

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, as amended**

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.B.C 2002 c. 57

AND

**IN THE MATTER OF EVERGREEN GAMING CORPORATION AND WASHINGTON
GAMING, INC., AND THEIR SUBSIDIARIES LISTED ON SCHEDULE "A"**

MONITOR'S REPORT ON THE PLAN

Introduction

On April 15, 2009, Evergreen Gaming Corporation ("Evergreen") and Washington Gaming, Inc. ("WGI") and their subsidiaries which were listed on Schedule A to the initial order, but which did not include Mountlake Gaming Inc. and Riverside Casino Inc., (collectively, the "Petitioners") filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act* ("CCAA"). A Court Order was granted which stayed creditors from taking or continuing any proceedings against the Petitioners, thus permitting the Petitioners to remain in control of its assets and to continue carrying on business during the restructuring period.

Additional Court Orders were obtained to allow the Petitioners sufficient time to prepare its Plan of Arrangement ("Plan") to its creditors. Copies of these Court Orders can be found on the Monitors website at www.deloitte.com/ca/evergreen. The current stay of proceedings is in effect to September 1, 2009.

Background

Evergreen is a company incorporated under the laws of British Columbia and is publicly listed on the TSX Venture Exchange (TSX-TNA.V). Evergreen is the parent company of WGI and all of its subsidiaries. At the time of the initial filing, the Petitioners were headquartered in Richmond, British Columbia and operated ten casinos in the Seattle-Puget Sound area of Washington State and a casino in Calgary, Alberta.

Mr. Norman Osatuik, the President of Evergreen and Mr. Cory Coyle, the President of WGI have managed the day to day operations of the Petitioners.

Prior to the initial filing, the Petitioners had been meeting their current operating obligations at each of the casinos and had been keeping their payables current. However, the Petitioners failed to meet their obligations under a Credit Facility Agreement with Fortress Credit Corporation ("Fortress") by not making monthly payments from November 2008. On April 1, 2009 Fortress made demand for repayment of its secured debt, approximately \$30 million, and served its Notice of Intention to Enforce Its Security on the Petitioners. This necessitated the Petitioners filing for protection under the CCAA proceedings.

Restructuring Progress

At the time of the filing of the initial CCAA filing, the Petitioners had hoped to be able to restructure their business by rationalizing their business and potentially selling certain properties to address their secured lender obligations. The Petitioners were not able to raise sufficient funds and on June 24, 2009 Fortress obtained a Court Order which appointed Grant Thornton Limited ("GTL") as Interim Receiver and Receiver Manager over three specific entities of the Petitioners - EGC Holdings Ltd., EGC Properties Ltd. and Frank Sisson's Silver Dollar Casino Ltd., in Calgary, Alberta.

Subsequent to the June 24, 2009 Order, the Petitioners and Fortress reached a settlement agreement whereby WGI is to immediately transfer its interest in the shares of its subsidiaries, with the exception of Mountlake Gaming, Inc. ("MTL") and Riverside Casino, Inc. ("Riverside") to Fortress for a release of Fortress' secured debt charge, upon acceptance of the Plan. Fortress will have an unsecured charge for a portion of its debt, the valuation of which has not been determined. On July 3, 2009, the Court approved the settlement agreement reached between the Petitioners and Fortress which replaced Deloitte, with GTL, as the Monitor over all of the Petitioners with the exception of Evergreen and WGI. GTL was also appointed the Interim Receiver and Receiver Manager over the Petitioners, with the exception of Evergreen and WGI.

The settlement agreement preserves a core asset namely Riverside and allows Evergreen and WGI the opportunity to continue running the Riverside casino and allow it to present its Plan to its unsecured creditor class.

On July 10, 2009, the Petitioners filed its Plan with the Court. The Plan calls for a transfer of all of WGI's interest in the shares of its subsidiaries, with the exception of MTL and Riverside, to Fortress. In addition, the Plan calls for a 5 cent on the dollar distribution to the unsecured creditors of Evergreen and WGI.

The Plan

The secured debt owed to Fortress is approximately \$30 million. The Plan which the Petitioners have prepared attempts to settle their secured debt while maintaining certain operations. The Petitioners and Fortress have reached an agreement whereby WGI's interest in the shares of its subsidiaries, with the exception MTL and Riverside will be transferred to Fortress and Fortress will release its secured charge against Evergreen and WGI. This release will allow Evergreen and WGI to continue to operate and will allow them to offer a settlement of their debt to their creditors.

Should a settlement not have been reached with Fortress, and should Fortress have appointed a Receiver over Evergreen and WGI it is believed that there would be no realization for the unsecured creditors.

Evergreen and WGI's Plan contemplates two classes of creditors, a secured and a general class, and offers to settle their debt as follows:

- Secured Creditors (Fortress) will receive all of the shares of the capital stock of all of the WGI subsidiaries (with the sole exception of MTL and Riverside).
- General Creditors will receive 5 cents on the dollar of their provable claim to be paid within three years of Court approval of the Plan.

In order to participate in the Plan, the creditors of Evergreen and WGI must complete the attached Proof of Claim form and include the documentation required to support the claim. The claims process is not a combined process and creditors need to file their claim against either Evergreen or WGI, or both if debt is owed by both companies. The Monitor must receive the Proof of Claim form no later than the Claims Bar Date of August 7, 2009.

A Meeting of Creditors ("Meeting") will be held to consider and Vote on the Plan. To be entitled to Vote at the Meeting a Proof of Claim form, and as necessary a Proxy, must be submitted prior to the commencement of the Meeting. The Meeting will be held on **Wednesday, August 12, 2009 at 10:00 am** at:

Deloitte & Touche Inc.
2800 – 1055 Dunsmuir Street
Vancouver, BC

If you cannot attend the Meeting of Creditors, we encourage you to complete and submit not only the Proof of Claim form, but also the Proxy which allows a creditor to appoint a designate to vote on their behalf. All documents must be submitted to the Monitor prior to the commencement of the Meeting. The forms should be submitted to:

Deloitte & Touche Inc., Court Appointed Monitor of
Evergreen Gaming Corporation & Washington Gaming, Inc.
PO Box 49279, Four Bentall Centre
2800 – 1055 Dunsmuir Street
Vancouver, BC, Canada
V7X 1P4

Fax: (604) 899-7016
Attn: Raj Hara

Should you have any questions regarding completion of the forms, please contact Mr. Raj Hara of Deloitte & Touche Inc. at (604) 640-4953.

Monitor's Recommendation

In the opinion of the Monitor, the Petitioners have acted and continue to act in good faith and with due diligence. The Monitor believes the Plan filed by Evergreen and WGI is in the best interest of all of their stakeholders and recommends the creditors accept Evergreen and WGI's Plan.

Dated at Vancouver, BC this 14th day of July, 2009.

Deloitte & Touche Inc.

DELOITTE & TOUCHE INC.

In its capacity as Court Appointed Monitor of
Evergreen Gaming Corporation and
Washington Gaming, Inc.,
and not in its personal capacity.