



**2006 First Quarter  
Report to Unitholders  
for the three month period ended March 31, 2006**

## Table of Contents

---

<b>Organizational Structure</b>	1
<b>Letter to Unitholders</b>	2
<b>Management's Discussion and Analysis</b>	4
<b>Notice of No Auditor Review</b>	18
<b>Consolidated Interim Financial Statements</b>	
Consolidated interim balance sheets	19
Consolidated interim statements of unitholders' equity	20
Consolidated interim statements of operations	21
Consolidated interim statements of cash flows	22
Notes to consolidated interim financial statements	23

## Organizational Structure

---

### The Fund

Gamehost Income Fund (the "Fund") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 9, 2003 (the "Fund Agreement").

### The Trust

Gamehost Trust (the "Trust") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 10, 2003 (the "Trust Agreement"). All of the issued and outstanding units of the Trust are owned by the Fund. The trustees of the Trust are the trustees of the Fund.

### The Limited Partnership

Gamehost Limited Partnership (the "Limited Partnership") is a limited partnership formed under the laws of the Province of Alberta. The Limited Partnership owns the assets and business operations of the Fund. These assets were acquired from Service Plus Hospitality Ltd., Will Inns Ltd. and Boomtown Casino Ltd. pursuant to a Plan of Arrangement (the "Plan of Arrangement") under the Business Corporations Act (Alberta) (the "ABCA"). The Limited Partnership began operations of the Fund effective June 1, 2003.

### The Manager

The general partner of the Limited Partnership is Gamehost Management Inc. (the "Manager"). Pursuant to a management agreement (the "Management Agreement") between the Fund and the Manager, the administration and management of the Fund was delegated to the Manager.

### Units

The Limited Partnership is authorized to issue unlimited numbers of both Class "A" units ("Fund Units") and Class "B" Limited Partnership units ("B Units"). At present, all Fund Units of the Limited Partnership are held through the Trust and all B Units are held by the remaining partners of the Limited Partnership. There are 3,591,051 Fund Units and 3,444,800 B Units of the Limited Partnership issued and outstanding. B Units are exchangeable, on a one-for-one basis, for Fund Units. Holders of Fund Units and holders of B Units have equal voting rights.

## Overview

---

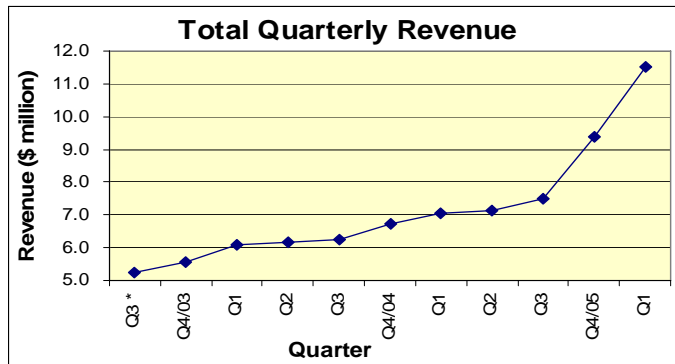
The Fund's activities are currently confined to the Province of Alberta, Canada. Operations include the Boomtown Casino in Ft. McMurray, the Great Northern Casino in Grande Prairie and Service Plus Inns & Suites ("Service Plus"), a limited service hotel, also located in Grande Prairie. As a complement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

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

It is the intent and practice of the Fund to distribute taxable income of the Fund to unitholders by way of cash distributions on a monthly basis.

## To our Unitholders

The Trustees and management of Gamehost Income Fund are pleased to present interim results for the three months ended March 31, 2006 (the “Quarter”).



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

### Perfect 10

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

### Operations

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

### Distributable Cash

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

## Looking Ahead

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

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

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

## Thank You

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

May 5, 2006

Sincerely,



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



Darcy J. Will  
Vice President  
Gamehost Management Inc.

## Management's Discussion and Analysis for the three month period ended March 31, 2006

---

This discussion should be read in conjunction with the reported financial results for the three month period ended March 31, 2006 (the "Quarter"). Consolidated interim financial statements for the Quarter have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP).

