agreement and to exercise exclusive responsibility and authority for hiring, training, supervising, directing, compensating, disciplining, terminating and administering such Persons and any and all costs related thereto, provided that the Service Provider complies with any and all applicable provisions of this Agreement;
- (m) to be exclusively responsible for and comply with:
  - (i) all obligations as employer of all Persons employed by the Service Provider to supply operational services on behalf of the Service Provider under this Agreement including, without limitation, payment of all wages and salaries, deduction and remittance of statutory withholdings for income tax, employment insurance and Canada Pension Plan, and payment of Workers Compensation Board assessments, and
  - (ii) all obligations of the Service Provider under contracts with independent contractors retained by the Service Provider to supply operational services for the Service Provider under this Agreement including, without limitation, payment of the service fees to such contractors pursuant to such contracts and GST thereon,

and to indemnify and save the Corporation harmless in respect of all such costs, expenses, charges and liabilities which may be levied or assessed against the Corporation in connection therewith;

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- (n) to supply operational services in respect of the Casinos and the Casino Games only at the times and in the manner prescribed by the Corporation;
- (o) not to relocate or interfere with the proper operation of the Gaming Equipment described in Schedule "A" unless authorized by the Corporation and to permit the Corporation to inspect, test and audit all of the Gaming Equipment and the Gaming Supplies at such times and in such manner as the Corporation may from time to time prescribe;
- (p) to assist the Corporation or any Person acting on behalf of the Corporation in the inspection, testing and audit of the Gaming Equipment and the Gaming Supplies or in the conduct of any investigation, security inspection or enforcement activities at such times and in such manner as prescribed by the Corporation from time to time;
- (q) to purchase and maintain such policies of insurance as prescribed by the Corporation and to deliver satisfactory proof of such insurance to the Corporation upon request;
- (r) to comply with and to cause all Persons engaged or employed by the Service Provider to comply with all Applicable Laws in the course of providing operational services to the Corporation hereunder;
- (s) to submit to the Corporation annual sales and marketing plans acceptable to the Corporation in such format and at such times as the Corporation may from time to time prescribe, acting reasonably, and to use reasonable commercial efforts to execute the plans so submitted to the Corporation;
- (t) to supply and maintain security and surveillance equipment and personnel in each of the Casinos and to train and certify security and surveillance personnel in accordance with specifications and standards set out in the Casino Standards, Policies and Procedures from time to time, and in particular, but without limiting the generality of the foregoing, to supply and maintain digital security and surveillance equipment in each of the Casinos unless otherwise prescribed in the Casino Standards, Policies and Procedures and in the event the Service Provider fails to do so in any Casino within the time period specified in a written notice delivered to the Service Provider by the Corporation identifying the failure and requesting the same to be cured, the Corporation shall be at liberty, but shall not be obliged, to supply and maintain the said security and surveillance equipment and the said personnel in the place of the Service Provider and to charge and deduct the cost of doing so from any remuneration payable to the Service Provider under this Agreement until such time as the Service Provider is able to satisfy the Corporation that the Service Provider has the ability to, and will in fact, supply and maintain the said security and surveillance equipment and the said personnel in such Casino in accordance with the specifications and standards set out in the Casino Standards, Policies and Procedures from time to time;

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- (u) to supply operational services for such lottery schemes introduced and conducted and managed by the Corporation as at the date of this Agreement and which the Corporation may, in its sole discretion, choose to conduct and manage in any of the Casinos, from time to time, at the standard commission or remuneration paid by the Corporation to other service providers for the provision of identical or similar operational services in respect of such lottery schemes and to supply operational services for such lottery schemes first introduced and conducted and managed by the Corporation after the date of this Agreement and which the Corporation may, in its sole discretion, choose to conduct and manage in any of the Casinos from time to time at a commission or remuneration agreed to between the Corporation and the Service Provider, acting reasonably, having regard to other standard commission or remuneration rates paid by the Corporation to the Service Provider or other service providers for similar operational services and failing agreement as determined by a commercial arbitrator appointed in accordance with the Arbitration Act; and
- (v) if requested by the Corporation, to make available sufficient space as mutually agreed by the Corporation and the Service Provider in one or more of the Casinos for the installation and operation of a horse racing teletheatre at a fair market occupancy charge as agreed to by the Service Provider and the operator of the horse racing teletheatre and failing agreement as determined by a commercial arbitrator appointed in accordance with the Arbitration Act.

#### 4.02 Financial Covenants

The Service Provider covenants and agrees with the Corporation:

- (a) to deposit the Win from each Casino less such funds retained as the Gaming Bank Roll for such Casino into the Casino Accounts prescribed by the Corporation for such purposes;
- (b) to use the Gaming Bank Roll for each Casino for the purpose of making change, redeeming chips and paying the Winnings at such Casino and for no other purposes whatsoever, unless expressly authorized in writing by the Corporation;
- (c) to adhere to cash management policies and procedures set out in the Casino Standards, Policies and Procedures, or as otherwise prescribed by the Corporation;
- (d) not to deposit in the Casino Accounts for any Casino any funds other than the Win from such Casino;
- (e) to at all times maintain books of account and records prescribed by the Corporation with respect to all transactions entered into in the performance of this Agreement in accordance with generally accepted accounting principles and to cause such books of account and records to be made available to the Corporation. The Corporation and its authorized representatives shall have the right to examine, remove for inspection or reproduce such books of account and records

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and otherwise to obtain information with respect to the Casinos, their operations and with respect to the Service Provider, as the Corporation may in its sole discretion determine, provided that in the event the Corporation removes any books of account or records it shall provide the Service Provider with copies of such books of account and records if requested in writing by the Service Provider;

- (f) to make available to the Corporation's auditors such information and material as may be required by such auditors for the purpose of their audit and otherwise cooperate and give such assistance as may be necessary for such auditors to carry out their duties in respect of the Casinos and Casino Gaming;
- (g) to furnish to the Corporation such daily, weekly, monthly and annual reports certified and in such format prescribed by the Casino Standards, Policies and Procedures or otherwise prescribed by the Corporation and to furnish or cause to be furnished to the Corporation copies of: (i) all Credit Reports at the same time as such information, documents and reports are delivered to the lenders under the Credit Agreements; and (ii) on an annual basis, a list of the lenders under the Credit Agreements at the same time and in the same format as provided to the British Columbia Gaming Policy and Enforcement Branch;
- (h) to indemnify the Corporation for all losses incurred by the Corporation as a result of illegal acts or transactions of the Service Provider or any Person engaged or employed by the Service Provider or the failure of the Service Provider to comply with this Agreement, the Casino Standards, Policies and Procedures, the Rules and Regulations Respecting Lotteries and Gaming of the Corporation, or any instructions or directives of the Corporation, as amended from time to time;
- (i) to indemnify the Corporation for lost or stolen monies, chips, markers or tokens; and
- (j) to provide the Corporation with letters of credit from a financial institution approved by the Corporation or such additional or other security in such amounts and on such terms as may be prescribed by the Corporation from time to time, acting reasonably, as security for the performance of the Service Provider's obligations hereunder and to deliver the said letters of credit or other security to the Corporation within such time period as may be prescribed by the Corporation.

#### 4.03 **Conduct Covenants**

The Service Provider covenants and agrees with the Corporation:

- (a) not to promote, display, operate or offer for sale any lottery games or lottery schemes or to operate games of chance or the Gaming Equipment except as prescribed by the Corporation or otherwise engage in any activity that is illegal or is not expressly authorized by the Corporation;

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- (b) not to use any advertising or promotional material in or relating to the Casinos or the Casino Games except such material as is within guidelines prescribed by the Corporation or such material as is supplied or approved by the Corporation;
- (c) to display only such signage as is approved or within guidelines prescribed by the Corporation and to install and display all such signage supplied by the Corporation from time to time;
- (d) not to install or permit the installation of cash dispensing machines in any of the Casinos except with the prior written consent of the Corporation and to install or permit the installation of such cash dispensing machines in the Casinos only at such locations as are approved by the Corporation;
- (e) not to charge or permit anyone to charge unreasonable service fees in respect of any cash dispensing machines installed in the Casinos;
- (f) to describe or name the Casinos by or with the names set out for each Casino in Schedule "A" in respect of each Casino or in such manner or by such name as may be approved by the Corporation from time to time;
- (g) to abide by all Player cash and credit policy restrictions prescribed by the Corporation from time to time;
- (h) to exercise all due diligence to prevent and not knowingly permit any Person who does not meet the minimum age requirements as required by law or as prescribed by the Corporation from entering or being present in any Casino or participating in any Casino Games;
- (i) to exercise all due diligence to prevent and not knowingly permit any Person who has been barred from any of the Casinos or barred from participating in Casino Games by the Corporation from entering or being present in any of the Casinos or participating in Casino Games;
- (j) not to engage in any conduct or to permit any Person or Persons engaged or employed by the Service Provider from engaging in any conduct that in the sole discretion of the Corporation and on written notice to the Service Provider is contrary to the public interest or prejudicial to the integrity or reputation of any of the Casinos or the Corporation;
- (k) not to have an interest, directly or indirectly, in another business providing services identical or similar to the operational services to lotteries or lottery schemes conducted and managed by the Corporation without the prior written approval of the Corporation, such approval not to be unreasonably withheld;
- (l) not to participate in, or to permit any Person or Persons engaged or employed by the Service Provider to provide operational services in any of the Casinos, to participate in Casino Games in any of the Casinos;

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- (m) to abide by all directives of the Corporation relating to responsible gaming participation including problem gambling policies or programs required by law or prescribed by the Corporation; and
- (n) not to transfer or allow the transfer of any Gaming Equipment, Gaming Supplies or other assets utilized at any of the Casinos described in Schedule "A" to any other Casino described in Schedule "A" or to otherwise transfer or allow the transfer or disposition of any assets between such Casinos.

**ARTICLE V  
[INTENTIONALLY DELETED]**

**ARTICLE VI  
[INTENTIONALLY DELETED]**

**ARTICLE VII  
SERVICE PROVIDER REPRESENTATIONS AND WARRANTIES**

**7.01 Service Provider Representations and Warranties**

The Service Provider hereby represents and warrants to the Corporation, recognizing that the Corporation is relying upon such representations and warranties in entering into the transactions contemplated by this Agreement as of the date hereof and the Effective Date, as follows:

- (a) the Service Provider and each member of the NWG Group:
  - (i) is a corporation, limited or unlimited liability company, partnership or business trust duly organized and validly existing under the laws of the jurisdiction of its formation and the Service Provider is duly organized and validly existing under the laws of Canada; and
  - (ii) has all requisite corporate, limited or unlimited liability company, partnership or trust (as applicable), power and authority to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted;
- (b) the execution, delivery and performance by the Service Provider of this Agreement is within its corporate powers, has been duly authorized by all necessary corporate action and does not:
  - (i) contravene its charter, bylaws or other Constatng Documents; or
  - (ii) violate any Applicable Law.
- (c) set forth in Schedule "B" is a complete and accurate Corporate Chart listing as of the Effective Date: (i) the Service Provider; (ii) all Control Persons; (iii) all holders of Beneficial Ownership interests in the Service Provider and all Control

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Persons; (iv) all Subsidiaries of the Service Provider; and (v) each Subsidiary of each Control Person that is also a Control Person, showing as of the Effective Date (as to each such Person):

- (i) the jurisdiction of its formation; and
- (ii) all outstanding options, warrants, rights of conversion or purchase and similar rights in respect thereof and the legal and Beneficial Ownership thereof;

The Service Provider represents and warrants that the Corporate Chart is accurate and correct as of the Effective Date;

- (d) this Agreement has been duly executed and delivered by the Service Provider and is the legal, valid and binding obligation of the Service Provider, enforceable against the Service Provider in accordance with its terms except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws and by general principles of equity;
- (e) there is no action, suit, investigation, litigation or proceeding affecting the Service Provider or any member of the NWG Group pending or, to the knowledge of the Service Provider, threatened before any Governmental Authority or arbitrator that would reasonably be expected to have a Material Adverse Effect;
- (f) neither the Service Provider nor any member of the NWG Group are in default under or with respect to any Applicable Law that would, in the aggregate, reasonably be expected to have a Material Adverse Effect;
- (g) no Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement;
- (h) the Service Provider maintains insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as are set out in the Insurance Certificate;
- (i) all written information, when taken as a whole, furnished by or on behalf of the Service Provider or any member of the NWG Group to the Corporation in connection with the negotiation, execution and delivery of this Agreement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein not materially misleading, taken as a whole; and
- (j) no Act of Insolvency has occurred in respect of any member of the NWG Group.

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## ARTICLE VIII TERM

### 8.01 Term

The Term of this Agreement will vary from Casino to Casino and will commence at the commencement date for each Casino set out in Schedule "A" and will continue in full force and effect for the period specified in Schedule "A" in respect of each Casino and may be extended as set out in Schedule "A" for each Casino, unless earlier terminated or amended in respect of any or all of the Casinos pursuant to the provisions hereof.

## ARTICLE IX SUSPENSION

### 9.01 Suspension Events of Default

The Corporation may suspend the Service Provider's right to provide operational services under this Agreement to any or all of the Casinos, as specified herein, and any other rights granted to the Service Provider pursuant to this Agreement without notice on the happening of any one of the following Events of Default:

- (a) with respect to one, one or more or all Casinos, in the Corporation's discretion, if the Service Provider or any Person engaged or employed by the Service Provider or any Control Person or any officer, director, partner, trustee, agent or representative of any such Person is in breach of any of the provisions of this Agreement or the Constatng Documents of the Service Provider or any Control Person, as the case may be, and, in the reasonable opinion of the Corporation, such breach prejudices or could prejudice the integrity or reputation of any of the Casinos, Casino Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government; or
- (b) with respect to a Casino, if the Service Provider or any Person engaged or employed by the Service Provider or any Control Person or any officer, director, partner, trustee, agent or representative of any such Person is in breach of any of the provisions of this Agreement with respect to such Casino or the Constatng Documents of the Service Provider or any Control Person, as the case may be, other than those described in Section 9.01(a), and such breach continues for thirty (30) days after written notice of such breach has been given to the Service Provider by the Corporation; or
- (c) with respect to one, one or more or all Casinos, in the Corporation's discretion, during an investigation by the Corporation of a possible breach of any of the provisions of this Agreement by the Service Provider or any Control Person or any officer, director, partner, trustee, agent or representative of any such Person or any Persons engaged or employed by the Service Provider if, in the reasonable opinion of the Corporation, the nature of the possible breach could prejudice the integrity or reputation of any of the Casinos, Casino Gaming or the Corporation's

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authority to conduct, manage and operate lottery schemes on behalf of the Government; or

- (d) with respect to one, one or more or all Casinos, in the Corporation's discretion, if the Service Provider or any Control Person or any officer, director, partner, trustee, agent or representative of any such Person is charged with a criminal offence which, in the reasonable opinion of the Corporation, prejudices or could prejudice the integrity or reputation of any of the Casinos, Casino Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government,

and such suspension shall continue for such period of time that such Event of Default remains unremedied or the Corporation is of the reasonable opinion that the integrity or reputation of any of the Casinos, Casino Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Province of British Columbia is prejudiced or at risk of prejudice. The Corporation will promptly advise the Service Provider of any such suspension, but this requirement will not in any way affect the Corporation's right to suspend the right of the Service Provider to supply operational services to any or all of the Casinos under this Agreement without notice pursuant to Section 9.01 of this Agreement.

