



Affidavit No. 1, N. Osatuik
Sworn April 15, 2009

S-092767

NO. _____
VANCOUVER REGISTRY

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*, 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"**

PETITIONERS

AFFIDAVIT

I, **NORMAN OSATUIK**, of 280 – 11331 Coppersmith Way, in the City of Richmond, in the Province of British Columbia, MAKE OATH AND SAY AS FOLLOWS:

1. I am a director and a senior officer of each of the Petitioners and I am authorized by each of the Petitioners to make this Affidavit on their behalf.
2. I have read the Petition to be filed in these proceedings and I believe that the facts set out therein are true.
3. It is my opinion that it is in the overall interest of all of the Petitioners' stakeholders, including their creditors, employees and suppliers, and shareholders, that relief be granted to the Petitioners in these proceedings in order to allow the Petitioners the opportunity to restructure their affairs. Earlier today, I was authorized to cause the Petitioners to commence proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA").

4. As a result of the Frank Sisson casino operations taking longer than anticipated to generate positive cash flow, and the current downturn in the economy in the Washington State area, Evergreen Gaming Corporation ("Evergreen") is unable to meet its ongoing financial obligations to Fortress Credit Corp. ("Fortress").

5. Due to the recent Fortress demand, acceleration of payment under the Credit Facility and demand on the guarantors, the Petitioners are insolvent and are now unable to meet their financial obligations as they become due.

6. The Petitioners require the interim relief requested in the Petition in order to ensure that their assets are preserved during the reorganization process, and to allow the Petitioners to carry on their business in the normal course without disruption from their creditors while a plan is implemented to sell or refinance the business. In the event Fortress proceeds to enforce its security, there is a real risk that Evergreen may lose its casino licenses which would result in a potential catastrophic shut down of the Evergreen operations.

7. As indicated in the Petition, the Petitioner Evergreen's shares trade on the Toronto Stock Exchange. Evergreen is a reporting issuer in the Provinces of British Columbia, Alberta, and Ontario and is subject to the securities laws of those Provinces and the rules of the Toronto Stock Exchange. Those laws prohibit Evergreen from informing another person of a material fact or material change with respect to Evergreen unless the material fact or material change has been generally disclosed or informing the person is necessary in the course of business of Evergreen. Informing a person of a material fact or material change which has not been generally disclosed requires the recipient of such information to keep such information confidential and not to trade in the securities of Evergreen. As the Petition under the CCAA is a material change in the affairs of Evergreen, providing notice to all parties of Evergreen's intention to file for relief under the CCAA, would require all such parties to agree in advance to keep such information confidential and to be restricted under the securities law from trading in the shares of the companies. Evergreen would likely be unable to uniformly conform to the foregoing requirements of the securities laws if it were required to provide notice to all parties of its intention to file for relief under the CCAA.

8. Evergreen is in a position to meet its post-filing obligations on a going forward basis. Now shown to me and attached as **Exhibit "A"** is a true copy of a cash flow through to December 31, 2009. I also confirm that the Petitioners have arranged for its counsel, Fraser

Milner Casgrain LLP, to hold in trust respectively on behalf of Evergreen Gaming Corporation and Washington Gaming, Inc., retainers in the amounts of \$50,000 CAD and \$25,000 USD.

9. Now shown to me and attached as **Exhibit "B"** is a true copy of the organizational chart of the Evergreen Group of Companies.

10. The presentation of this Petition is being undertaken on a good faith basis for good and valid business purposes in the interest of the Petitioners and of the stakeholders of the Petitioners generally.

11. I make this affidavit in support of the proposed Initial Order attached to the Petition to be filed in these proceedings.

SWORN BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 15th day of April, 2009.

A Commissioner for taking Affidavits
within British Columbia

John R. Sandrelli
Barrister & Solicitor
FRASER MILNER CASGRAIN LLP
1500 - 1040 West Georgia Street
Vancouver, B.C. V6E 4H8
Telephone (604) 687-4460




NORMAN OSATUIK

Schedule "A"

EGC Holdings Ltd.,
EGC Properties Ltd.,
Frank Sisson's Silver Dollar Ltd.,
Big Nevada, Inc.,
Little Nevada II, Inc.,
Little Nevada III, Inc.,
Silver Dollar Mill Creek, Inc.,
Golden Nugget Tukwila, Inc.,
Shoreline Gaming, Inc.,
Little Nevada, Inc.,
Snohomish Gaming Inc.,
Hollydrift Gaming, Inc.,
Royal Casino Holdings, Inc.,
Gameco, Inc.,
Gaming Management Inc.,
Gaming Consultants, Inc.,
Shoreline Holdings Inc., and
Mill Creek Gaming, Inc.

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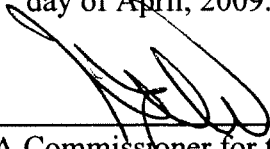
This is **Exhibit "A"** referred to in the Affidavit of Norm Osatuik sworn before me at the City of Vancouver, in the Province of British Columbia, this 15th day of April, 2009.