### Caution to the Reader

---

Quarterly figures and comparisons contained in this management discussion and analysis have not been independently audited or reviewed by the Fund's external auditors.

This management discussion and analysis may make reference to earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is a non-GAAP measure and is provided for information only. EBITDA calculations should not be relied upon as a sole measure of performance.

This management discussion and analysis uses the term "Same Store" for the purpose of providing additional and separate comparative results which exclude the impact of the Fund's investment in Deerfoot Inn & Casino. Results from the start of operations of Deerfoot Inn & Casino (the "Deerfoot Joint Venture") have had a significant impact on over all operating results during the Quarter and to the previous three months ended December 31, 2005.

This management discussion and analysis may contain forward-looking statements. Forward-looking statements may contain words such as "anticipates", "believes", "could", "expects", "indicates", "plans" or other similar expressions that suggest future outcomes or events. Use of these statements reflect reasonable assumptions made on the basis of management's current beliefs with information known by management at the time of writing. Many factors could cause actual results to differ from the results discussed in forward-looking statements. Actual results may not be consistent with these forward-looking statements.

### Disclosure Controls

---

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

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

## Quarterly Performance Summary

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

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

(in thousands of dollars unless indicated otherwise)

<sup>1</sup> Basic and fully diluted

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

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

## Revenues

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

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

(in thousands of dollars unless stated otherwise)

## Hotel Rooming Revenue

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

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

(in thousands of dollars unless indicated otherwise)

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

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

## Table Game Revenue

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

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

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

(in thousands of dollars unless indicated otherwise)

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

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

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

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

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

### Slot Machine Revenue

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

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

(in thousands of dollars unless indicated otherwise)

<sup>1</sup> At the end of the Period or Quarter

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

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

### Food & Beverage ("F&B") Revenue

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

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

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

(in thousands of dollars unless indicated otherwise)

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

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

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

(in thousands of dollars unless indicated otherwise)

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

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

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

## Lease and Rental Revenue

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

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

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

(in thousands of dollars unless indicated otherwise)

Lease and rental revenues for the Quarter are reflective of expected levels for the duration of the year. Amounts include four agreements for which term rates have been established for the calendar year 2006 and beyond. In the case of the Strip Mall, monthly lease payments are partially based on estimated common area costs which may result in an adjustment at calendar year end. This was true for 2005 resulting in a credit to tenants in Q4 2005.

## Other Revenue

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

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

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

(in thousands of dollars unless indicated otherwise)

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

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

## Expenses

### Total Expenses

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

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

(in thousands of dollars unless indicated otherwise)

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

Same Store operations maintained performance consistent with expectations.

### Human Resources

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

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

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

(in thousands of dollars unless indicated otherwise)

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

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

## Marketing and Promotions

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

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

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

(in thousands of dollars unless indicated otherwise)

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

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

## Operating Costs

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

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

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

(in thousands of dollars unless indicated otherwise)

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

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

## General and Administrative

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

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

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

(in thousands of dollars unless indicated otherwise)

General and administrative expenses have generally risen proportionately to sales.

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

## Depreciation and Amortization

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

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

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

(in thousands of dollars unless indicated otherwise)

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

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

## Facilities

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

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

(in thousands of dollars unless indicated otherwise)

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

## Financial Condition

---

### Liquidity and Capital Resources

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

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

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

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

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

### Distributable Cash

The Fund’s mandate is to make consistent monthly cash payments to unitholders based on management’s projections of the year’s distributable cash. Distributable cash is defined as net income determined in accordance with Canadian GAAP, subject to certain adjustments as set out in the Declaration of Trust, including:

- a) adding the following items: amortization on property, plant & equipment, future income tax expense and losses on dispositions of assets; and
- b) deducting the following items: future income tax credits, gains on dispositions of assets and capital maintenance expenditures.

Other adjustments may be made to distributable cash as determined by a majority of the Trustees in their discretion. It is the intention of the Fund trustees to distribute sufficient income from the Fund so that the Fund will not have any liability for tax under Part I of the Income Tax Act.