#### 9.02 Corporation's Authority Following Suspension

If the Corporation suspends the right of the Service Provider to supply operational services to any or all of the Casinos pursuant to Section 9.01 the Corporation may elect to supply the operational services or may elect to appoint a third party to supply the operational services in the place of and for the account of the Service Provider during the period of suspension. The Corporation or the third party service provider, as the case may be, will be entitled to receive and retain reasonable fees and expenses for the operational services supplied, such fees and expenses to be paid out of the remuneration that is otherwise payable to the Service Provider under this Agreement. The Service Provider hereby authorizes and directs the Corporation or the third party service provider to supply the operational services to the Corporation, in accordance with the Service Provider's obligations under this Agreement, on its behalf and as its agent, during the period of such suspension, and hereby confirms and ratifies the acts (save and except illegal or unlawful acts) of the Corporation or the third party service provider, as the case may be, provided those acts are in accordance with the Service Provider's obligations under this Agreement. The Service Provider hereby releases and forever discharges the Corporation or any third party appointed to supply operational services from any claim demand or cause of action whatsoever for any act done in good faith in accordance with this Section 9.02 or for any alleged neglect or default in the course of any act done in good faith pursuant to this Section 9.02. Notwithstanding the suspension, the Service Provider will be entitled to receive the remuneration set out in Schedule "A" hereto otherwise payable in respect of the period of the suspension, after deducting and paying therefrom the Corporation's or the third party service provider's reasonable fees and expenses for providing operational services during such period.

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## ARTICLE X TERMINATION

### 10.01 Termination Events of Default

The Corporation may terminate this Agreement with respect to one, one or more or all of the Casinos, as specified herein, without notice upon the happening of any one of the following Events of Default:

- (a) with respect to a Casino, if the Service Provider:
  - (i) is unable to provide the exclusive use, occupation and possession of such Casino to the Corporation for the purpose of conducting, managing and operating Casino Games or associated uses other than by reason of a Force Majeure Event in accordance with Article XII; or
  - (ii) discontinues business operations at such Casino other than by reason of a Force Majeure Event in accordance with Article XII;
- (b) with respect to one, one or more or all Casinos, in the Corporation's discretion, if the Service Provider or any Control Person or any officer, director, partner, trustee, agent or representative of any such Person is convicted of a criminal offence which, in the reasonable opinion of the Corporation, prejudices the integrity or the reputation of any of the Casinos, Casino Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government;
- (c) with respect to a Casino, if the Service Provider or any Control Person or any officer, director, partner, trustee, agent or representative of any such Person has, in the reasonable opinion of the Corporation, made a material misrepresentation herein or in any documentation submitted to the Corporation by or on behalf of the Service Provider with respect to such Casino;
- (d) with respect to one, one or more or all Casinos, in the Corporation's discretion, in the event that an Act of Insolvency occurs in respect of the Service Provider or an SP Affiliate;
- (e) with respect to one, one or more or all Casinos, in the Corporation's discretion, in the event that a Credit Agreement Termination Triggering Event occurs;
- (f) with respect to a Casino, in the event the Service Provider or any Person engaged or employed by the Service Provider commits any breach of any of the provisions of Section 4.02(a) through (j), inclusive, of this Agreement that, in the reasonable opinion of the Corporation, is material;
- (g) with respect to a Casino, in the event the Service Provider or any Control Person or any officer, director, partner, trustee, agent or representative of any such Person refuses, fails or neglects to comply with a written directive signed by an officer or

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director of the Corporation with respect to such Casino within such reasonable time period prescribed by the Corporation in the said directive;

- (h) with respect to one, one or more or all Casinos, in the Corporation's discretion, in the event a Governmental Authority passes any Applicable Law which, or a court of competent jurisdiction finds that any existing Applicable Law, renders the performance of this Agreement wholly or partially illegal, subject to Section 15.11 of this Agreement;
- (i) with respect to one, one or more or all Casinos, in the Corporation's discretion, if any Disposition occurs in respect of any Significant Interest, other than in accordance with, and as permitted by, Article XIV hereof, or any change occurs to the overall Corporate Structure as set out in the Corporate Chart, except as results from the completion of the Permitted Restructurings, in each case, without the Corporation's prior written consent;
- (j) with respect to a Casino, if the Service Provider or any Person engaged or employed by the Service Provider for the provision of operational services hereunder or any Person who Controls the Service Provider or any officer or director of such Person is in breach of any covenant contained herein in respect of such Casino, other than a breach of covenant or event of default referred to in Sections 10.01 (a) to (i) hereof, or is in breach of the Rules and Regulations Respecting Lotteries and Gaming of the Corporation, the Casino Standards, Policies and Procedures, or of any instructions or directives of the Corporation, as amended from time to time, and such breach is not cured within thirty (30) days, following notice in writing by the Corporation to the Service Provider to cure the same or within such longer period of time as shall be reasonably required to cure the breach with the exercise of all due diligence provided that:
  - (i) the continued breach is not, in the reasonable opinion of the Corporation, prejudicial to the integrity or reputation of any of the Casinos, Casino Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government; and
  - (ii) the Service Provider is, in the reasonable opinion of the Corporation, exercising all due diligence to cure the breach and continues to exercise all due diligence until the breach has been cured by the Service Provider;
- (k) with respect to one, one or more or all Casinos, in the Corporation's discretion, in the event that any judgments or orders, either individually or in the aggregate, for the payment of money in excess of \$20,000,000 shall be rendered against the Service Provider or any Subsidiary thereof and there shall be a period of sixty (60) consecutive days in which such judgment or judgments remain unpaid, a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect, provided that any such judgment or order shall not give rise to an Event of Default if and for so long as the amount of such judgment or order is covered by a valid and binding policy of insurance in favour

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of any such judgment debtor which coverage in respect of such claim has not been disputed.

The Corporation will promptly advise the Service Provider of any such termination by the Corporation under Section 10.01 of this Agreement, but such requirement will not in any way affect the Corporation's right to terminate this Agreement without notice pursuant to Section 10.01 of this Agreement.

#### 10.02 Corporation's Option

In the event the Service Provider is the owner or lessee of any of the Casinos and the Corporation terminates this Agreement in respect thereof pursuant to this Article X, the Corporation shall have the option to retain the exclusive use, occupation and possession of such Casinos for a term of two (2) months following the date of termination ("First Option Term") and a further option to retain the exclusive use, occupation and possession of such Casinos for a further term of two (2) years ("Second Option Term") provided that written notice of the exercise of the Second Option Term is delivered to the Service Provider prior to the expiry of the First Option Term. In the event the Service Provider is the lessee of any such Casinos the Corporation will pay as a use, occupation and possession charge the monthly rent and other lease charges payable by the Service Provider to the Service Provider's landlord during the First Option Term and the Second Option Term in respect thereof, if exercised, provided that in the event the Service Provider and the landlord are Associated the monthly use, occupation and possession charge payable by the Corporation will be as agreed between the Corporation and the landlord and failing agreement shall be the fair market rent for the relevant option term as determined by a single arbitrator appointed under the provisions of the Arbitration Act whose decision will be final. In the event the Service Provider is the owner of any such Casino, the monthly use, occupation and possession charge payable by the Corporation will be as agreed between the Corporation and the Service Provider and failing agreement shall be the fair market rent for the relevant option term as determined by a single arbitrator appointed under the provisions of the Arbitration Act whose decision will be final. If the Service Provider is the lessee of any such Casino and the Service Provider and the landlord are not Associated, the Corporation shall observe and perform all of the obligations of the Service Provider as lessee during the First Option Term and the Second Option Term, if exercised. If the Service Provider is the owner of any such Casino or the lessee thereof and the Service Provider and the landlord are Associated, the Corporation shall occupy the Casino during the First Option Term and the Second Option Term, if exercised, on the normal terms of a triple net carefree lease to the landlord, shall be obligated to pay all operating costs, insurance and taxes associated with such Casino premises, and shall otherwise be obligated to observe and perform the normal terms and conditions of a triple net tenancy.

#### 10.03 Landlord's Agreement

The Service Provider shall use its reasonable best efforts to deliver to the Corporation written agreements of the Service Provider's landlords granting the Corporation the right to retain the exclusive use, occupation and possession of each of the Casinos for the First

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Option Term and the Second Option Term for each such Casino, on the terms and conditions set out in Section 10.02 within sixty (60) days of receiving the Corporation's written request for the said written agreement.

**10.04 Effect of Termination**

Termination of this Agreement does not relieve either party from any of its obligations outstanding under this Agreement up to the date of termination.

**10.05 Access Following Termination**

The Service Provider acknowledges that upon termination of this Agreement, the Corporation shall, if it is not the owner or lessee of any of the Casinos, have immediate access to remove all of the Gaming Equipment and the Gaming Supplies owned or supplied by the Corporation, should it choose to do so. If the Corporation chooses to remove the Gaming Equipment and the Gaming Supplies, it shall effect such removal promptly.

**10.06 Service Provider's Termination Right**

The Service Provider may terminate this Agreement if the Corporation is in material breach of this Agreement and such breach is not cured within thirty (30) days following notice in writing by the Service Provider to the Corporation to cure the same or within such longer period of time as shall be reasonably required to cure the breach with the exercise of reasonable due diligence.

**ARTICLE XI  
NOTICES**

**11.01 Notices**

All notices hereunder shall be deemed given if in writing and delivered personally or sent by facsimile or by registered or certified mail (return receipt requested), but not by email, to the Parties at the following addresses (or at such other addresses as shall be specified by like notice):

if to the Corporation, to:

British Columbia Lottery Corporation  
74 West Seymour Street  
Kamloops, B.C.  
V2C 1E2

Vice-President Finance & Corporate Services  
Attention: Doug Penrose  
Fax: (250) 828-5637

With a copy to:

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## General Counsel

Attention: Ilkim Hincer  
Fax: (604) 276-6485

if to the Service Provider, to:

Gateway Casinos & Entertainment Inc.  
Suite 210 - 4240 Manor Street  
Burnaby, BC V5G 1B2

Attention: David Gadhia  
Fax: (604) 412-0169

With a copy to:

Gowlings Lafleur Henderson LLP  
Suite 1600  
1 First Canadian Place  
100 King Street West  
Toronto, Ontario  
M5X 1G5

Attention: Myron Dzulynsky  
Fax: (416) 369-7250

Any notice given by mail shall be effective, if mailed within British Columbia at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, on the fourth Business Day after the post-marked date thereof. Any notice given by facsimile shall be effective on the Business Day following the sending. Any notice delivered personally shall be effective at the time it is delivered to the applicable address noted above either to the individual designated above or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices and communications shall be delivered personally or by facsimile only.

**ARTICLE XII**  
**FORCE MAJEURE**

**12.01 Force Majeure**

Except as provided in 10.01(h) hereof, if either party is bona fide delayed or hindered in or prevented from the performance of any term, covenant or obligation required under this Agreement, by reason of a Force Majeure Event, the party will, subject to Section 12.02 hereof, be relieved from the fulfilment of such term, covenant or obligation during the period of such interruption and the period for like performance of any such term, covenant or obligation will be extended for a period equivalent to the period of such delay.

**12.02 Force Majeure Termination**

Notwithstanding Section 12.01 hereof, in the event that any delay or interruption referred to in Section 12.01 exceeds sixty (60) days, each of the Corporation and the Service Provider shall have the option of terminating this Agreement on thirty (30) days written notice to the other party, provided that said option to terminate shall not apply where the delay or interruption exceeding sixty (60) days is caused by industrial relations disputes including strikes, lock outs, "hot" declarations or other labour controversy and the party delayed or hindered by said industrial relations dispute is not determined to be pursuing the resolution of said industrial relations dispute otherwise than in good faith and with reasonable diligence by the British Columbia Labour Relations Board or such other successor or replacement Board from time to time.

**ARTICLE XIII  
GUARANTEE, INDEMNITIES AND COVENANTS**

**13.01 Service Provider Indemnity**

The Service Provider covenants and agrees to indemnify and save harmless the Corporation from any and all liabilities, claims, actions and judgments arising from or relating to any acts or omissions of the Service Provider or any Person engaged or employed by the Service Provider in the provision of operational services or the performance of this Agreement, other than in respect of amounts properly payable to the Service Provider pursuant to this Agreement.

**13.02 Corporation Indemnity**

Subject to receipt of all necessary approvals under the Financial Administration Act, the Corporation covenants and agrees to indemnify and save harmless the Service Provider from any and all liabilities, claims, actions and judgments arising from or relating to any wrongful acts or omissions of the Corporation or any Person engaged or employed by the Corporation in the performance of the Corporation's obligations under this Agreement. The Corporation will take all reasonable steps to obtain approval for this indemnity in accordance with the Financial Administration Act and the Regulations thereto, and will advise the Service Provider accordingly.

**13.03 Guarantor's Guarantee, Indemnity and Covenants**

Each Person who shall become a Guarantor hereunder shall:

- (a) unconditionally guarantee the performance by the Service Provider of each of the Service Provider's obligations arising under this Agreement and shall unconditionally guarantee and promise to pay, or cause to be paid to the Corporation, any and all indebtedness of the Service Provider to the Corporation;
- (b) covenant and agree to indemnify and save harmless the Corporation from any and all liabilities, claims, actions and judgments arising from or relating to any acts or omissions of the Service Provider or any Person engaged or employed by the

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Service Provider in the provision of operational services or the performance of this Agreement, other than in respect of amounts properly payable to the Service Provider pursuant to this Agreement; and

- (c) covenant and agree to execute and deliver all documents, do or cause to be done all acts and things and give all such assurances as may be necessary or desirable to give full effect to the provisions and intent of this Agreement.

#### **ARTICLE XIV TRANSFER, SALE AND ASSIGNMENT**

##### **14.01 Restrictions on Sale and Assignment**

No transfer, sale, assignment or other disposition of this Agreement, or the contractual rights hereunder, whether contingent, absolute or otherwise, by the Service Provider is valid without the prior written consent of the Corporation, which consent may be arbitrarily withheld or withheld for any reason. Any transfer, sale, assignment or other disposition of this Agreement or the rights hereunder, whether contingent, absolute or otherwise, by the Service Provider without the prior written consent of the Corporation shall be void unless subsequently ratified and approved in writing by the Corporation and shall render this Agreement null and void at the option of the Corporation, without any further obligations whatsoever on the part of the Corporation.

##### **14.02 Amendments to Constating Documents**

The Service Provider shall as soon as practicable and in any event within one hundred and twenty (120) days of the date of this Agreement amend its Articles Bylaws, Partnership Agreement, Trust Agreement, or other constating document (“**Constating Documents**”) and cause Topco to amend its Constating Documents so as to adopt the Security Constraint set forth in Section 14.04, as well as such ancillary provisions required to enable the Service Provider to enforce the Security Constraint set forth in Section 14.04, as follows:

- (a) each of the Service Provider and Topco, as the case may be, shall not issue or register the transfer of Voting Securities of the Service Provider or Topco, as the case may be, if to the actual knowledge of the Service Provider or Topco, as the case may be, such issue or transfer will contravene the Security Constraint;
- (b) the Service Provider or Topco, as the case may be, shall, upon acquiring actual knowledge of any contravention by a Person of the Security Constraint, suspend all voting, dividend and other financial rights attached to any Voting Securities in the Service Provider or Topco, as the case may be, then held by such Person (to the extent permitted by Law) until such contravention is remedied; and
- (c) if any Person who is in contravention of, or causes the Service Provider or Topco, as the case may be, to be in contravention of, the Security Constraint fails to remedy the same within thirty (30) days following receipt of written demand therefor from the Service Provider, the Service Provider or Topco, as the case

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may be, shall forthwith take all reasonable steps available at law to force such Person to sell or purchase Voting Securities in the Service Provider or Topco, as the case may be, as required in order to remedy such contravention.

#### 14.03 Compliance and Monitoring

Following the aforesaid amendments to the Constatng Documents of the Service Provider and Topco becoming effective, the Service Provider and Topco shall duly observe and comply with all such provisions and provide the Corporation upon request, from time to time, with any information it may reasonably request in order to monitor such compliance.