A Commissioner for taking Affidavits
within the Province of British Columbia

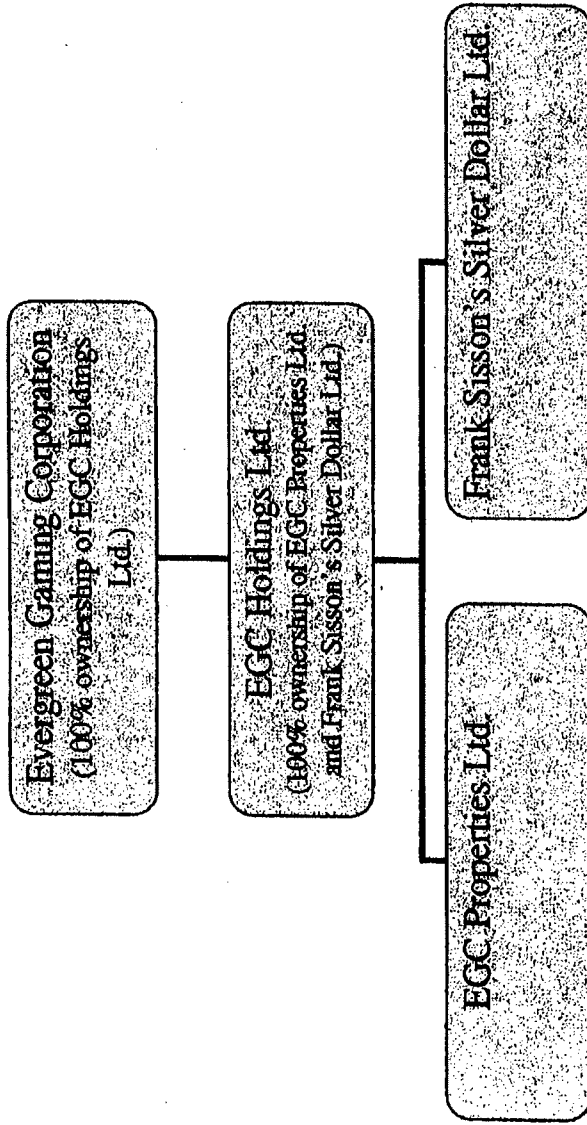
EVG CONSOLIDATED SUMMARY											
DESCRIPTION	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	2009 Budget TOTAL	
REVENUE											
Gaming Revenue	3,136,415	3,312,608	3,105,828	3,080,379	2,917,177	2,788,152	3,238,698	3,038,586	3,028,649	27,646,491	
Poker Revenue	371,812	398,367	400,723	420,832	428,125	421,936	444,506	439,057	463,614	3,788,973	
Food & Beverage Revenue	88,567	91,519	88,567	91,519	91,519	88,567	91,519	88,567	91,519	811,861	
Pull Tab Revenue	714,786	739,998	717,497	734,737	736,216	713,930	739,272	716,953	742,465	6,555,854	
Other Revenue	171,911	159,055	122,018	85,716	111,979	142,617	166,988	180,663	218,306	1,359,254	
Total Revenue	4,483,491	4,701,546	4,434,633	4,413,183	4,285,016	4,155,202	4,680,984	4,463,826	4,544,553	40,162,433	
Promotional Allowances	276,466	289,106	270,980	267,110	251,999	238,217	275,310	254,323	247,915	2,371,424	
Net Revenue	4,207,025	4,412,441	4,163,653	4,146,074	4,033,017	3,916,985	4,405,674	4,209,504	4,296,638	37,791,009	
CASH EXPENSES											
Labor Expenses	2,058,276	1,941,729	1,897,768	2,104,503	1,927,004	1,869,367	2,104,216	1,873,265	1,926,514	17,702,641	
Operating Expenses	511,094	521,178	512,034	519,164	519,676	510,613	520,736	511,661	521,842	4,647,998	
Administrative Expenses	551,457	550,928	554,795	555,785	557,936	559,947	554,614	557,902	559,039	5,002,404	
Business and Gambling Taxes And Licenses	1,356,056	34,308	34,308	1,220,315	34,367	34,308	1,382,662	34,367	34,367	4,165,059	
Marketing Expense	104,974	106,687	105,749	106,458	106,111	113,574	109,409	108,433	109,370	970,765	
Total Cash Expenses	4,581,857	3,154,830	3,104,654	4,506,224	3,145,095	3,087,809	4,671,637	3,085,628	3,151,133	32,488,966	
Cash Basis Net Income	(374,832)	1,257,611	1,059,000	(360,151)	887,922	829,176	(265,963)	1,123,876	1,145,505	5,302,143	
OTHER CASH OUTFLOWS											
Principal Payments on Notes payable:											
Senior debt	-	-	-	-	-	-	-	-	-	-	
Cash Paid for Income Taxes	245,802	-	270,802	-	-	270,802	-	-	270,802	1,058,208	
Necessary Capital Items	43,333	43,333	43,333	43,333	43,333	43,333	43,333	43,333	43,333	390,000	
Other cash outflows	289,135	43,333	314,135	43,333	43,333	314,135	43,333	43,333	314,135	1,448,208	
Net Cash from Ops and CAPEX	(663,967)	1,214,277	744,864	(403,484)	844,589	515,040	(309,296)	1,080,542	831,370	3,853,935	
CCAA RESTRUCTURING COSTS											
Legal Fees	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	225,000	
Monitor Fees	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	225,000	
	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	450,000	
TOTAL NET CASH: Inflow / (Outflow)											
Monthly	(713,967)	1,164,277	694,864	(453,484)	794,589	465,040	(359,296)	1,030,542	781,370	3,403,935	
Cumulative	(713,967)	450,310	1,145,174	691,690	1,486,279	1,951,319	1,592,023	2,622,565	3,403,935		

This is **Exhibit "B"** referred to in the Affidavit of Norm Osatuik sworn before me at the City of Vancouver, in the Province of British Columbia, this 15th day of April, 2009.



A Commissioner for taking Affidavits
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Evergreen Gaming Corporation
Canadian Legal Organizational Chart



Evergreen Gaming Corp.

Washington Gaming, Inc.