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

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

## Business Risks and Outlook

---

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

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

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

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

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

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

May 5, 2006

## Notice of No Auditor Review

---

The accompanying unaudited consolidated interim financial statements of the Fund have been prepared by management in accordance with Canadian generally accepted accounting principles. Management accepts sole responsibility for the material correctness of reported results.

Readers are cautioned that these financial statements have not been independently audited or reviewed by the Fund's external auditors.

Readers should also understand that these unaudited consolidated interim financial statements should be read in conjunction with the Fund's audited consolidated financial statements for the year ended December 31, 2005.

## Consolidated Interim Balance Sheets

(Unaudited)

	March 31, 2006	Audited December 31, 2005
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 10,681,493	\$ 8,528,002
Accounts receivable	771,051	854,230
Current portion of notes receivable	26,975	26,450
Inventories	247,523	227,889
Prepaid expenses	355,784	359,906
	12,082,826	9,996,477
Notes receivable	80,467	87,464
Property, plant and equipment	36,532,880	36,240,215
Licenses	3,500,000	3,500,000
Goodwill	42,579,216	42,579,216
	\$ 94,775,389	\$ 92,403,372
<b>Liabilities and unitholder equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,326,885	\$ 3,393,501
Term loan (Note 3)	9,000,000	4,800,000
Due to related parties (Notes 4 and 6)	1,076,648	35,481
Joint venture term loan (Note 6)	9,465,430	9,292,035
Unitholder distributions payable	844,302	4,995,454
	22,713,265	22,516,471
Class B limited partnership units	36,423,688	35,358,688
	59,136,953	57,875,159
Unitholders' equity	35,638,436	34,528,213
	\$ 94,775,389	\$ 92,403,372

see accompanying notes to consolidated financial statements

## Consolidated Interim Statements of Unitholders' Equity

*(Unaudited)*

	<b>three months ended March 31</b>	
	<b>2006</b>	<b>2005</b>
Balance at the beginning of the period	\$ 34,528,213	\$ 30,517,024
Net income	2,403,001	1,684,954
Distributions to unitholders	<u>(1,292,778)</u>	<u>(1,169,298)</u>
Balance at the end of the period	\$ 35,638,436	\$ 31,032,680

**see accompanying notes to consolidated financial statements**

## Consolidated Interim Statements of Operations

*(Unaudited)*

	three months ended March 31	
	2006	2005
Revenue		
Hotel - rooming	\$ 1,650,038	\$ 993,901
Table games	1,849,130	1,159,880
Slot machines	4,722,573	3,079,195
Food and beverage services	2,333,080	1,189,432
Lease and rental	76,764	74,875
Other	879,976	550,265
	11,511,561	7,047,548
Expenses		
Cost of goods sold	893,735	476,692
Human resources	2,954,547	1,537,071
Marketing and promotions	296,817	130,838
Operating	1,316,091	725,594
Corporate and general administration	469,070	292,413
	5,930,260	3,162,608
Earnings before amortization, interest and income allocation to class B limited partners	5,581,301	3,884,940
Amortization	(593,479 )	(235,034 )
Interest charges	(279,686 )	-
Income allocation to class B limited partners	(2,305,135 )	(1,964,952 )
Net income	\$ 2,403,001	\$ 1,684,954
Earnings per unit		
Weighted average and fully diluted	\$ 0.669	\$ 0.519