#### 14.04 Security Constraint

For the purposes of Section 14.02, "Security Constraint" means the following restrictions:

- (a) no Person shall hold or Beneficially Own, either directly or indirectly, Voting Securities in the Service Provider or Topco, to which are attached, in the aggregate, more than ten (10%) per cent of the votes that may ordinarily be cast to elect directors or appoint or dismiss the managing partner or partners or the trustee or trustees of the Service Provider or the Control Person, as the case may be (referred to in this Article XIV as a "Significant Interest") unless the Person obtains the prior written consent of the Corporation, which consent shall be in the sole and absolute discretion of the Corporation; and
- (b) a Person who holds or Beneficially Owns, either directly or indirectly, a Significant Interest shall not:
  - (i) sell, gift, transfer, charge, pledge, mortgage, hypothecate or otherwise dispose of (a "Disposition"), in any manner whatsoever, of any portion of such Significant Interest; or
  - (ii) acquire, in any manner whatsoever, a greater Significant Interest (calculated as a percentage),

if such Disposition or acquisition would result in a change of Control of the Service Provider, unless the Person obtains the prior written consent of the Corporation to the said Disposition or acquisition, said consent to be in the sole and absolute discretion of the Corporation.

#### 14.05 [INTENTIONALLY DELETED]

#### 14.06 Security Interests

The Service Provider may, subject to first obtaining the written approval of the Corporation, said approval not to be unreasonably withheld, grant a security interest in the Service Provider's interest in this Agreement to a lender or lenders (hereinafter called the "**Secured Party**") provided that said approval will in no manner whatsoever:

- (a) prevent the Corporation from exercising its rights and remedies under this Agreement as against the Service Provider upon the occurrence of an Event of Default in the event the Service Provider breaches this Agreement;
- (b) authorize or permit the Secured Party to supply the operational services to be supplied by the Service Provider under this Agreement to the Corporation in the place of the Service Provider other than with the express written consent of the Corporation and on such terms and conditions as may be prescribed by the Corporation

For greater certainty, in the case of any syndicated credit facilities, bond, debenture or note financing, or similar multi-lender financing, upon the approval of the administrative agent, collateral agent, collateral trustee, bond trustee, note trustee, debenture trustee or like Person, as applicable, no further consent under this Section shall be required for the assignment, participation, syndication and transfer from time to time by the lenders from time to time under the applicable credit, bond, debenture or note agreement or indenture or other similar or related documents (the "**Credit Documents**") of all or any portion of their respective interests under such Credit Documents (and in connection therewith the security therefor (including interests as a Secured Party) to such other person as may be permitted under such Credit Documents).

#### 14.07 Consent to Assignment of Agreement upon Realization or Termination

In the event the Secured Party intends to realize on its security interest in the Service Provider's interest in this Agreement or the Corporation terminates this Agreement by reason of default by the Service Provider hereunder, the Corporation will consent to an assignment of this Agreement to a third party (which may include the Corporation) proposed by the Secured Party or the Corporation to replace the Service Provider (the "**Third Party Replacement**") or will enter into a new agreement with the Third Party Replacement, subject to the Third Party Replacement satisfying each one of the following conditions:

- (a) the Third Party Replacement satisfies all legal requirements and qualifications then in effect to provide the operational services contemplated by this Agreement to the Corporation;
- (b) the Third Party Replacement is approved in writing by the Corporation to supply the operational services to be supplied by the Service Provider under this Agreement in the place of the Service Provider, said approval not to be unreasonably withheld, having regard to the Corporation's qualification standards for a casino operational services provider, including, without limitation,

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reputation, integrity, experience, performance, financial position and ownership structure;

- (c) the Third Party Replacement remedies or undertakes to remedy all of the Service Provider's outstanding breaches under this Agreement within the time period or periods prescribed by the Corporation acting reasonably and on such terms and conditions prescribed by the Corporation acting reasonably; and
- (d) the Third Party Replacement enters into a written agreement with the Corporation to assume and be fully responsible for all of the Service Provider's obligations and liabilities under this Agreement, with such agreement with the Third Party Replacement to be in substantially the same form as this Agreement and having the same terms and renewal options with respect to each of the Casinos, if any, as is set forth in Schedule "A" to this Agreement.

#### 14.08 Post-Termination Assignment Within 90 Days

In the event the Corporation has approved the grant of a security interest over the Service Provider's interest in this Agreement pursuant to Section 14.06 the Corporation will, notwithstanding the Corporation's termination of this Agreement by reason of the Service Provider's breach of this Agreement, permit the assignment of the Service Provider's interest in this Agreement or enter into a new agreement as contemplated in Section 14.07, provided that such assignment or new agreement is fully completed within ninety (90) days of the date of termination of this Agreement by the Corporation and further provided that subject to the foregoing nothing herein shall prevent the Corporation from otherwise exercising its rights and remedies under this Agreement.

#### 14.09 Consent to Appointment

During and for the said ninety (90) day period only, the Corporation will not unreasonably withhold its consent to the appointment of:

- (a) a service provider supplying casino operational services to the Corporation under an existing agreement with the Corporation, acceptable to the Corporation, acting reasonably (having regard to the scope, size and complexity of such service provider's operations in comparison to those of the Service Provider) to supply the operational services as contemplated by this Agreement in accordance with the terms of this Agreement; or
- (b) another Person (which Person may include the Corporation), acceptable to the Corporation acting reasonably (having regard to such Person's relevant operational and management experience) to supply the operational services as contemplated by this Agreement in accordance with the terms of this Agreement,

by the Secured Party or by a receiver appointed by the Secured Party.

#### 14.10 Unpaid Facility Development Commission

Without limiting the generality of the foregoing, if, immediately before the time of any assignment or termination of this Agreement as contemplated in Sections 14.07 and 14.08 of this Agreement, the Service Provider shall be entitled to receive any existing or future Facility Development Commission in respect of any Casino (as defined in Schedule "A" to this Agreement) in respect of any Approved Amounts (as defined in Schedule "A" to this Agreement) for which the Service Provider had not, at that time, received the full Facility Development Commission pursuant to Schedule "A" to this Agreement in respect of Approved Amounts that had been incurred and paid immediately before the time of any such assignment or termination of this Agreement (the "**Unpaid Facility Development Commission**"), any Third Party Replacement for such Service Provider under Section 14.07 or Section 14.08 shall stand in the same position as the Service Provider with respect to such entitlement, and shall have the same right to receive the Unpaid Facility Development Commission as the Service Provider had immediately prior to the assignment or termination of this Agreement.

### ARTICLE XV MISCELLANEOUS

#### 15.01 Corporation Property

The Service Provider acknowledges and agrees that the Gaming Equipment and the Gaming Supplies supplied by the Corporation are the sole property of the Corporation and that the Service Provider has no proprietary rights to or interest in such Gaming Equipment or Gaming Supplies nor any trademark or other intellectual property, license, lease or other rights or agreement affecting such Gaming Equipment or Gaming Supplies. The Service Provider, if it is the owner or lessee of any of the Casinos, hereby grants to the Corporation the exclusive use, occupation and possession of all such Casinos for the installation, operation, maintenance and removal of such Gaming Equipment and Gaming Supplies and for all purposes ancillary thereto upon the terms and conditions of this Agreement.

#### 15.02 Information

The Service Provider acknowledges and agrees that all information pertaining to or generated by the conduct, management and operation of the Casino Games in the Casinos, including without limitation, Player Information, shall be the sole and absolute property of the Corporation and shall be disclosed to and by the Corporation as and when prescribed by the Corporation, in its sole discretion. The Service Provider shall, subject to applicable privacy laws, have a free right in perpetuity to use the information properly disclosed by the Corporation for the purposes of the Service Provider's business, including performance of its obligations under this Agreement, provided that the right of the Service Provider to use Player Information shall terminate on the termination of this Agreement, and further provided that the Service Provider is, subject to applicable

privacy laws, entitled to use the Player Information in connection with the supply of operational services in any other Casino under a Casino Operational Services Agreement with the Corporation

**15.03 Computer Systems Records Paramount**

Unless otherwise agreed by the parties, in the event of any inconsistency between any records generated by the Service Provider or those generated by the Computer Systems, the final record shall, in each case be determined by the information and records generated by the Computer Systems and the Service Provider shall be bound thereby and shall account to the Corporation on the basis of information generated by the Computer Systems.

**15.04 Win and Gaming Bank Rolls**

The Service Provider acknowledges and agrees that the Win and the Gaming Bank Rolls are and shall be the sole and absolute property of the Corporation and that the Service Provider shall receive and hold the Win and Gaming Bank Rolls in trust for the sole benefit of the Corporation and shall deal with the same as trustee for the Corporation.

**15.05 Independent Contractor**

The Service Provider and the Corporation acknowledge and agree that the Service Provider is not an employee, agent or representative, joint venturer, or partner of the Corporation, and the Service Provider shall not represent or hold out to be other than an independent contractor pursuant to this Agreement.

**15.06 Other Revenue Sources**

Revenue generated in the Casinos from the sale of food, beverages, memorabilia, parking services and the operation of cash dispensing machines shall be for the account of the Service Provider.

**15.07 No Liability**

The Service Provider acknowledges and agrees that the Corporation shall not be liable to the Service Provider for any loss or injury resulting from fire or other occurrences resulting from the installation, operation or removal of the Gaming Equipment or failure, malfunctions or interruptions in use or cessation of operation thereof nor reasonable defacement of any of the Casinos caused by the installation, repair or removal of the Gaming Equipment, unless such loss or injury is the result of the negligence or deliberate wrongful act of the Corporation or its representatives.

**15.08 Confidential Information**

Information supplied by one party to the other under or pursuant to this Agreement shall be confidential if the information contains commercial, financial, labour relations or technical information which could reasonably be expected to harm significantly the

competitive position or interfere significantly with the negotiating position of the party supplying the information and the party receiving the information shall keep it strictly confidential and not disclose the same to any third party without the prior written consent of the party supplying the information, provided that either party is entitled to disclose such information on a confidential basis to a proposed lender, purchaser, assignee, the Minister of Finance, the Minister responsible for the Corporation, other Governmental Authorities or Ministries as required by statute, regulation or government policy or to any other extent reasonably required to enforce the rights and remedies of either party under this Agreement, further provided that nothing shall prevent the Corporation from disclosing any information which is proprietary to the Corporation under the terms of this Agreement to any party the Corporation may see fit without the prior or any consent of the Service Provider provided that such proprietary information does not include any specific information pertaining to the Service Provider's costs of providing operational services under this Agreement. Notwithstanding the above, either party shall be entitled to disclose any information supplied by the other party if such party is required to disclose such information by court order or by other compulsion of law.

#### 15.09 Conduct of Operations for Benefit of Certain Persons

The Service Provider may provide the operational services hereunder or hold all or part of this Agreement, for the benefit of one or more of the Persons owned directly or indirectly by the Service Provider as set out on Chart No. 1 on the Corporate Chart or for any one or more Guarantors, provided that in the case of the Guarantors:

- (a) there has not occurred and is continuing a Default or Event of Default;
- (b) the Service Provider has provided the Corporation with not less than five (5) Business Days' prior written notice that it wishes to provide the operational services for the benefit of such Guarantor;
- (c) doing so will not adversely affect the ability of the Service Provider to provide the operational services;
- (d) the Corporation provides its prior written approval in respect thereof; and
- (e) such Guarantor(s) shall execute and deliver such further documents, acknowledgments and assurances as the Corporation may deem necessary or advisable to preserve and protect the Corporation's rights and entitlements under this Agreement.

#### 15.10 Permitted Reorganizations

Notwithstanding any other provisions of this Agreement, the Corporation hereby consents to the Permitted Reorganizations or any one them, provided that:

- (a) there has not occurred and is continuing a Default or Event of Default;

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- (b) completing the Permitted Reorganization will not adversely affect the ability of the Service Provider to provide the operational services in accordance with the terms and conditions of this Agreement;
- (c) if a Guarantor or Service Provider ceases to hold any benefit in respect of this Agreement or to exist in its original form in each case as a result of such Permitted Reorganization, its successor or assignee shall become a party to this Agreement as a Guarantor or Service Provider, as the case may be; and
- (d) the Service Provider and any Guarantor following completion of the Permitted Reorganization shall execute and deliver such further documents, acknowledgements and assurances as the Corporation may deem necessary or advisable to preserve and protect the Corporation's rights and entitlements under this Agreement.

#### 15.11 Invalidity

If any covenant or term hereof or the application thereof to any Person, or in any circumstance, to any extent is held invalid or unenforceable, the remainder of this Agreement or the application of the term, covenant or condition to any Person or circumstance, other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term, covenant and condition shall be valid and enforceable to the fullest extent permitted by law, except that if on the reasonable construction of this Agreement as a whole, the applicability of the other provisions presumes the validity and enforceability of the particular provision, the other provisions will be deemed also to be invalid or unenforceable.

#### 15.12 Waiver

A waiver by a party hereto of any right, benefit or default under this Agreement on any particular occasion shall not be deemed or construed to be a consent to or a waiver of any such right, benefit or default thereafter or a waiver of any other right, benefit or default, as the case may be. A waiver of any right, benefit or default under this Agreement on any particular occasion shall not be effective against the Corporation or the Service Provider, as the case may be, unless the waiver is in writing and executed by an authorized signatory of the Corporation or the Service Provider, as the case may be.

#### 15.13 Entire Agreement

This Agreement constitutes the entire agreement between the Service Provider and the Corporation with respect to the subject matter hereof and supersedes all prior communications, representations, agreements and understandings, oral or written, between the parties hereto or their respective representatives with respect to the matters herein (including any prior Casino Operational Services Agreements relating to the Casinos) and shall not be modified or amended, except by written agreement signed by the parties hereto, provided, for greater certainty, that this Agreement does not supersede the DAC Agreement. Notwithstanding the foregoing, any Facility Development

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Commission due, owing or available under any prior Casino Operational Services Agreement (and any rights ancillary thereto) relating to the Casinos will continue to be due, owing or available to the Service Provider.

**15.14 Proper Law**

This Agreement shall be construed in accordance with and governed by the Laws of the Province of British Columbia and the laws of Canada applicable therein.

**15.15 Attornment**

- (a) Subject to the arbitration rights set out herein, each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any Provincial or Federal Court of competent jurisdiction in the Province of British Columbia, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such Provincial or Federal Court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement in the courts of any jurisdiction.
- (b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any Provincial or Federal Court of competent jurisdiction in the Province of British Columbia. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

**15.16 Notification in Writing**

This Agreement may only be amended or modified in writing, signed by all of the parties hereto. No waiver in writing of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

**15.17 Public Disclosure**

Except as may be required to comply with the requirements of Applicable Law, no press release or similar public announcement or communication will be made or caused to be made concerning the execution, performance, terms and conditions of this Agreement by the Service Provider unless specifically approved in advance by the Corporation;

provided, however, that to the extent that the Service Provider or any Affiliate thereof is required by Applicable Law, to make such a public disclosure, such public disclosure shall only be made after prior consultation with the Corporation.

15.18 **No Third Party Beneficiaries**

This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever.

15.19 **Performance on Holidays**

If any action is required to be taken pursuant to this Agreement on or by a specified date which is not a Business Day, then such action shall be valid if taken on or by the next succeeding Business Day.

15.20 **Time of the Essence**

Time is of the essence of this Agreement.

15.21 **Further Assurances**

The parties hereto will execute and deliver all such further documents, do or cause to be done all such further acts and things and give all such further assurances as may be necessary or desirable to give full effect to the provisions and intent of this Agreement.

15.22 **Remedies Cumulative**

The remedies to which any party hereto may resort are cumulative and not exclusive of any other remedies allowed by law or equity to which such party may be entitled, and each party hereto shall be entitled to pursue any and all of its remedies concurrently, consecutively and alternatively.

15.23 **Counterparts**

This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument.