**see accompanying notes to consolidated financial statements**

## Consolidated Interim Statements of Cash Flows

*(Unaudited)*

	three months ended March 31	
	2006	2005
Cash provided by (used for) operations		
Net income	\$ 2,403,001	\$ 1,684,954
Add non-cash items:		
Allocation of net income to class B limited partners	2,305,135	1,964,952
Amortization of property, plant and equipment	593,479	235,034
	5,301,615	3,884,940
Net changes in non-cash working capital:		
Accounts receivable	83,179	(113,653)
Inventories	(19,634)	4,734
Prepaid expenses	4,122	(92,094)
Accounts payable and accrued liabilities	(1,402,030)	(371,763)
Unitholder distributions payable	(4,151,152)	(1,970,038)
	(183,900)	1,342,126
Financing		
Advances to/from related parties	1,041,169	216,522
Drawings from term Loan	4,200,000	1,500,000
Drawings from joint venture term Loan	205,795	2,667,694
Principal repayments on term loan	(32,400)	-
Proceeds from collection of notes receivable	6,472	5,966
Distributions to class B limited partners	(1,240,128)	(1,363,608)
Unitholder distributions	(1,292,778)	(1,169,298)
	2,888,130	1,857,276
Investments		
Purchase of property, plant and equipment	(550,739)	(2,107,928)
	(550,739)	(2,107,928)
Increase in cash and cash equivalents	2,153,491	1,091,474
Opening cash and cash equivalents	8,528,002	5,238,021
Closing cash and cash equivalents	\$ 10,681,493	\$ 6,329,495
Supplemental cash flow information:		
Interest paid	\$ 279,686	\$ 415

see accompanying notes to financial statements

### Non monetary transaction:

\$335,414 in development costs payable have been deducted from accounts payable or accrued liabilities and investments in property, plant and equipment to reflect the cash component of the investment.

## Notes to Consolidated Interim Financial Statements

three month period ended March 31, 2006

(unaudited)

---

### 1. Organization and Nature of Business

Gamehost Income Fund (the “Fund”) is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 9, 2003 (the “Fund Agreement”).

The Fund's activities are currently confined to the Province of Alberta, Canada. Operations include the Boomtown Casino in Ft. McMurray, the Great Northern Casino in Grande Prairie and Service Plus Inns & Suites (“Service Plus”), a limited service hotel, also located in Grande Prairie. Complementing Service Plus, the Fund owns a retail complex (the “Strip Mall”) that leases space to third party liquor store, pub and full service restaurant operators. The Fund is also a 40% joint venture partner in Deerfoot Inn & Casino Inc., (the “Deerfoot Joint Venture”), that opened Deerfoot Inn & Casino in Calgary on November 21, 2005.

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

It is the intent and practice of the Fund to distribute taxable income of the Fund to unitholders by way of cash distributions on a monthly basis.

### 2. Basis of Preparation

These unaudited interim consolidated financial statements of the Fund have been prepared by management in accordance with Canadian generally accepted accounting principles. The unaudited interim consolidated financial statements should be read in conjunction with the Fund's annual audited consolidated financial statements as at, and for, the year ended December 31, 2005. The same accounting policies and methods as are used to prepare annual audited consolidated financial statements of the Fund were used to prepare these unaudited interim consolidated financial statements. Interim consolidated figures include the results of the Fund, the Trust, the Limited Partnership with all its operating divisions and the Fund's proportionate share of the activities of the Joint Venture. The preparation of these unaudited interim consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the Unaudited interim consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The unaudited interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality.

### 3. Comparative Figures

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

## Notes to Consolidated Interim Financial Statements

three month period ended March 31, 2006

(unaudited)

### 4. Term Loan

The Fund has drawn \$9.0 million (December 31, 2005 - \$4.2 million) on a term loan with the Canadian Western Bank (“CWB”) including \$4.2 million during the Quarter. Proceeds of the loan were used to meet Contributing Interest Percentage obligations for construction of the Deerfoot Joint Venture and to finance the recent expansion of Boomtown Casino. Terms of the loan include a floating interest rate at 1.5% above CWB prime. This rate was 7.0% at the end of the Quarter (December 31, 2005 - 6.5%). The repayment schedule allows for interest only payments to maturity of the loan in May, 2007. Security for the loan includes;

- A promissory note
- General security agreement for first charge on Service Plus, Great Northern Casino and the Strip Mall.
- Demand collateral mortgage first charge in the amount of \$9,000,000
- Assignment of rents and leases
- Assignment of all risk casualty and liability insurance

### 5. Related Party Transactions

Related party transactions are measured at the exchange amount which is the amounts agreed to by the related parties. Related party transactions are non-interest bearing with no specific terms of repayments.

#### Gamehost Management Inc.

Gamehost Management Inc. is controlled by David J. Will and Darcy J. Will. The company has a management contract (the “Management Agreement”) with the Fund and is compensated based on a percentage of earnings before interest, income tax, depreciation and amortization (“EBITDA”). Management services recorded during the Quarter were \$114,000 (2005 - \$93,000).

#### Winners Gaming Inc.

Winners Gaming Inc. is controlled by Darcy J. Will, a trustee of the Fund. During the Quarter, the Fund recorded \$34,570 (2005 - \$21,632) in salaries and shared head office expenses paid to Winners Gaming Inc. for reimbursement of expenses paid on behalf of the Fund.

#### DJ Will Holdings Limited

DJ Will Holdings Limited is controlled by David J. Will, a trustee of the Fund. During the year, the Fund recorded \$778,008 (2005 - \$778,008) in distributions on Class B Partnership Units and \$7,750 (2005 - \$6,250) in trustee remuneration.

#### Darcy Co. Holdings Ltd.

Darcy Co. Holdings Ltd. is controlled by Darcy J. Will, a trustee of the Fund. During the Quarter, the Fund recorded distributions of \$324,000 (2005 - \$324,000) on Class B Partnership Units and \$7,750 (2005 - \$7,250) in trustee remuneration.

## Notes to Consolidated Interim Financial Statements

three month period ended March 31, 2006

(unaudited)

### 5. Related Party Transactions (cont.)

#### 536026 Alberta Ltd.

536026 Alberta Ltd. is controlled by Jerry P. Van Someren, a trustee of the Fund. During the Quarter, the Fund recorded \$7,750 (2005 - \$nil) in trustee remuneration.

#### Haim Insurance Ventures Ltd.

Haim Insurance Ventures Ltd. is controlled by James McPherson, a trustee of the Fund. During the Quarter, the Fund recorded \$7,750 (2005 - \$7,250) in trustee remuneration.

#### Natal Holdings Corporation

Natal Holdings Corporation is controlled by Tim Sebastian, a trustee of the Fund. During the Quarter, the Fund recorded \$7,750 (2005 - \$6,250) in trustee remuneration.

#### Bryan & Company

Tim Sebastian, a trustee of the Fund, is a former partner in the firm of Bryan & Company. During the year, the Fund expensed \$16,224 (2005 - \$nil) in professional fees to Bryan & Company relating to compliance.

#### Deerfoot Joint Venture.

The Fund's 40% proportionate share of the Deerfoot Joint Venture's related party transactions included in these financial statements are summarized separately in Note 7.

### 6. Distributions to Unitholders

The Fund declared distributions totaling \$2,532,906 for the Quarter (2005 - \$2,532,906) which include regular monthly planned distributions of \$0.12 per unit for each of the months January through March,

Subsequent to the end of Quarter trustees increased the regular monthly distribution rate by \$0.03 per unit to \$0.15/unit cash distribution and declared a distribution of same for the month of April 2006. Significant dates for these distributions are set out below.

#### 2006 Distribution Summary

Month	Date Declared	Record Date	Payment Date	Distribution per Unit
January	16-Jan-06	31-Jan-06	15-Feb-06	\$0.12
February	15-Feb-06	28-Feb-06	15-Mar-06	\$0.12
March	14-Mar-06	31-Mar-06	17-Apr-06	\$0.12
April	17-Apr-06	30-Apr-06	15-May-06	\$0.15

## Notes to Consolidated Interim Financial Statements

three month period ended March 31, 2006

(unaudited)

### 7. Investment in Deerfoot Joint Venture

The Fund is a joint venture partner in Deerfoot Inn & Casino Inc. that owns and operates a hotel/convention/entertainment/gaming establishment in Calgary, Alberta. The Fund holds a 40% Participating Interest and a 47.75% Project Contributing Interest in this joint venture. The Fund's consolidated interim financial statements include its Participating Interest in the assets, liabilities, revenues and expenses and net income, and cash flows resulting from operating, investing and financing activities of the joint venture, which are as follows:

### Deerfoot Inn & Casino Joint Venture Balance Sheets

(unaudited)