15.24 **Facsimile and Electronic Delivery**

Delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the date set forth on page one of this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date first written above.

Witness:

Jackie Johnson

D Mulvaney

) **BRITISH COLUMBIA LOTTERY CORPORATION**  
) by its authorized signatories:

) Per: \_\_\_\_\_

) Per: \_\_\_\_\_



Witness:

Jackie Johnson

\_\_\_\_\_

) **GATEWAY CASINOS & ENTERTAINMENT INC.**  
) by its authorized signatories:

) Per: \_\_\_\_\_

) Per: \_\_\_\_\_



**Schedule "A" to the Casino Operational Services Agreement  
SPECIAL PROVISIONS**

**CASINO OPERATIONAL SERVICE TERMS**

This schedule is attached to and forms part of the Agreement made as at the 16th day of November, 2007 between the Corporation and the Service Provider and consists of common terms and seven additional Parts, each such Part applying to an individual Casino in respect of which the Service Provider provides operational services.

**Defined Terms:** In this Schedule "A" and in the Agreement, as applicable, each of the following words and phrases, unless there is something in the context inconsistent therewith, has the following meanings:

**"Approved Amount(s)"** means amounts the Service Provider may draw out of the Facility Development Trust Accounts, as Facility Development Commission amounts in respect of specified Casinos equal to expenditures on such Casinos that have been actually incurred and paid on development or improvement of such Casinos pursuant to and in accordance with the Plans for such Casinos previously approved by the Corporation;

**"Cascades Casino"** means the Cascades Casino located at 20393 Fraser Highway, Langley, B.C.;

**"Extension Option"** has the meaning given to it in Section three (3) of each Part of this Schedule "A";

**"Facility Development Commission"** means an additional amount of consideration, equal to 3% of the Win on all Casino Games for applicable Casinos in respect of which such amount is specified as payable;

**"Facility Development Trust Accounts"** means the trust accounts established to hold the Facility Development Commissions in respect of the applicable Casinos and **"Facility Development Trust Account"** means such account applicable to a specified Casino;

**"Gateway Casino"** means the Gateway Casino located at 4320 Dominion Street, Burnaby, B.C.;

**"Grand Villa Casino"** means the Grand Villa Casino located at 4331 Dominion Street, Burnaby, B.C.;

**"Government"** means the provincially-elected government of British Columbia;

**"Kamloops Casino"** means the Lake City Casinos – Kamloops located at 540 Victoria Street, Kamloops, B.C.;

**"Kelowna Casino"** means the Lake City Casinos – Kelowna located at 1300 Water Street, Kelowna, B.C.;

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**“Leased Games”** means proprietary Slot Machines and proprietary Electronic Table Games supplied to the Casinos by the Corporation as specified in this Schedule “A”;

**“Marketing Committee”** means a service provider’s marketing advisory counsel appointed by the Service Providers that contribute to the Marketing Trust Account;

**“Marketing Trust Account”** means the trust account established by the Corporation for the purpose of funding marketing programs promoting the Corporation’s Casinos;

**“Penticton Casino”** means the Penticton Destination Casino located at 21 Lakeshore Drive West, Penticton, B.C.;

**“Plans”** means business and facilities plans to be delivered by the Service Provider to the Corporation for each Casino, not earlier than twenty-four (24) months and not later than twenty-one (21) months prior to the last day of the Term applicable to each such Casino and “Plan” means such plan applicable to a specified Casino;

**“Starlight Casino”** means the Starlight Destination Casino located at 350 Gifford Street, Qucensborough, New Westminster, B.C.; and

**“Vernon Casino”** means the Lake City Casino – Vernon located at 4900 Anderson Way, Vernon, B.C.

All other capitalized terms used in this Schedule but not defined above shall have the meanings given to them in the Agreement.

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## PART 1

## STARLIGHT CASINO

1. **Casino:** This Part 1 of Schedule "A" shall relate only to the Starlight Casino.
2. **Term:** The Term with respect to the Starlight Casino will be ten (10) years commencing on December 10, 2007 and ending on December 9, 2017.
3. **Renewal Term:** The Service Provider shall have the option (the "Extension Option") to extend such Term for a further term of ten (10) years commencing December 10, 2017, and ending December 9, 2027 (the "Extended Term"), provided that:
  - (a) the Service Provider delivers written notice of exercise of the Extension Option to the Corporation not earlier than fifteen (15) months and not later than twelve (12) months prior to the last day of such Term;
  - (b) there has been no change in Government gaming policy as expressed in writing by the Minister responsible for gaming for the Province of British Columbia, that, at the time of exercise of the Extension Option, materially adversely impacts on the current casino gaming model as is reflected by the form and substance of the Agreement;
  - (c) the Service Provider has delivered the Plan;
  - (d) the Corporation has, prior to the exercise of the Extension Option, approved the Plan for the extended term as delivered to the Corporation by the Service Provider, said approval not to be unreasonably withheld, and provided that the Corporation will, within three (3) months of receipt of the Plan by the Corporation, advise the Service Provider in writing either:
    - (i) that the Plan is approved by the Corporation; or
    - (ii) that the Plan is not approved by the Corporation, with the Corporation providing particulars of the deficiencies of the Plan, and allowing the Service Provider the opportunity to revise the Plan to address such deficiencies; and
  - (e) the Service Provider is not in breach of the Agreement beyond the period of time, if any, provided in the Agreement for the curing of such breach and/or the Agreement has not been terminated by the Corporation by reason of the Service Provider's breach of the Agreement, as at the date of exercise of the Extension Option or as at the last day of the Term.

All of the same terms and conditions as are contained in the Agreement shall apply during the Extended Term, except that there shall be no further right of extension of the Agreement.

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4. **Authorized Casino Games:** The Corporation authorizes the Service Provider to supply operational services for the following Casino Games at the Starlight Casino:
- (a) Slot Machines and Electronic Table Games, and
  - (b) Table games including the following: Blackjack, Multiple Action Blackjack, Red Dog, Roulette, Wheels of Fortune, Caribbean Stud Poker, Texas Hold 'em Poker, Seven Card Stud Poker, Asian Five Card Stud Poker, Pai Gow Poker, Mini-Baccarat, Let it Ride Poker and/or such other table games prescribed by the Corporation from time to time.
5. **Gaming Equipment and Gaming Supplies:** The Corporation will supply the Starlight Casino with the following Gaming Equipment and Gaming Supplies to enable the Service Provider to supply the operational services contemplated by the Agreement:

| GAMING EQUIPMENT and GAMING SUPPLIES     | QUANTITY   |
|--|--|
| Slot Machines and Electronic Table Games | Upon execution of this Agreement, a maximum of 850 ("Initial Number"). The Corporation shall have the sole and absolute discretion to increase this number above this Initial Number to a maximum of 1000, or reduce this Initial Number, from time to time, in its sole and absolute discretion, based on the Corporation's assessment of market demand and such other factors considered relevant by the Corporation from time to time |
| Roulette Wheels                          | in such quantities as determined by the Corporation from time to time  |
| Roulette Balls                           | in such quantities as determined by the Corporation from time to time  |
| Electronic Equipment                     | in such quantities as determined by the Corporation from time to time  |
| Value and Non-value Chips                | in such quantities as determined by the Corporation from time to time  |
| Shuffle Machines                         | in such quantities as determined by the Corporation from time to time  |
| Game Licenses                            | in such quantities as determined by the Corporation from time to time  |

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| GAMING EQUIPMENT and<br>GAMING SUPPLIES | QUANTITY  |
|---|---|
| Game Signage                            | in such quantities as determined by the Corporation from time to time |

6. **Service Provider's Remuneration:** The Corporation agrees that the Service Provider's remuneration for operational services during the Term and the Extended Term, if applicable, at the Starlight Casino shall be calculated as follows, except as otherwise agreed by the Corporation in writing:
- (a) 25% of the Slot Machine Win; and
  - (b) 40% of the Win on all Casino Games listed in 4 above, other than Slot Machines, less:
    - (i) 1% of such Win on account of and to reimburse the Corporation for Gaming Equipment and Gaming Supplies supplied by the Corporation from time to time; and
    - (ii) in the event the Corporation is the lessee of the Starlight Casino, the Starlight Casino facilities expenses, if any, incurred by the Corporation including, but without limitation, rent and other lease costs, utility charges, cleaning and maintenance costs, taxes, insurance and the cost of providing and maintaining signage; and
  - (c)
    - (i) The Facility Development Commission shall be deposited into the Facility Development Trust Account for the benefit of the Service Provider. The Service Provider may draw out of the Facility Development Trust Account, as Facility Development Commission, the Approved Amount(s). All withdrawals of the Facility Development Commission shall be subject to the approval of the Corporation which approval will not be unreasonably withheld. The Corporation shall have the right at any time to audit the books of account of the Service Provider with respect to the Approved Amount(s);
    - (ii) All monies on deposit in the Facility Development Trust Account on the termination of the Agreement, and for which the Service Provider has not already incurred and paid the Approved Amount(s), shall become the sole and absolute property of the Corporation and shall forthwith be paid to the Corporation by the Service Provider;
    - (iii) The maximum amount that may be paid into the Facility Development Trust Account in respect of the Facility Development Commission is 3% of the Win on all Casino Games and the Corporation will not reimburse the Service Provider in respect of any particular expenditures and will not

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be responsible for payment of any particular expenditures to any Person or party retained by the Service Provider;

The remuneration specified in this paragraph 6 shall be payable to the Service Provider weekly; and

- (d) Any remuneration payable to the Service Provider on new or additional Casino Games that are not referred to in paragraph 4 above, must be agreed to by the parties before the introduction of such additional Casino Games.

7. **Marketing:** The Service Provider covenants and agrees to contribute an amount equal to 1.5% of the Win during the Term and, if applicable, during the Extended Term to the Marketing Trust Account. The Marketing Trust Account and all payments from the Marketing Trust Account together with the marketing programs funded from the Marketing Trust Account shall be administered by the Corporation with the assistance of the Marketing Committee. The Corporation and the Marketing Committee will review and recommend marketing programs to be funded from the Marketing Trust Account. In the event the Corporation and the Marketing Committee cannot agree on a marketing program, the Corporation shall determine in its sole and absolute discretion which marketing programs shall be funded and implemented. The Corporation will at least annually conduct a review of the effectiveness of the marketing programs funded from the Marketing Trust Account with the Marketing Committee provided the Corporation shall always have the sole, absolute and final decision on which marketing programs will be undertaken and funded from the Marketing Trust Account. The Service Provider irrevocably and unconditionally authorizes the Corporation to pay the Service Provider's contribution to the Marketing Trust Account pursuant to this paragraph 7 from the remuneration payable to the Service Provider by the Corporation as set out in paragraph 6 of this Part I of Schedule "A", provided that in the event the amount contributed to the Marketing Trust Account by the Corporation's service providers in any fiscal year of the Corporation is not expended on marketing programs promoting the Corporation's Casinos by the last day of the following fiscal year of the Corporation, any such balance shall be repaid to the Corporation's service provider who contributed to the Marketing Trust Account during the fiscal year in question, on a pro rata basis, based on the contribution made by each service provider to the Marketing Trust Account during that fiscal year.

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## PART 2

## GRAND VILLA CASINO

1. **Casino:** This Part 2 of Schedule "A" shall relate only to the Grand Villa Casino.
2. **Term:** The Term with respect to the Grand Villa Casino will commence on November 5, 2008 and end on November 4, 2018.
3. **Renewal Term:** The Service Provider shall have the option (the "Extension Option") to extend such Term for a further term of ten (10) years commencing November 5, 2018, and ending November 4, 2028 (the "Extended Term"), provided that:
  - (a) the Service Provider delivers written notice of exercise of the Extension Option to the Corporation not earlier than fifteen (15) months and not later than twelve (12) months prior to the last day of such Term;
  - (b) there has been no change in Government gaming policy as expressed in writing by the Minister responsible for gaming for the Province of British Columbia, that, at the time of exercise of the Extension Option, materially adversely impacts on the current casino gaming model as is reflected by the form and substance of the Agreement;
  - (c) the Service Provider has delivered the Plan;
  - (d) the Corporation has, prior to the exercise of the Extension Option, approved the Plan for the extended term as delivered to the Corporation by the Service Provider, said approval not to be unreasonably withheld, and provided that the Corporation will, within three (3) months of receipt of the Plan by the Corporation, advise the Service Provider in writing either:
    - (i) that the Plan is approved by the Corporation; or
    - (ii) that the Plan is not approved by the Corporation, with the Corporation providing particulars of the deficiencies of the Plan, and allowing the Service Provider the opportunity to revise the Plan to address such deficiencies; and
  - (e) the Service Provider is not in breach of the Agreement beyond the period of time, if any, provided in the Agreement for the curing of such breach and/or the Agreement has not been terminated by the Corporation by reason of the Service Provider's breach of the Agreement, as at the date of exercise of the Extension Option or as at the last day of the Term.

All of the same terms and conditions as are contained in the Agreement shall apply during the Extended Term, except that there shall be no further right of extension of the Agreement.

4. **Authorized Casino Games:** The Corporation authorizes the Service Provider to supply operational services for the following Casino Games at the Grand Villa Casino:
- (a) Slot Machines and Electronic Table Games, and
  - (b) Table games including the following: Blackjack, Multiple Action Blackjack, Red Dog, Roulette, Wheels of Fortune, Caribbean Stud Poker, Texas Hold 'em Poker, Seven Card Stud Poker, Asian Five Card Stud Poker, Pai Gow Poker, Mini-Baccarat, Let it Ride Poker and/or such other table games prescribed by the Corporation from time to time. For clarity, the table games set out in this paragraph 4(b) do not include Electronic Table Game versions thereof.
5. **Gaming Equipment and Gaming Supplies:** The Corporation will supply the Grand Villa Casino with the following Gaming Equipment and Gaming Supplies to enable the Service Provider to supply the operational services contemplated by the Agreement:

| GAMING EQUIPMENT and GAMING SUPPLIES     | QUANTITY  |
|--|---|
| Slot Machines and Electronic Table Games | a minimum of 900 ("Minimum"). The Corporation to have the sole and absolute discretion to increase number above Minimum or reduce number to Minimum, from time to time, in its sole and absolute discretion, based on Corporation's assessment of market demand and such other factors considered relevant by the Corporation from time to time |
| Roulette Wheels                          | in such quantities as determined by the Corporation from time to time   |
| Roulette Balls                           | in such quantities as determined by the Corporation from time to time   |
| Electronic Equipment                     | in such quantities as determined by the Corporation from time to time   |
| Value and Non-value Chips                | in such quantities as determined by the Corporation from time to time   |
| Shuffle Machines                         | in such quantities as determined by the Corporation from time to time   |
| Game Licenses                            | in such quantities as determined by the Corporation from time to time   |
| Game Signage                             | in such quantities as determined by the   |

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| GAMING EQUIPMENT and<br>GAMING SUPPLIES | QUANTITY  |
|---|---|
|   | Corporation from time to time   |
| Slot Machine Control Equipment          | in such quantities as determined by the Corporation from time to time |
| Playing Cards                           | in such quantities as determined by the Corporation from time to time |
| Dice                                    | in such quantities as determined by the Corporation from time to time |
| Integrated Voucher Technology System    | in such quantities as determined by the Corporation from time to time |

6. **Gaming Equipment Maintained by the Corporation:** The following Gaming Equipment will be maintained by the Corporation:
- (a) Slot Machines and Electronic Table Games; and
  - (b) Slot Machine and Electronic Table Game Control Equipment.
7. **Service Provider's Remuneration:** The Corporation agrees that the Service Provider's remuneration for operational services during the Term and Extended Term, if applicable, at the Grand Villa Casino shall be calculated as follows, except as otherwise agreed by the Corporation in writing:
- (a) 25% of the Slot Machine and Electronic Table Game Win less 25% of the Corporation's cost to lease the Leased Games provided that the number of Leased Games will not exceed 10% of the total number of Slot Machines and Electronic Table Games (non-lease and lease) supplied to the Grand Villa Casino by the Corporation without the written agreement of the Service Provider; and
  - (b) 40% of the Win on all Casino Games listed in 4(b) above, less:
    - (i) 1.0% of such Win on account of and to reimburse the Corporation for Gaming Equipment and Gaming Supplies supplied by the Corporation from time to time; and
    - (ii) in the event the Corporation is the lessee of the Grand Villa Casino, the Grand Villa Casino facilities expenses, if any, incurred by the Corporation including, but without limitation, rent and other lease costs, utility charges, cleaning and maintenance costs, taxes, insurance and the cost of providing and maintaining signage; and

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- (c)
- (i) The Facility Development Commission shall be deposited into the Facility Development Trust Account for the benefit of the Service Provider. The Service Provider may draw out of the Facility Development Trust Accounts, as Facility Development Commission, the Approved Amount(s). All withdrawals of the Facility Development Commission shall be subject to the approval of the Corporation which approval will not be unreasonably withheld. The Corporation shall have the right at any time to audit the books of account of the Service Provider with respect to the Approved Amount(s).
  - (ii) All monies on deposit in the Facility Development Trust Account on the termination of the Agreement, and for which the Service Provider has not already incurred and paid the Approved Amount(s), shall become the sole and absolute property of the Corporation and shall forthwith be paid to the Corporation by the Service Provider.
  - (iii) The maximum amount that may be paid into the Facility Development Trust Account in respect of the Facility Development Commission is 3% of the Win on all Casino Games and the Corporation will not reimburse the Service Provider in respect of any particular expenditures and will not be responsible for payment of any particular expenditures to any Person or party retained by the Service Provider.