	March 31, 2006	Audited December 31, 2005	Gamehost Participating Interest	
			March 31, 2006	December 31, 2005 Audited
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 8,346,116	\$ 6,009,978	\$ 3,338,446	\$ 2,403,991
Accounts receivable	451,145	742,162	180,458	296,865
Inventories	335,144	329,707	134,058	131,883
Prepaid expenses	442,107	299,800	176,843	119,920
	9,574,512	7,381,647	3,829,805	2,952,659
Property, plant & equipment	42,106,818	43,002,708	16,842,727	17,201,083
	<u>\$ 51,681,330</u>	<u>\$ 50,384,355</u>	<u>\$ 20,672,532</u>	<u>\$ 20,153,742</u>
<b>Liabilities and unitholder equity</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,307,180	\$ 4,458,805	\$ 922,872	\$ 1,783,522
Due to related parties	48,780	67,112	19,512	26,845
Term Loan	23,663,577	23,230,088	9,465,431	9,292,035
	26,019,537	27,756,005	10,407,815	11,102,402
<b>Joint Venturers' Equity</b>	<u>25,661,792</u>	<u>22,628,350</u>	<u>10,264,717</u>	<u>9,051,340</u>
	<u>\$ 51,681,329</u>	<u>\$ 50,384,355</u>	<u>\$ 20,672,532</u>	<u>\$ 20,153,742</u>

## Notes to Consolidated Interim Financial Statements

three month period ended March 31, 2006

(unaudited)

### 7. Investment in Deerfoot Joint Venture (cont.)

#### Deerfoot Inn & Casino Joint Venture Statements of Operations

(unaudited)

	three months ended March 31		Gamehost Participating Interest	
	three months ended March 31		three months ended March 31	
	2006	2005	2006	2005
Revenue				
Hotel - rooming	\$ 1,173,428	\$ -	\$ 469,371	\$ -
Table games	1,478,562	-	591,425	-
Slot machines	2,021,027	-	808,411	-
Food & beverage services	2,192,715	-	877,086	-
Lease and rental	2,100	-	840	-
Other	559,271	-	223,708	-
	<u>7,427,103</u>	<u>-</u>	<u>2,970,841</u>	<u>-</u>
Expenses				
Cost of goods sold	833,838	-	333,535	-
Human resources	3,002,580	-	1,201,032	-
Marketing and promotions	383,942	-	153,577	-
Operating	1,057,922	-	423,169	-
General and administration	289,828	25,213	115,931	10,085
	<u>5,568,110</u>	<u>25,213</u>	<u>2,227,244</u>	<u>10,085</u>
Earnings before interest and amortization	1,858,993	(25,213)	743,597	(10,085)
Interest	381,731	-	152,692	-
Amortization	<u>873,662</u>	<u>-</u>	<u>349,465</u>	<u>-</u>
Income (Loss)	<u>\$ 603,600</u>	<u>(\$ 25,213)</u>	<u>\$ 241,440</u>	<u>(\$ 10,085)</u>

## Notes to Consolidated Interim Financial Statements

three month period ended March 31, 2006  
(unaudited)

### 7. Investment in Deerfoot Joint Venture (cont.)

#### Consolidated Interim Statements of Cash Flows (Unaudited)

	three months ended March 31		Gamehost Participating Interest	
			three months ended March 31	
	2006	2005	2006	2005
Cash provided by (used for) operations				
Net income	\$ 603,600	(\$ 25,213)	\$ 241,440	(\$ 10,085)
Add non-cash items:				
Amortization of property, plant & equipment	873,662	-	349,465	-
	1,477,262	(25,213)	590,905	(10,085)
Net changes in noncash working capital:				
Accounts receivable	291,018	279,851	116,407	279,851
Inventories	(5,435)	-	(2,174)	-
Prepaid expenses	(142,308)	-	(56,923)	-
Accounts payable and accrued liabilities	(2,151,625)	(271,830)	(860,650)	(271,830)
	(531,088)	(17,192)	(212,435)	(2,064)
Financing				
Advances to/from related parties	(18,333)	-	(7,333)	-
Contributions by joint venturers	2,427,188	-	970,875	-
Drawings from Project Loan	514,490	2,667,694	205,796	2,667,694
Principal repayments on term loan	(81,000)	-	(32,400)	-
	2,842,345	2,667,694	1,136,938	2,667,694
Investments				
Purchase of property, plant & equipment	24,880	(1,975,154)	9,952	(1,975,154)
	24,880	(1,975,154)	9,952	(1,975,154)
Increase in cash and cash equivalents	2,336,137	675,348	934,455	690,476
Opening cash and cash equivalents	6,009,978	441,384	2,403,991	441,384
Closing cash and cash equivalents	\$ 8,346,115	\$ 1,116,732	\$ 3,338,446	\$ 1,131,860
Supplemental cash flow information:				
Interest paid	\$ 381,731	\$ -	\$ 152,692	\$ -

## Notes to Consolidated Interim Financial Statements

three month period ended March 31, 2006

(unaudited)

### 7. Investment in Deerfoot Joint Venture (cont.)

#### Deerfoot Inn & Casino Joint Venture Statements of Joint Venture Equity

(un-audited)

	three months ended March 31		Gamehost Participating Interest	
	three months ended March 31		three months ended March 31	
	2006	2005	2006	2005
Balance at the beginning of the period	\$ 22,628,350	\$ 16,292,867	\$ 9,051,340	\$ 6,517,147
Contributions from Joint Venture Partners	2,429,842	6,360,696	971,937	2,544,278
Net income	603,600	(25,213)	241,440	(10,085)
Balance at the end of the period	\$ 25,661,792	\$ 22,628,350	\$ 10,264,717	\$ 9,051,340

The Fund is severally liable for all obligations of the Joint Venture in proportion to its Participating Interest or Contributing Responsibility as the case may be. All Joint Venture partners are contingently liable for obligation of the Joint Venture in situations where other Joint Venture partners are in default as defined by the Joint Venture Agreement. All of the assets of the Joint Venture are available for the purpose of satisfying any such obligation. No provision for any contingent amount payable has been accrued to these financial statements.

#### Joint venture term loan

The joint venture term loan, taken by the Deerfoot Joint Venture, was converted from a project loan in March 2006. The joint venture term loan stipulates a floating interest rate at 1.0% above CWB prime. In March, a monthly payment of principal and interest was made in the amount of \$206,000 approximating a 15 year amortization (\$125,000 interest, \$81,000 principal).

## Notes to Consolidated Interim Financial Statements

three month period ended March 31, 2006

(unaudited)

### 7. Investment in Deerfoot Joint Venture (cont.)

#### Management Agreement

The Joint Venture has a management agreement with 1016312 Alberta Ltd. 1016312 Alberta Ltd.'s shareholders are David Will and Darcy Will, who are also shareholders of the venturers of the Joint Venture and are Trustee's of the Fund. The management agreement stipulates that 1016312 Alberta Ltd. is entitled to a percentage of the gross revenues plus a percentage of any operating profit of the Joint Venture. For the Quarter \$125,302 (2005 - \$nil) was recorded as management fees.

The Funds 40% proportionate share, \$50,121 includes an unpaid portion of \$37,353 which is included in the accounts payable and accrued liability balance reported on these interim financial statements.

### 8. Segmented Information

The Fund's operations are predominantly in the hotel accommodation and gaming industries. Food and beverage services operate within hotel and gaming facilities under separate management. The Fund derives its revenues from marketing its services in Western Canada.

The hotel segment includes the operations of Service Plus, the Strip Mall and the Funds proportionate share of the Deerfoot Joint Venture's hotel operations. The gaming segment includes the operations of Great Northern Casino, Boomtown Casino and the Funds proportionate share of the Deerfoot Joint Venture's gaming operations.. The food and beverage segment includes food, beverage and entertainment activity generated by all properties. Property overhead costs are allocated arbitrarily.

General Administration includes administration of the Fund, the Trust and the Limited Partnership.