The remuneration specified in this paragraph 7 shall be payable to the Service Provider weekly.

8. **Marketing:** The Service Provider covenants and agrees to contribute an amount equal to 1.5% of the Win during the Term and, if applicable, during the Extended Term, to the Marketing Trust Account. The Marketing Trust Account and all payments from the Marketing Trust Account together with the marketing programs funded from the Marketing Trust Account shall be administered by the Corporation with the assistance of the Marketing Committee. The Corporation and the Marketing Committee will review and recommend marketing programs to be funded from the Marketing Trust Account. In the event the Corporation and the Marketing Committee cannot agree on a marketing program, the Corporation shall determine in its sole and absolute discretion which marketing programs shall be funded and implemented. The Corporation will at least annually conduct a review of the effectiveness of the marketing programs funded from the Marketing Trust Account with the Marketing Committee, provided the Corporation shall always have the sole, absolute and final decision on which marketing programs will be undertaken and funded from the Marketing Trust Account. The Service Provider irrevocably and unconditionally authorizes the Corporation to pay the Service Provider's contribution to the Marketing Trust Account pursuant to this paragraph 8 from the remuneration payable to the Service Provider by the Corporation as set out in paragraph 7 of this Part 2 of Schedule "A", provided that in the event the amount contributed to the Marketing Trust Account by the Corporation's service providers in any fiscal year of the Corporation is not expended on marketing programs promoting the Corporation's Casinos by the last day of the following fiscal year of the Corporation, any such balance

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shall be repaid to the Corporation's service provider who contributed to the Marketing Trust Account during the fiscal year in question, on a pro rata basis, based on the contribution made by each service provider to the Marketing Trust Account during that fiscal year.

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**PART 3****CASCADES CASINO**

1. **Casino:** This Part 3 of Schedule "A" shall relate only to the Cascades Casino.
2. **Term:** The Term with respect to the Cascades Casino will commence on November 16, 2007 and end on May 3, 2015.
3. **Renewal Term:** The Service Provider shall have the option (the "Extension Option") to extend such Term for a further term of ten (10) years commencing May 4, 2015, and ending May 3, 2025 (the "Extended Term"), provided that:
  - (a) the Service Provider delivers written notice of exercise of the Extension Option to the Corporation not earlier than fifteen (15) months and not later than twelve (12) months prior to the last day of such Term;
  - (b) there has been no change in Government gaming policy as expressed in writing by the Minister responsible for gaming for the Province of British Columbia, that, at the time of exercise of the Extension Option, materially adversely impacts on the current casino gaming model as is reflected by the form and substance of the Agreement;
  - (c) the Service Provider has delivered the Plan;
  - (d) the Corporation has, prior to the exercise of the Extension Option, approved the Plans for the extended term as delivered to the Corporation by the Service Provider, said approval not to be unreasonably withheld, and provided that the Corporation will, within three (3) months of receipt of the Plan by the Corporation, advise the Service Provider in writing either:
    - (i) that the Plan is approved by the Corporation; or
    - (ii) that the Plan is not approved by the Corporation, with the Corporation providing particulars of the deficiencies of the Plan, and allowing the Service Provider the opportunity to revise the Plan to address such deficiencies; and
  - (e) the Service Provider is not in breach of the Agreement beyond the period of time, if any, provided in the Agreement for the curing of such breach and/or the Agreement has not been terminated by the Corporation by reason of the Service Provider's breach of the Agreement, as at the date of exercise of the Extension Option or as at the last day of the Term.

All of the same terms and conditions as are contained in the Agreement shall apply during the Extended Term, except that there shall be no further right of extension of the Agreement.

4. **Authorized Casino Games:** The Corporation authorizes the Service Provider to supply operational services for the following Casino Games at the Cascades Casino.
- (a) Slot Machines and Electronic Table Games, and
  - (b) Table games including the following: Blackjack, Multiple Action Blackjack, Red Dog, Roulette, Wheels of Fortune, Caribbean Stud Poker, Texas Hold 'em Poker, Seven Card Stud Poker, Asian Five Card Stud Poker, Pai Gow Poker, Mini-Baccarat, Let it Ride Poker and/or such other table games prescribed by the Corporation from time to time. For clarity, the table games set out in this paragraph 4(b) do not include Electronic Table Game versions thereof.
5. **Gaming Equipment and Gaming Supplies:** The Corporation will supply the Cascades Casino with the following Gaming Equipment and Gaming Supplies to enable the Service Provider to supply the operational services contemplated by the Agreement:

| <b>GAMING EQUIPMENT and GAMING SUPPLIES</b>     | <b>QUANTITY</b>  |
|---|--|
| <b>Slot Machines and Electronic Table Games</b> | a minimum of 450 (" <b>Minimum</b> "). The Corporation to have the sole and absolute discretion to increase number above Minimum or reduce number to Minimum, from time to time, in its sole and absolute discretion, based on Corporation's assessment of market demand and such other factors considered relevant by the Corporation from time to time |
| <b>Roulette Wheels</b>                          | in such quantities as determined by the Corporation from time to time  |
| <b>Roulette Balls</b>                           | in such quantities as determined by the Corporation from time to time  |
| <b>Electronic Equipment</b>                     | in such quantities as determined by the Corporation from time to time  |
| <b>Value and Non-value Chips</b>                | in such quantities as determined by the Corporation from time to time  |
| <b>Shuffle Machines</b>                         | in such quantities as determined by the Corporation from time to time  |
| <b>Game Licenses</b>                            | in such quantities as determined by the Corporation from time to time  |
| <b>Game Signage</b>                             | in such quantities as determined by the Corporation  |

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| GAMING EQUIPMENT and<br>GAMING SUPPLIES | QUANTITY   |
|---|--|
|   | from time to time  |
| Slot Machine Control<br>Equipment       | in such quantities as determined by the Corporation<br>from time to time |
| Playing Cards                           | in such quantities as determined by the Corporation<br>from time to time |
| Dice                                    | in such quantities as determined by the Corporation<br>from time to time |
| Integrated Voucher<br>Technology System | in such quantities as determined by the Corporation<br>from time to time |

6. **Gaming Equipment Maintained by the Corporation:** The following Gaming Equipment will be maintained by the Corporation:
- (a) Slot Machines and Electronic Table Games; and
  - (b) Slot Machine and Electronic Table Game Control Equipment.
7. **Service Provider's Remuneration:** The Corporation agrees that the Service Provider's remuneration for operational services during the Term and Extended Term, if applicable, at the Cascades Casino shall be calculated as follows, except as otherwise agreed by the Corporation in writing:
- (a) 25% of the Slot Machine and Electronic Table Game Win less 25% of the Corporation's cost to lease the Leased Games provided that the number of Leased Games will not exceed 10% of the total number of Slot Machines and Electronic Table Games (non-lease and lease) supplied to the Cascades Casino by the Corporation without the written agreement of the Service Provider; and
  - (b) 40% of the Win on all Casino Games listed in 4(b) above, less:
    - (i) 1.0% of such Win on account of and to reimburse the Corporation for Gaming Equipment and Gaming Supplies supplied by the Corporation from time to time; and
    - (ii) in the event the Corporation is the lessee of the Cascades Casino, the Cascades Casino facilities expenses, if any, incurred by the Corporation including, but without limitation, rent and other lease costs, utility charges, cleaning and maintenance costs, taxes, insurance and the cost of providing and maintaining signage; and

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- (c) (i) The Facility Development Commission shall be deposited into the Facility Development Trust Account for the benefit of the Service Provider. The Service Provider may draw out of the Facility Development Trust Account, as Facility Development Commission, the Approved Amount(s). All withdrawals of the Facility Development Commission shall be subject to the approval of the Corporation which approval will not be unreasonably withheld. The Corporation shall have the right at any time to audit the books of account of the Service Provider with respect to the Approved Amount(s).
- (ii) All monies on deposit in the Facility Development Trust Account on the termination of the Agreement, and for which the Service Provider has not already incurred and paid the Approved Amount(s), shall become the sole and absolute property of the Corporation and shall forthwith be paid to the Corporation by the Service Provider.
- (iii) The maximum amount that may be paid into the Facility Development Trust Account in respect of the Facility Development Commission is 3% of the Win on all Casino Games and the Corporation will not reimburse the Service Provider in respect of any particular expenditures and will not be responsible for payment of any particular expenditures to any Person or party retained by the Service Provider.

The remuneration specified in this paragraph 7 shall be payable to the Service Provider weekly.

8. **Marketing:** The Service Provider covenants and agrees to contribute an amount equal to 1.5% of the Win during the Term and, if applicable, during the Extended Term to the Marketing Trust Account. The Marketing Trust Account and all payments from the Marketing Trust Account together with the marketing programs funded from the Marketing Trust Account shall be administered by the Corporation with the assistance of the Marketing Committee. The Corporation and the Marketing Committee will review and recommend marketing programs to be funded from the Marketing Trust Account. In the event the Corporation and the Marketing Committee cannot agree on a marketing program, the Corporation shall determine in its sole and absolute discretion which marketing programs shall be funded and implemented. The Corporation will at least annually conduct a review of the effectiveness of the marketing programs funded from the Marketing Trust Account with the Marketing Committee provided the Corporation shall always have the sole, absolute and final decision on which marketing programs will be undertaken and funded from the Marketing Trust Account. The Service Provider irrevocably and unconditionally authorizes the Corporation to pay the Service Provider's contribution to the Marketing Trust Account pursuant to this paragraph 8 from the remuneration payable to the Service Provider by the Corporation as set out in paragraph 7 of this Part 3 of Schedule "A", provided that in the event the amount contributed to the Marketing Trust Account by the Corporation's service providers in any fiscal year of the Corporation is not expended on marketing programs promoting the Corporation's Casinos by the last day of the following fiscal year of the Corporation, any such balance

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shall be repaid to the Corporation's service provider who contributed to the Marketing Trust Account during the fiscal year in question, on a pro rata basis, based on the contribution made by each service provider to the Marketing Trust Account during that fiscal year.

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**PART 4****KELOWNA CASINO**

1. **Casino:** This Part 4 of Schedule "A" shall relate only to the Kelowna Casino.
2. **Term:** The Term with respect to the Kelowna Casino will commence on November 16, 2007 and end on February 28, 2011.
3. **Renewal Term:** The Service Provider shall have the option to extend (the "Extension Option") such Term for a further term of ten (10) years commencing March 1, 2011, and ending February 28, 2021 (the "Extended Term"), provided that:
  - (a) the Service Provider delivers written notice of exercise of the Extension Option to the Corporation not earlier than fifteen (15) months and not later than twelve (12) months prior to February 28, 2011;
  - (b) there has been no change in Government gaming policy as expressed in writing by the Minister responsible for gaming for the Province of British Columbia, that, at the time of exercise of the Extension Option, materially adversely impacts on the current casino gaming model as is reflected by the form and substance of the Agreement;
  - (c) the Service Provider has delivered the Plan;
  - (d) the Corporation has, prior to the exercise of the Extension Option, approved the Plans for the extended term as delivered to the Corporation by the Service Provider, said approval not to be unreasonably withheld, and provided that the Corporation will, within three (3) months of receipt of the Plans by the Corporation, advise the Service Provider in writing either:
    - (i) that the Plan is approved by the Corporation; or
    - (ii) that the Plan is not approved by the Corporation, with the Corporation providing particulars of the deficiencies of the Plan, and allowing the Service Provider the opportunity to revise the Plan to address such deficiencies; and
  - (e) the Service Provider is not in breach of the Agreement beyond the period of time, if any, provided in the Agreement for the curing of such breach and/or the Agreement has not been terminated by the Corporation by reason of the Service Provider's breach of the Agreement, as at the date of exercise of the Extension Option or as at March 1, 2011.

All of the same terms and conditions as are contained in the Agreement shall apply during the Extended Term, except that there shall be no further right of extension of the Agreement.

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4. **Authorized Casino Games:** The Corporation authorizes the Service Provider to supply operational services for the following Casino Games at the Kelowna Casino:

15 table games plus 1 poker table consisting of the following: Blackjack, Red Dog, Roulette, Caribbean Stud Poker, Texas Hold 'em Poker, Pai Gow Poker, Mini-Baccarat, Let it Ride Poker and Slot Machines.

5. **Gaming Equipment and Gaming Supplies:** The Corporation will supply the Kelowna Casino with the following Gaming Equipment and Gaming Supplies to enable the Service Provider to supply the operational services contemplated by the Agreement:

| GAMING EQUIPMENT and GAMING SUPPLIES                            | QUANTITY |
|---|----------|
| Slot Machines (Non-Lease Stepper Reel)                          | 342      |
| Slot Machine Control Equipment                                  | 1        |
| Roulette Wheels   | 1        |
| Roulette Balls  | 8        |
| Dice  |          |
| Playing Cards   |          |
| Gaming Signage  |          |
| - Responsible Gaming and Rules of Play Signs                    |          |
| Electronic Equipment  |          |
| - Roulette Display  | 1        |
| - Let-It-Ride Display and Computer Components                   | 1        |
| - Caribbean Stud Poker Electronic Table Components and Displays | 1        |
| - Caribbean Stud Poker Signage                                  | 1        |
| Value Chips (Value \$312,815.00)                                | 16,243   |
| Non-Value Chips   | 2,641    |
| Shuffle Machines  | 6        |
| Game Licenses   |          |
| - Let-It-Ride   | 1        |
| - Caribbean Stud Poker  | 1        |

6. **Gaming Equipment Maintained by the Corporation:** The following Gaming Equipment will be maintained by the Corporation:
- Slot Machines and Electronic Table Games; and
  - Slot Machine and Electronic Table Game Control Equipment.
7. **Service Provider's Remuneration:** The Corporation agrees that the Service Provider's remuneration for operational services during the Term and Extended Term, if applicable,

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at the Kelowna Casino shall be calculated as follows, except as otherwise agreed by the Corporation in writing:

- (a) 25% of the Slot Machine Win;
- (b) 40% of the Win on all Casino Games listed in 4 above, other than Slot Machines, less:
  - (i) 1.0% of such Win on account of and to reimburse the Corporation for Gaming Equipment and Gaming Supplies supplied by the Corporation from time to time; and
  - (ii) in the event the Corporation is the lessee of the Kelowna Casino, the Kelowna Casino facilities expenses, if any, incurred by the Corporation including, but without limitation, rent and other lease costs, utility charges, cleaning and maintenance costs, taxes, insurance and the cost of providing and maintaining signage.
- (c)
  - (i) The Facility Development Commission shall be deposited into the Facility Development Trust Account for the benefit of the Service Provider. The Service Provider may draw out of the Facility Development Trust Account, as Facility Development Commission, the Approved Amount(s). All withdrawals of the Facility Development Commission shall be subject to the approval of the Corporation which approval will not be unreasonably withheld. The Corporation shall have the right at any time to audit the books of account of the Service Provider with respect to the Approved Amount(s);
  - (ii) All monies on deposit in the Facility Development Trust Account on the termination of the Agreement, and for which the Service Provider has not already incurred and paid the Approved Amount(s), shall become the sole and absolute property of the Corporation and shall forthwith be paid to the Corporation by the Service Provider;
  - (iii) The maximum amount that may be paid into the Facility Development Trust Account in respect of the Facility Development Commission is 3% of the Win on all Casino Games and the Corporation will not reimburse the Service Provider in respect of any particular expenditures and will not be responsible for payment of any particular expenditures to any Person or party retained by the Service Provider;

The remuneration specified in this paragraph 7 shall be payable to the Service Provider weekly.

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## PART 5

## PENTICTON CASINO

1. **Casino:** This Part 5 of Schedule "A" shall relate only to the Penticton Casino.
2. **Term:** The Term with respect to the Penticton Casino will commence on November 16, 2007 and end on November 30, 2009.
3. **Renewal Term:** The Agreement may be renewed for a further term of ten (10) years ending November 30, 2019 (the "**Extended Term**"), provided that the Service Provider has not breached any of the terms or conditions of the Agreement and is not in breach of any term or condition of the Agreement at the end of such Term and delivers to the Corporation written notice not later than six (6) months and not earlier than twelve (12) months prior to the expiration of such Term of its intent to renew such Term. If the Service Provider exercises its right to renew the Term, all of the terms and conditions contained in the Agreement, except for this right of renewal, will be binding on the parties during the Extended Term.
4. **Authorized Casino Games:** The Corporation authorizes the Service Provider to supply operational services for table games consisting of the following:  
  
Blackjack, Multiple Action Blackjack, Red Dog, Roulette, Sic Bo, Wheels of Fortune, Caribbean Stud Poker, Texas Hold 'em Poker, Seven Card Stud Poker, Asian Five Card Stud Poker, Pai Gow Poker, Mini-Baccarat, Let it Ride Poker and slot machines.
5. **Gaming Equipment and Gaming Supplies:** The Corporation will supply the Penticton Casino with the following Gaming Equipment and Gaming Supplies to enable the Service Provider to supply the operational services contemplated by the Agreement:

| GAMING EQUIPMENT     | QUANTITY     |
|----------------------|--------------|
| Slot Machines        | 224          |
| Roulette Wheels      | 2            |
| Roulette Balls       | 6            |
| Sic Bo Wheels        | None         |
| Sic Bo Balls         | None         |
| Chips                | \$200,000.00 |
| Roulette Chips       | 4,000        |
| Sic Bo Chips         | None         |
| Shuffle Machines     | 4            |
| Coin Counters        | 5            |
| Coin Wrap/Counter    | 1            |
| Hard Count Win Scale | 1            |
| Currency Counters    | 4            |

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6. **Service Provider's Remuneration:** The Corporation agrees that the Service Provider's remuneration for operational services during the Term and Extended Term, if applicable, at the Penticton Casino shall be calculated as follows, except as otherwise agreed by the Corporation in writing:
- (a) 25% of the Slot Machine Win; and
  - (b) 40% of the Win on all Casino Games listed in 4 above, other than Slot Machines, less:
    - (i) 1% of such Win on account of and to reimburse the Corporation for Gaming Equipment and Gaming Supplies supplied by the Corporation from time to time; and
    - (ii) in the event the Corporation is the lessee of the Starlight Casino, the Starlight Casino facilities expenses, if any, incurred by the Corporation including, but without limitation, rent and other lease costs, utility charges, cleaning and maintenance costs, taxes, insurance and the cost of providing and maintaining signage; and
  - (c)
    - (i) The Facility Development Commission shall be deposited into the Facility Development Trust Account for the benefit of the Service Provider. The Service Provider may draw out of the Facility Development Trust Account, as Facility Development Commission, the Approved Amount(s). All withdrawals of the Facility Development Commission shall be subject to the approval of the Corporation which approval will not be unreasonably withheld. The Corporation shall have the right at any time to audit the books of account of the Service Provider with respect to the Approved Amount(s);
    - (ii) All monies on deposit in the Facility Development Trust Account on the termination of the Agreement, and for which the Service Provider has not already incurred and paid the Approved Amount(s), shall become the sole and absolute property of the Corporation and shall forthwith be paid to the Corporation by the Service Provider;
    - (iii) The maximum amount that may be paid into the Facility Development Trust Account in respect of the Facility Development Commission is 3% of the Win on all Casino Games and the Corporation will not reimburse the Service Provider in respect of any particular expenditures and will not be responsible for payment of any particular expenditures to any Person or party retained by the Service Provider; and
  - (d) Any remuneration payable to the Service Provider on new or additional Casino Games that are not referred to in paragraph 4 above, must be agreed to by the parties before the introduction of such additional Casino Games.

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7. **Weekly Payment:** The Corporation will pay the Service Provider the remuneration described in paragraph 6 hereof weekly. Concurrent with each weekly payment, the Corporation will deliver to the Service Provider a statement particularizing the Win for the weekly period in respect of which the payment is being made and a calculation of the remuneration payable to the Service Provider based on the said Win less any deduction which the Corporation is entitled to make from the remuneration payable to the Service Provider.

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**PART 6****VERNON CASINO**

1. **Casino:** This Part 6 of Schedule "A" shall relate only to the Vernon Casino.
2. **Term:** The Term with respect to the Vernon Casino will commence on June 10, 2009 and end on June 9, 2019.
3. **Renewal Term:** The Service Provider shall have the option (the "Extension Option") to extend such Term for a further term of ten (10) years commencing June 10, 2019 and ending June 9, 2029 (the "Extended Term"), provided that:
  - (a) the Service Provider delivers written notice of exercise of the Extension Option to the Corporation not earlier than fifteen (15) months and not later than twelve (12) months prior to the last day of such Term;
  - (b) there has been no change in Government gaming policy as expressed in writing by the Minister responsible for gaming for the Province of British Columbia, that, at the time of exercise of the Extension Option, materially adversely impacts on the current casino gaming model as is reflected by the form and substance of the Agreement;
  - (c) the Service Provider has delivered the Plan;
  - (d) the Corporation has, prior to the exercise of the Extension Option, approved the Plans for the extended term as delivered to the Corporation by the Service Provider, said approval not to be unreasonably withheld, and provided that the Corporation will, within three (3) months of receipt of the Plans by the Corporation, advise the Service Provider in writing either:
    - (i) that the Plan is approved by the Corporation; or
    - (ii) that the Plan is not approved by the Corporation, with the Corporation providing particulars of the deficiencies of the Plan, and allowing the Service Provider the opportunity to revise the Plan to address such deficiencies; and
  - (e) the Service Provider is not in breach of the Agreement beyond the period of time, if any, provided in the Agreement for the curing of such breach and/or the Agreement has not been terminated by the Corporation by reason of the Service Provider's breach of the Agreement, as at the date of exercise of the Extension Option or as at the last day of the Term.

All of the same terms and conditions as are contained in the Agreement shall apply during the Extended Term, except that there shall be no further right of extension of the Agreement.

4. **Authorized Casino Games:** The Corporation authorizes the Service Provider to supply operational services for the following Casino Games at the Vernon Casino:
- (a) Slot Machines and Electronic Table Games; and
  - (b) Table games including the following: Blackjack, Multiple Action Blackjack, Red Dog, Roulette, Wheels of Fortune, Caribbean Stud Poker, Texas Hold 'em Poker, Seven Card Stud Poker, Asian Five Card Stud Poker, Pai Gow Poker, Mini-Baccarat, Let it Ride Poker and/or such other table games prescribed by the Corporation from time to time. For clarity, the table games set out in this paragraph 4(b) do not include Electronic Table Game versions thereof.
5. **Gaming Equipment and Gaming Supplies:** The Corporation will supply the Vernon Casino with the following Gaming Equipment and Gaming Supplies to enable the Service Provider to supply the operational services contemplated by the Agreement:

| GAMING EQUIPMENT and GAMING SUPPLIES     | QUANTITY   |
|--|--|
| Slot Machines and Electronic Table Games | a minimum of 350 ("Minimum"). The Corporation to have the sole and absolute discretion to increase number above Minimum or reduce number to Minimum, from time to time, in its sole and absolute discretion, based on Corporation's assessment of market demand and such other factors considered relevant by the Corporation from time to time, including approvals |
| Roulette Wheels                          | in such quantities as determined by the Corporation from time to time  |
| Roulette Balls                           | in such quantities as determined by the Corporation from time to time  |
| Electronic Equipment                     | in such quantities as determined by the Corporation from time to time  |
| Value and Non-value Chips                | in such quantities as determined by the Corporation from time to time  |
| Shuffle Machines                         | in such quantities as determined by the Corporation from time to time  |
| Game Licenses                            | in such quantities as determined by the Corporation from time to time  |

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| GAMING EQUIPMENT and<br>GAMING SUPPLIES | QUANTITY  |
|---|---|
| Game Signage                            | in such quantities as determined by the Corporation from time to time |
| Slot Machine Control Equipment          | in such quantities as determined by the Corporation from time to time |
| Playing Cards                           | in such quantities as determined by the Corporation from time to time |
| Dice                                    | in such quantities as determined by the Corporation from time to time |
| Integrated Voucher Technology System    | in such quantities as determined by the Corporation from time to time |

6. **Gaming Equipment Maintained by the Corporation:** The following Gaming Equipment will be maintained by the Corporation:
- (a) Slot Machines and Electronic Table Games; and
  - (b) Slot Machine and Electronic Table Game Control Equipment.
7. **Service Provider's Remuneration:** The Corporation agrees that the Service Provider's remuneration for operational services during the Term and Extended Term, if applicable, at the Vernon Casino shall be calculated as follows, except as otherwise agreed by the Corporation in writing,:
- (a) 25% of the Slot Machine and Electronic Table Game Win; and
  - (b) 40% of the Win on all Casino Games listed in 4 above, less:
    - (i) 1.0% of such Win on account of and to reimburse the Corporation for Gaming Equipment and Gaming Supplies supplied by the Corporation from time to time; and
    - (ii) in the event the Corporation is the lessee of the Vernon Casino, the Vernon Casino facilities expenses, if any, incurred by the Corporation including, but without limitation, rent and other lease costs, utility charges, cleaning and maintenance costs, taxes, insurance and the cost of providing and maintaining signage; and
  - (c) (i) The Facility Development Commission shall be deposited into the Facility Development Trust Account for the benefit of the Service Provider. The

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Service Provider may draw out of the Facility Development Trust Account, as Facility Development Commission, the Approved Amount(s). All withdrawals of the Facility Development Commission shall be subject to the approval of the Corporation which approval will not be unreasonably withheld. The Corporation shall have the right at any time to audit the books of account of the Service Provider with respect to the Approved Amount(s);

- (ii) All monies on deposit in the Facility Development Trust Account on the termination of the Agreement, and for which the Service Provider has not already incurred and paid the Approved Amount(s), shall become the sole and absolute property of the Corporation and shall forthwith be paid to the Corporation by the Service Provider;
- (iii) The maximum amount that may be paid into the Facility Development Trust Account in respect of the Facility Development Commission is 3% of the Win on all Casino Games and the Corporation will not reimburse the Service Provider in respect of any particular expenditures and will not be responsible for payment of any particular expenditures to any Person or party retained by the Service Provider;

The remuneration specified in this paragraph 7 shall be payable to the Service Provider weekly.

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**PART 7****KAMLOOPS CASINO**

1. **Casino:** This Part 7 of Schedule "A" shall relate only to the Kamloops Casino.
2. **Term:** The Term with respect to the Kamloops Casino will commence on November 16, 2007 and end on February 28, 2011.
3. **Renewal Term:** The Service Provider shall have the option (the "**Extension Option**") to extend such Term for a further term of ten (10) years commencing March 1, 2011 and ending February 28, 2021 (the "**Extended Term**"), provided that:
  - (a) the Service Provider delivers written notice of exercise of the Extension Option to the Corporation not earlier than fifteen (15) months and not later than twelve (12) months prior to the last day of such Term;
  - (b) there has been no change in Government gaming policy as expressed in writing by the Minister responsible for gaming for the Province of British Columbia, that, at the time of exercise of the Extension Option, materially adversely impacts on the current casino gaming model as is reflected by the form and substance of the Agreement;
  - (c) the Service Provider has delivered the Plan;
  - (d) the Corporation has, prior to the exercise of the Extension Option, approved the Plan for the extended term as delivered to the Corporation by the Service Provider, said approval not to be unreasonably withheld, and provided that the Corporation will, within three (3) months of receipt of the Plans by the Corporation, advise the Service Provider in writing either:
    - (i) that the Plan is approved by the Corporation; or
    - (ii) that the Plan is not approved by the Corporation, with the Corporation providing particulars of the deficiencies of the Plan, and allowing the Service Provider the opportunity to revise the Plan to address such deficiencies; and
  - (e) the Service Provider is not in breach of the Agreement beyond the period of time, if any, provided in the Agreement for the curing of such breach and/or the Agreement has not been terminated by the Corporation by reason of the Service Provider's breach of the Agreement, as at the date of exercise of the Extension Option or as at the last day of the Term.

All of the same terms and conditions as are contained in the Agreement shall apply during the Extended Term, except that there shall be no further right of extension of the Agreement.

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4. **Authorized Casino Games:** The Corporation authorizes the Service Provider to supply operational services for:

11 table games plus 1 poker table consisting of the following: Blackjack, Red Dog, Roulette, Caribbean Stud Poker, Texas Hold 'em Poker, Pai Gow Poker, Let it Ride Poker and Slot Machines.

5. **Gaming Equipment and Gaming Supplies:** The Corporation will supply the Kamloops Casino with the following Gaming Equipment and Gaming Supplies to enable the Service Provider to supply the operational services contemplated by the Agreement:

| GAMING EQUIPMENT and GAMING SUPPLIES                            | QUANTITY |
|---|----------|
| Slot Machines (Non-Lease Stepper Reel)                          | 300      |
| Slot Machine Control Equipment                                  | 1        |
| Roulette Wheels   | 1        |
| Roulette Balls  | 4        |
| Dice  |          |
| Playing Cards   |          |
| Gaming Signage  |          |
| - Responsible Gaming and Rules of Play Signs                    |          |
| Electronic Equipment  |          |
| - Roulette Display  | 1        |
| - Let-It-Ride Display and Computer Components                   | 1        |
| - Caribbean Stud Poker Electronic Table Components and Displays | 1        |
| - Caribbean Stud Poker Signage                                  | 1        |
| Value Chips (Value \$264,635.50)                                | 11,323   |
| Non-Value Chips   | 5,363    |
| Shuffle Machines  | 3        |
| Game Licenses   |          |
| - Let-It-Ride   | 1        |
| - Caribbean Stud Poker  | 1        |

6. **Gaming Equipment Maintained by the Corporation:** The following Gaming Equipment will be maintained by the Corporation:

- (a) Slot Machines; and
- (b) Slot Machine Control Equipment.