Revenue	Q1 (three months)			vs. Previous quarter	
	2006	2005	+(-)	Q4 2005	+(-)
Tables	1,849	1,160	59.4%	1,342	37.8%
Slots	4,723	3,079	53.4%	4,090	15.5%
Other	783	524	49.4%	677	15.6%
<b>Gaming</b>	<b>7,355</b>	<b>4,763</b>	<b>54.4%</b>	<b>6,109</b>	<b>20.4%</b>
Hotel	1,790	1,073	66.8%	1,256	42.5%
Food and beverage	2,333	1,189	96.2%	1,973	18.3%
Other	34	21	62.5%	36	(5.2%)
<b>Total</b>	<b>11,512</b>	<b>7,046</b>	<b>63.4%</b>	<b>9,374</b>	<b>22.8%</b>
<b>Expenses before Interest, taxes, depreciation and amortizations</b>					
Gaming	2,574	1,334	93.0%	2,501	2.9%
Hotel	1,163	428	171.8%	760	53.1%
Food and beverage	1,866	1,034	80.5%	1,605	16.3%
Other	326	367	(11.1%)	196	66.5%
<b>Total</b>	<b>5,930</b>	<b>3,163</b>	<b>87.5%</b>	<b>5,062</b>	<b>17.2%</b>

## Notes to Consolidated Interim Financial Statements

three month period ended March 31, 2006

(unaudited)

### 8. Segmented Information

Earnings before Interest, taxes, depreciation and amortizations					
Gaming	4,781	3,429	39.4%	3,608	32.5%
Hotel	626	645	(2.9%)	496	26.3%
Food and beverage	467	155	201.0%	368	26.8%
Other	(292)	(346)	(15.5%)	-160	82.6%
<b>Total</b>	<b>5,581</b>	<b>3,883</b>	<b>43.7%</b>	<b>4,312</b>	<b>29.4%</b>
<b>EBITDA</b>	<b>5,581</b>	<b>3,883</b>	<b>43.7%</b>	<b>4,312</b>	<b>29.4%</b>
Interest	280	0	100.0%	71	293.9%
Amortizations	593	235	152.5%	383	55.0%
Net earnings (in thousands of dollars unless stated otherwise)	4,708	3,648	29.1%	3,858	22.0%

Property Plant & Equipment			
	31-Mar-06	31-Dec-05	+(-)
<b>Hotel</b>			
Goodwill and licences	4,579	4,579	0.0%
Working assets	16,790	16,762	0.2%
Work-in-progress	50	0	100.0%
	<b>21,419</b>	<b>21,342</b>	<b>100.2%</b>
<b>Casino</b>			
Goodwill and licences	41,500	41,500	0.0%
Working assets	13,071	13,041	0.2%
Work-in-progress	2,278	1,537	48.2%
	<b>56,849</b>	<b>56,078</b>	<b>48.5%</b>
<b>Food &amp; Beverage</b>			
Working assets	7,409	7,398	0.1%
Work-in-progress	25	0	100.0%
	<b>7,434</b>	<b>7,398</b>	<b>100.1%</b>
<b>General Administration</b>			
Working assets	159	160	(0.8%)
Work-in-progress	0	0	0.0%
	<b>159</b>	<b>160</b>	<b>(0.8%)</b>
<b>Total</b>			
Goodwill and licences	46,079	46,079	0.0%
Working assets	37,429	37,362	0.2%
Work-in-progress	2,353	1,537	53.1%
	<b>85,861</b>	<b>84,978</b>	<b>53.3%</b>

## Notes to Consolidated Interim Financial Statements

three month period ended March 31, 2006  
(unaudited)

### 8. Segmented Information

PP&E <sup>1</sup> and Intangibles at NBV <sup>2</sup>	Q1 (three months)		
	2006	2005	+(-)
Hotel	20,005	20,092	(0.4%)
Casino	53,303	53,728	(0.8%)
F&B	6,860	6,865	(0.1%)
General & Admin	90	98	(7.5%)
Work-in-progress	2,353	1,537	53.1%
	<b>82,612</b>	<b>82,319</b>	<b>44.4%</b>

(in thousands of dollars unless stated otherwise)

<sup>1</sup> PP&E (Property, Plant & Equipment)

<sup>2</sup> NBV (Net Book Value)