7. **Service Provider's Remuneration:** The Corporation agrees that the Service Provider's remuneration for operational services during the Term and Extended Term, if applicable,

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at the Kamloops Casino shall be calculated as follows, except as otherwise agreed by the Corporation in writing:

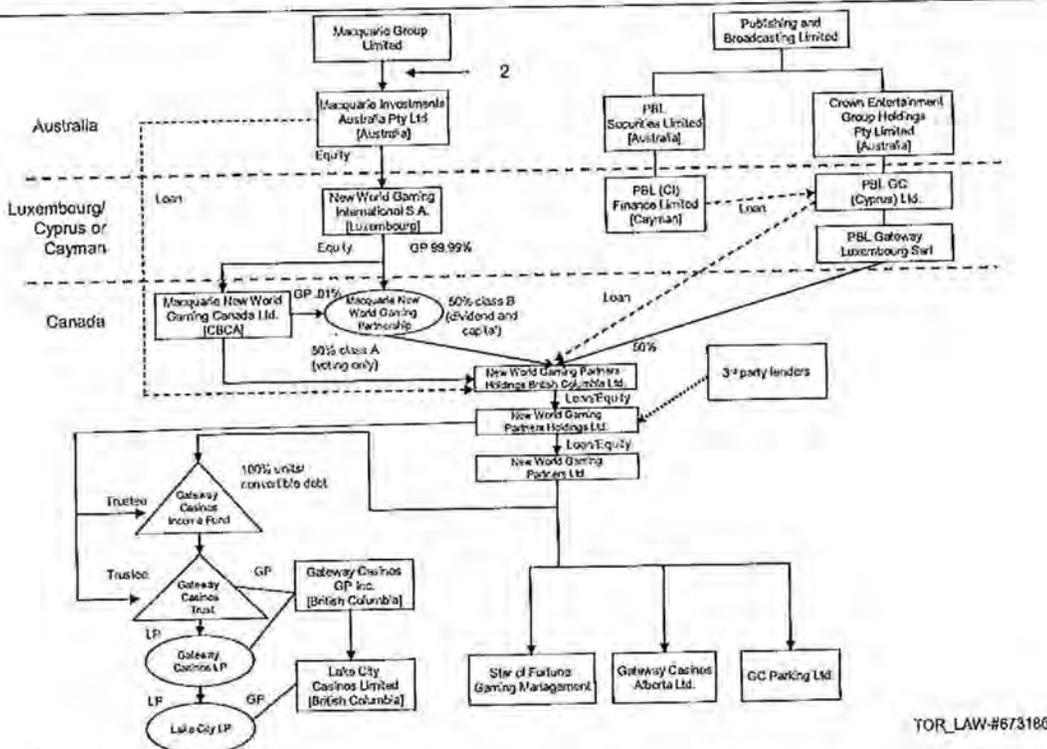
- (a) 25% of the Slot Machine Win; and
- (b) 40% of the Win on all Casino Games listed in 4 above, other than Slot Machines, less:
  - (i) 1.0% of such Win on account of and to reimburse the Corporation for Gaming Equipment and Gaming Supplies supplied by the Corporation from time to time; and
  - (ii) in the event the Corporation is the lessee of the Kamloops Casino, the Kamloops Casino facilities expenses, if any, incurred by the Corporation including, but without limitation, rent and other lease costs, utility charges, cleaning and maintenance costs, taxes, insurance and the cost of providing and maintaining signage; and
- (c)
  - (i) The Facility Development Commission shall be deposited into the Facility Development Trust Account for the benefit of the Service Provider. The Service Provider may draw out of the Facility Development Trust Accounts, as Facility Development Commission, the Approved Amount(s). All withdrawals of the Facility Development Commission shall be subject to the approval of the Corporation which approval will not be unreasonably withheld. The Corporation shall have the right at any time to audit the books of account of the Service Provider with respect to the Approved Amount(s).
  - (ii) All monies on deposit in the Facility Development Trust Account on the termination of the Agreement, and for which the Service Provider has not already incurred and paid the Approved Amounts, shall become the sole and absolute property of the Corporation and shall forthwith be paid to the Corporation by the Service Provider.
  - (iii) The maximum amount that may be paid into the Facility Development Trust Account in respect of the Facility Development Commission is 3% of the Win on all Casino Games and the Corporation will not reimburse the Service Provider in respect of any particular expenditures and will not be responsible for payment of any particular expenditures to any Person or party retained by the Service Provider.

The remuneration specified in this paragraph 7 shall be payable to the Service Provider weekly.

Schedule "B" to the Casino Operational Services Agreement

CORPORATE CHART

Chart 1 - Gateway Acquisition - Structure on Closing <sup>1</sup>



TOR\_LAW#6731866 v1

1. Except as specifically noted otherwise, each ownership interest set out in the above chart represents a 100% legal and beneficial interest in the held entity.
2. Each entity in column 1 below is a wholly owned subsidiary of each corresponding entity in column 2 below, situate within the Corporate Chart as indicated above.

| Column 1  | Column 2                                |
|---|---|
| Macquarie Financial Holdings Limited .....        | Macquarie Group Limited                 |
| Macquarie Capital Group Pty Limited.....          | Macquarie Financial Holdings Limited    |
| Macquarie Corporate Finance Pty Limited.....      | Macquarie Capital Group Pty Limited     |
| Macquarie Corporate Finance Limited .....         | Macquarie Corporate Finance Pty Limited |
| Macquarie Investments Australia Pty Limited ..... | Macquarie Corporate Finance Limited     |

## Schedule "C" to the Casino Operational Services Agreement

### PERMITTED REORGANIZATIONS

#### Service Provider Closing Reorganization

Immediately following the completion of the acquisition by the Service Provider of the all of the issued and outstanding shares of GC Parking Ltd. ("GC Parking"), Gateway Casinos Alberta Ltd. ("Gateway Alberta") and Star of Fortune Management (B.C.) Corp. ("SOF"), and all of the issued and outstanding units and convertible debentures of Gateway Casino Income Fund ("GCIF"), the Service Provider will implement the following reorganization steps:

- (a) Gateway Casinos G.P. Inc. ("GC GPCo") is transferred from Gateway Casinos Trust to the Service Provider;
- (b) Lake City Casinos Limited ("LC GPCo") is transferred from GC GPCo to the Service Provider;
- (c) New World Gaming Partners Ltd., GC Parking, Gateway Alberta, SOF, LC GPCo and GC GPCo are amalgamated to form New World Gaming Partners Ltd. ("New World Amalco").

For the purposes of the Agreement, Chart 2 attached hereto shall reflect the Corporate Structure after such reorganization is complete and shall become the "Corporate Chart" hereunder.

#### Service Provider Post-Closing Reorganization

As soon as practicable following the Service Provider Closing Reorganization described above, and subject to obtaining an income tax ruling acceptable to New World Amalco within a time deemed reasonable to New World Amalco, New World Amalco will implement the following reorganization steps:

- (a) through a series of unit issuances and transfers of limited partnership interests of Gateway Casinos Limited Partnership ("GC LP") and Lake City Limited Partnership ("LC LP"), New World Amalco becomes the sole partner of GC LP and LC LP, thereby resulting in the dissolution by operation of law of GC LP and LC LP;
- (b) the units of each of Gateway Casinos Trust and GCIF are redeemed and such trusts are wound up; and
- (c) New World Amalco and New World Gaming Partners Holdings Ltd. ("Holdings") amalgamate to form Gateway Casino & Entertainment Inc. ("Holdings Amalco")

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For the purposes of the Agreement, Chart 3 attached hereto shall reflect the Corporate Structure after such reorganization is complete and shall become the "Corporate Chart" hereunder.

**PBL De-Merger**

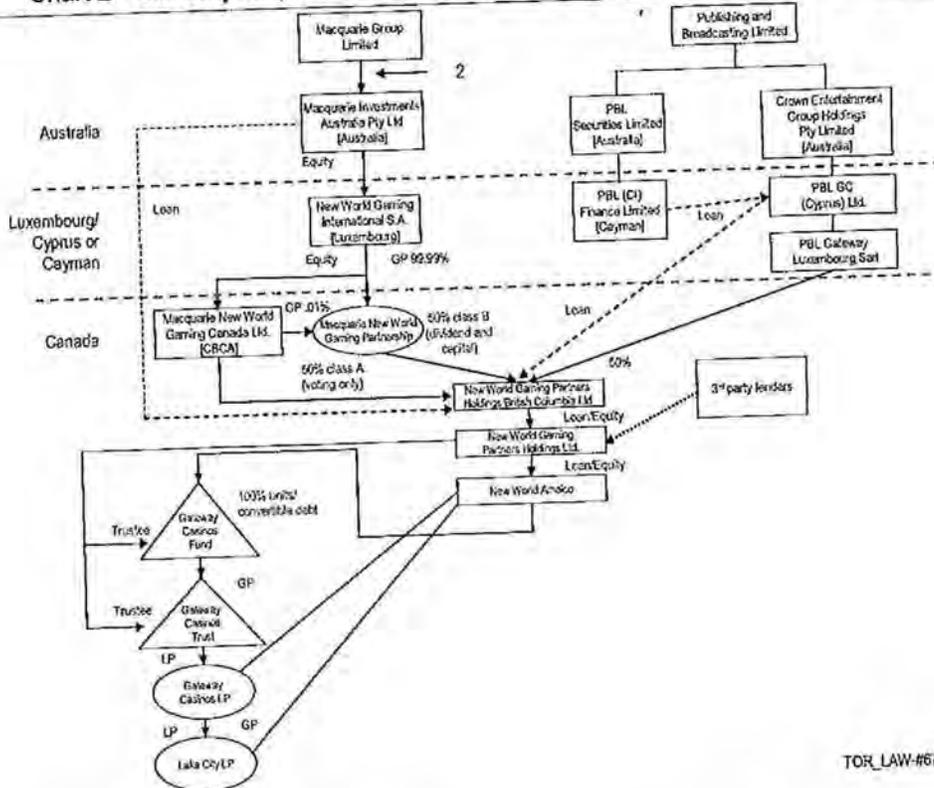
Publishing and Broadcasting Limited ("PBL") may effect a reorganization pursuant to which Publishing and Broadcasting Limited will effectively become two publicly-traded corporations, one of which (Crown Limited) will become the 100% owner of PBL's direct or indirect interests in Topco immediately prior to the commencement of such reorganization.

For the purposes of the Agreement, Chart 4 attached hereto shall reflect the Corporate Structure after such reorganization is complete and shall become the "Corporate Chart" hereunder.

**Macquarie Global Opportunities Partners**

Macquarie Investments Australia Pty Ltd may transfer, in one or more transactions all or part of its direct or indirect interest in Topco to Macquarie Global Opportunities Partners ("MGOP"), its general partner, or Persons controlled by MGOP, provided that (a) both before and after such transfer MGOP is controlled, directly or indirectly, by Macquarie Group Limited ("MGL"); (b) the general partner of MGOP shall be a directly or indirectly held wholly-owned Subsidiary of MGL; (c) MGL shall directly or indirectly beneficially own not less than 10% of the equity interests in MGOP on the date hereof; and (d) upon completion of such transfer New World Amalco (or Holdings Amalco, as the case may be) will provide an updated Corporate Chart in replacement of the then existing Corporate Chart, which shall become the "Corporate Chart" for the purposes of the Agreement.

Chart 2 - Gateway Acquisition -- Structure Immediately Post-Closing<sup>1</sup>

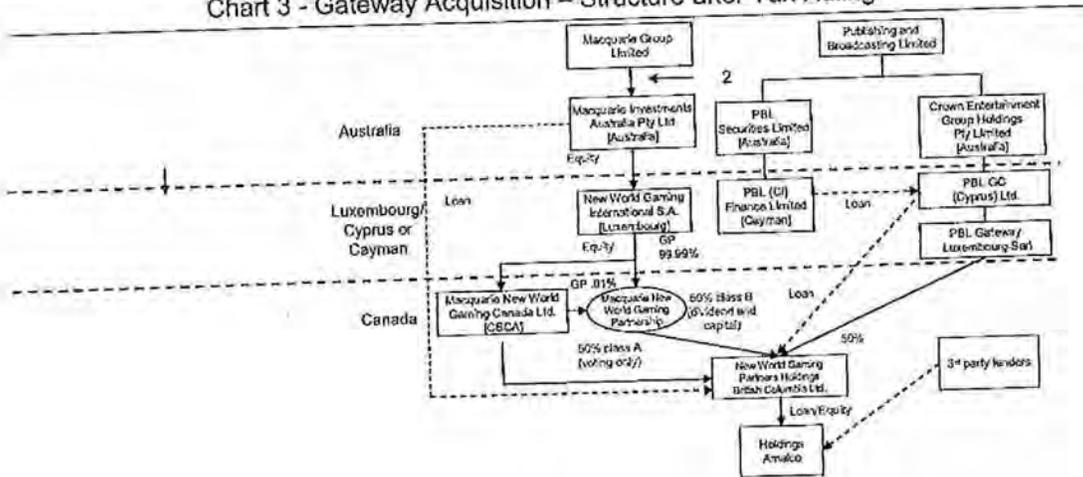


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1. Except as specifically noted otherwise, each ownership interest set out in the above chart represents a 100% legal and beneficial interest in the held entity.
2. Each entity in column 1 below is a wholly owned subsidiary of each corresponding entity in column 2 below, situate within the Corporate Chart as indicated above.

| Column 1  | Column 2                                |
|---|---|
| Macquarie Financial Holdings Limited .....        | Macquarie Group Limited                 |
| Macquarie Capital Group Pty Limited .....         | Macquarie Financial Holdings Limited    |
| Macquarie Corporate Finance Pty Limited .....     | Macquarie Capital Group Pty Limited     |
| Macquarie Corporate Finance Limited .....         | Macquarie Corporate Finance Pty Limited |
| Macquarie Investments Australia Pty Limited ..... | Macquarie Corporate Finance Limited     |

Chart 3 - Gateway Acquisition - Structure after Tax Ruling<sup>1</sup>

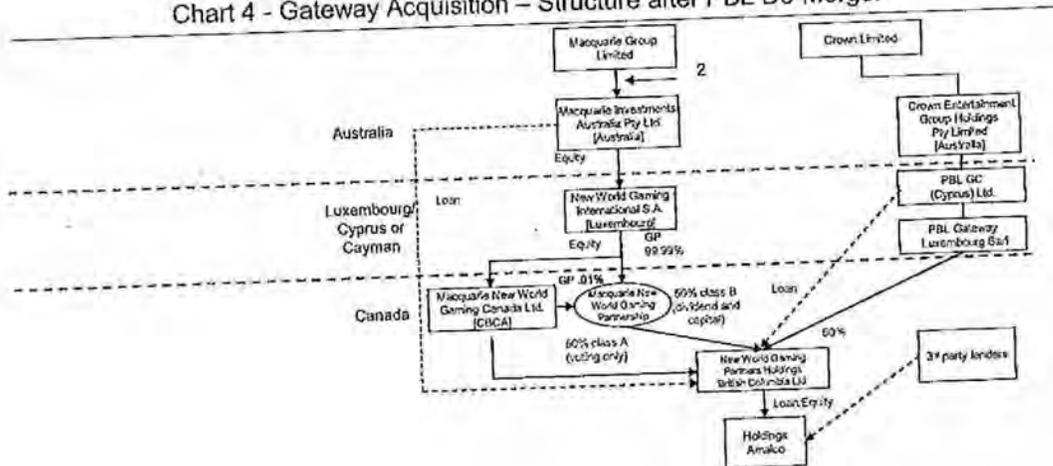


TOR\_LAW #8731866-v1

1. Except as specifically noted otherwise, each ownership interest set out in the above chart represents a 100% legal and beneficial interest in the held entity.
2. Each entity in column 1 below is a wholly owned subsidiary of each corresponding entity in column 2 below, situate within the Corporate Chart as indicated above.

| Column 1  | Column 2                                |
|---|---|
| Macquarie Financial Holdings Limited .....        | Macquarie Group Limited                 |
| Macquarie Capital Group Pty Limited.....          | Macquarie Financial Holdings Limited    |
| Macquarie Corporate Finance Pty Limited.....      | Macquarie Capital Group Pty Limited     |
| Macquarie Corporate Finance Limited .....         | Macquarie Corporate Finance Pty Limited |
| Macquarie Investments Australia Pty Limited ..... | Macquarie Corporate Finance Limited     |

Chart 4 - Gateway Acquisition – Structure after PBL De-Merger<sup>1</sup>



TOR\_LAW-#6731868-v1

1. Except as specifically noted otherwise, each ownership interest set out in the above chart represents a 100% legal and beneficial interest in the held entity.
2. Each entity in column 1 below is a wholly owned subsidiary of each corresponding entity in column 2 below, situate within the Corporate Chart as indicated above.

| Column 1  | Column 2                                |
|---|---|
| Macquarie Financial Holdings Limited .....        | Macquarie Group Limited                 |
| Macquarie Capital Group Pty Limited.....          | Macquarie Financial Holdings Limited    |
| Macquarie Corporate Finance Pty Limited.....      | Macquarie Capital Group Pty Limited     |
| Macquarie Corporate Finance Limited .....         | Macquarie Corporate Finance Pty Limited |
| Macquarie Investments Australia Pty Limited ..... | Macquarie Corporate Finance Limited     |

**Appendix B**

September 14, 2010 Multiple Casino Operational Services Agreement Assignment,  
Amendment and Consent

**MULTIPLE CASINO OPERATIONAL SERVICES AGREEMENT**

**ASSIGNMENT, AMENDMENT AND CONSENT**

**AMONG:**

GATEWAY CASINOS & ENTERTAINMENT INC.  
("Old Gateway")

and

GATEWAY CASINOS & ENTERTAINMENT LIMITED  
("New Gateway")

and

BRITISH COLUMBIA LOTTERY CORPORATION  
("BCLC")

**WHEREAS:**

- A. Old Gateway and BCLC entered into an amended and restated Multiple Casino Operational Services Agreement dated June 10, 2009 as amended by Amending and Security Deposit Agreement dated October 22, 2009, the amendments herein and any further amendments, or supplements from time to time (collectively, the "MCOSA");
- B. The secured claims against Old Gateway will be restructured pursuant to a plan of arrangement (as amended or supplemented, the "Plan of Arrangement") effected under the *Canada Business Corporations Act*;
- C. Pursuant to the Plan of Arrangement, among other things, substantially all of the assets of Old Gateway will be conveyed, assigned and transferred to New Gateway, including, without limitation, the assignment of the rights and obligations of Old Gateway pursuant to the MCOSA (collectively, the "Transfer"); and
- D. Pursuant to the terms of Section 14.01 of the MCOSA, Old Gateway and New Gateway must first obtain written approval of the BCLC to the Plan of Arrangement, the Transfer and the assignment and amendment of the MCOSA as hereinafter provided;

**NOW THEREFORE** for good and valuable consideration:

1. Old Gateway does hereby absolutely convey, assign, transfer and set over to New Gateway, all of its right, title and interest in and to the MCOSA, subject to and conditional upon the consent of BCLC as hereinafter provided, with full power and authority to receive all payments and enforce all rights and benefits and perform all covenants in the name of New Gateway from and after September 16, 2010 (the “**Implementation Date**”). Without limiting the generality of the foregoing, this Assignment from Old Gateway to New Gateway includes any and all rights which Old Gateway may have to:
  - (a) any Unpaid Facility Development Commissions (as defined in the MCOSA) remaining unpaid in whole or part as at the Implementation Date;
  - (b) any unapproved amounts of expenditures which may be or may have become eligible for any existing or future Facility Development Commission in respect of any Casino (as defined in Schedule “A” to the MCOSA); and
  - (c) all amounts in any Facility Development Trust Accounts which were deposited for the benefit of the Service Provider.
2. Old Gateway covenants and warrants to New Gateway and BCLC that it has good right, full power and authority to assign the MCOSA in the manner and subject to the conditions and provisos contained herein.
3. Old Gateway will, from time to time, at the request of New Gateway or BCLC, execute such further assignments, agreements, documents, conveyances and assurances as shall be reasonably requested to give effect to this Agreement.
4. New Gateway covenants and agrees with Old Gateway and BCLC that from and after the Implementation Date, it shall assume, observe, perform and be liable for each and every covenant, agreement and condition agreed to by Old Gateway to be observed and performed under the MCOSA (as amended).
5. Old Gateway, New Gateway and BCLC agree that the following incidental amendments to the MCOSA shall be made and shall be effective as of the Implementation Date, namely:
  - (a) Section 1.01(x) is deleted and replaced with the following:

“**Credit Agreement**” means the new first lien credit agreement dated on or about the date hereof among New Gateway, the subsidiary guarantors named therein, BNY Trust Company of Canada, as administrative agent and collateral agent, the initial term lenders named therein, the initial revolving lender named therein and the initial revolving letter of credit issuing bank named therein, as the same may be amended, restated, revised, refinanced (in whole or part) or otherwise replaced (in whole or part) from time to time including all successor or replacement agreements in respect thereof.”

(b) Sections 1.01(hh) and 1.01(iii) are deleted.

(c) Section 11.01 is amended by deleting the name and address of the Service Provider and substituting it with the following:

“Gateway Casinos & Entertainment Limited  
77 King Street West, Suite 4320  
Royal Trust Tower  
P.O. Box #212  
Toronto, Ontario M5K 1J3

Attention: Mr. Gabriel de Alba  
Facsimile: (416) 945-3060

With a copy to:

Bennett Jones LLP  
3400 One First Canadian Place  
100 King Street West  
P.O. Box 130  
Toronto, Ontario M5X 1A4

Attention: Mr. S. Richard Orzy  
Facsimile: (416) 863-1716”

6. Old Gateway and New Gateway hereby each individually represent and warrant (as to itself) to BCLC (and acknowledge that BCLC is relying upon the same) that:
  - (a) there have been no amendments to the Plan of Arrangement from the version approved by the British Columbia Supreme Court and finalized on or before Closing;
  - (b) the necessary consents, registrations and approvals which may be required to be obtained in connection with the transaction from the British Columbia Gaming Policy and Enforcement Branch, the Alberta Gaming and Liquor Commission and other governmental regulatory bodies or authorities have been obtained; and
  - (c) on or before the Implementation Date, New Gateway (and certain other parties thereto) shall enter into the Credit Agreement referenced in Section 5(a) hereof which shall be in all material respects the same and on no less favourable terms to New Gateway as the latest drafts of the same provided to BCLC's counsel.
7. Old Gateway and New Gateway hereby acknowledge and agree that the agreement and consent of BCLC hereunder shall become effective as at the Effective Time (as defined in the Plan of Arrangement).
8. New Gateway shall promptly reimburse BCLC for all of its reasonable unreimbursed out-of-pocket costs and expenses (including without limitation, for its financial advisers and counsel) in connection with this transaction, its review thereof, this consent and all agreements and instruments contemplated hereby or provided for herein.

9. Subject to and upon all of the terms and conditions set forth herein including, without limitation, all of the matters provided for in Section 7 hereof, BCLC hereby: (a) consents to the Plan of Arrangement and the Transfer, (b) consents to the amendments to the MCOSA as set forth in Section 5 hereof, (c) consents to the assignment herein of all rights in and to the MCOSA from Old Gateway to New Gateway, (d) consents to the ownership of a Significant Interest, as set forth in Article XIV of the MCOSA, by each of The Catalyst Capital Group Inc. and Tennenbaum opportunities Partnership V, LP, (e) acknowledges notice of change of the name and address of the Service Provider pursuant to Section 3.18 of the Amendment to the MCOSA dated October 22, 2009.
10. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement. Transmission of a copy of an executed signature page of this Agreement to the other parties to this Agreement by facsimile transmission or e-mail in pdf format shall be as effective as the delivery of a manually executed counterpart hereof.

The parties hereto further acknowledge and agree that BCLC's consent as set forth herein is limited to the matters specifically set forth in Section 9 and is not a waiver, novation or extinguishment by BCLC of any of its rights of any kind including under the MCOSA, the Risk Mitigation Agreement or other agreements and instruments provided for herein or contemplated hereby.

DATED this \_\_\_\_ day of September, 2010.

**GATEWAY CASINOS & ENTERTAINMENT  
INC.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**GATEWAY CASINOS & ENTERTAINMENT  
LIMITED**

Per: \_\_\_\_\_

**BRITISH COLUMBIA LOTTERY  
CORPORATION**

Per: \_\_\_\_\_

counsel) in connection with this transaction, its review thereof, this consent and all agreements and instruments contemplated hereby or provided for herein.

- 9. Subject to and upon all of the terms and conditions set forth herein including, without limitation, all of the matters provided for in Section 7 hereof, BCLC hereby: (a) consents to the Plan of Arrangement and the Transfer, (b) consents to the amendments to the MCOSA as set forth in Section 5 hereof, (c) consents to the assignment herein of all rights in and to the MCOSA from Old Gateway to New Gateway, (d) consents to the ownership of a Significant Interest, as set forth in Article XIV of the MCOSA, by each of The Catalyst Capital Group Inc. and Tennenbaum opportunities Partnership V, LP, (e) acknowledges notice of change of the name and address of the Service Provider pursuant to Section 3.18 of the Amendment to the MCOSA dated October 22, 2009.
- 10. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement. Transmission of a copy of an executed signature page of this Agreement to the other parties to this Agreement by facsimile transmission or e-mail in pdf format shall be as effective as the delivery of a manually executed counterpart hereof.

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DATED this 14<sup>th</sup> day of September, 2010.

**GATEWAY CASINOS & ENTERTAINMENT  
INC.**

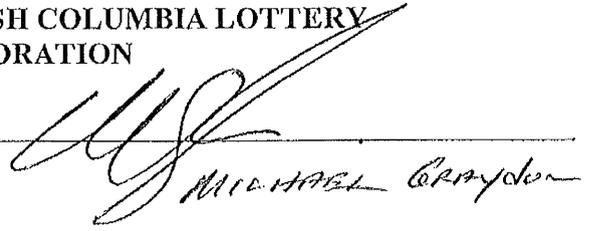
Per: \_\_\_\_\_

**GATEWAY CASINOS & ENTERTAINMENT  
LIMITED**

Per: \_\_\_\_\_

**BRITISH COLUMBIA LOTTERY  
CORPORATION**

Per: \_\_\_\_\_



Michael Graydon

## **Appendix C**

September 14, 2010 Correspondence from Gaming Policy and Enforcement Branch,  
Registration and Certification Division



BRITISH  
COLUMBIA

The Best Place on Earth

*Know your limit, play within it.*

September 14, 2010

Via E-mail and Courier

Mr. Jack W. Donahue, Q.C.  
Donahue Wells  
Suite 200  
815 - 10<sup>th</sup> Avenue, S.W.  
Calgary, Alberta T2R 0B4

Dear Mr. Donahue:

**Re:** Plan of Arrangement (the "Plan of Arrangement") of Gateway Casinos & Entertainment Inc. ("Old Gateway") to be effected under the *Canada Business Corporations Act* whereby, among other things, substantially all of the assets of Old Gateway are to be transferred to Gateway Casinos & Entertainment Limited ("New Gateway")

**And Re:** Credit Agreement dated on or about the date hereof (the "Credit Agreement") among New Gateway, the subsidiary guarantors, the initial term lenders, the initial revolving lender, the initial revolving letter of credit issuing bank all named therein (collectively, the "Lenders") and BNY Trust Company of Canada, as administrative agent and collateral agent the "Agent").

This correspondence is in response to our various discussions relating to the above transactions. Further to such discussions, the British Columbia Gaming Policy and Enforcement Branch ("GPEB") confirms as follows:

1. GPEB has concluded its review of supplied materials and its investigation of the directors of New Gateway. New Gateway and its directors, officers and associates have been found suitable to be registered and/or approved for involvement in the gaming industry in British Columbia. The intended organizational changes with respect to Old Gateway and New Gateway as contemplated in the Plan of Arrangement and, with respect to Tennenbaum Opportunities Partners V, L.P., immediately following consummation of the Plan of Arrangement, its transfer of New Gateway common shares acquired pursuant to the Plan of Arrangement to TOP V New World Holdings, LLC, are approved pursuant to Section 73 of the *Gaming Control Act*.
2. New Gateway has all necessary licenses, permits, approvals and other authorizations that GPEB is authorized to issue to operate its business in accordance with the applicable gaming laws of British Columbia.

Ministry of  
Housing & Social  
Development

Gaming Policy and  
Enforcement Branch  
Registration & Certification  
Division

Mailing Address:  
PO BOX 9202 STN PROV GOVT  
VICTORIA BC V8W 9J1  
Facsimile: (250) 356-0782

Location:  
Third Floor, 910 Government Street  
Victoria, BC V8W 1X3

Web: [www.hsd.gov.bc.ca/gaming](http://www.hsd.gov.bc.ca/gaming)

3. GPEB has reviewed the Credit Agreement, the financing arrangements and security to be delivered under the Credit Agreement as well as a list of all Lenders and confirms no authorization, consent or approval from GPEB is required by any of the Lenders in connection with the execution and delivery of the Credit Agreement or as contemplated under the Credit Agreement.
4. There are no outstanding bonds, letters of credit or other security required to be posted with GPEB by New Gateway in order to operate its business in accordance with the gaming laws of British Columbia.

Upon closing of the transactions contemplated by the Plan of Arrangement, please provide this office with a copy of all final closing agreements previously requested and a confirmed listing of officers and directors of New Gateway. GPEB reserves the right to require any further disclosure from the participants in this venture that it considers necessary to assure the integrity of gaming in British Columbia.

This letter and contents may be disclosed to and relied upon by New Gateway, the Lenders and the Agent.

Yours truly,



R.J. (Ron) Merchant  
Director/Deputy Registrar  
Corporate Registration

cc: British Columbia Lottery Corporation

**Jack Donahue**

Commission of Inquiry into Money Laundering in British Columbia

**From:** Birch, Michael A. [REDACTED]  
**Sent:** Tuesday, September 14, 2010 6:30 PM  
**To:** Jack Donahue  
**Cc:** Constance Ladell; Mike Wolfram  
**Subject:** RE: Gateway-BCLC  
**Follow Up Flag:** Follow up  
**Flag Status:** Red

Jack,

According to BCLC, Old Gateway currently provides the Gaming Bankroll and BCLC holds \$4.7 million in cash (the "Cash Collateral") that was previously provided by Old Gateway for the Win. Neither I nor BCLC are aware of what arrangements have been made between Old Gateway and New Gateway with respect to the Cash Collateral (i.e. how such amount is being accounted for in the restructuring). However, BCLC will continue to hold the Cash Collateral as security for the Win after the restructuring and New Gateway will be obliged to provide the Gaming Bankroll. As you may be aware, BCLC is permitted by the terms of its Agreements with Gateway to periodically reassess the adequacy of the Cash Collateral and, if the Win has increased, require increased security. However, no such reassessment is being made at this time.

On the basis of the foregoing, as of today's date, no additional bonds, letters of credit or further security are presently required to be provided by the terms of the Agreements between BCLC and Gateway.

I trust the foregoing is sufficient for your purposes.

Thanks.

Best Regards,

**Michael A. Birch\***  
Partner  
Financial Services

[REDACTED]  
F:/Télec : 604-622-5647  
[REDACTED]

\*denotes Law Corporation  
Please THINK GREEN before printing.  
PENSEZ À L'ENVIRONNEMENT avant d'imprimer ce message.

9/15/2010

Appendix C