

No. S092767

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

**EVERGREEN GAMING CORPORATION AND
WASHINGTON GAMING, INC.
AMENDED PLAN OF COMPROMISE AND ARRANGEMENT**

Filed: January 8, 2010

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PLAN OF COMPROMISE AND ARRANGEMENT BY EVERGREEN GAMING
CORPORATION AND WASHINGTON GAMING, INC. PURSUANT TO
THE *COMPANIES' CREDITORS ARRANGEMENT ACT*
AND THE *BUSINESS CORPORATIONS ACT*

ARTICLE 1
INTERPRETATION

1.1 **Definitions**

In this Plan of Arrangement, unless otherwise stated, the following words and phrases shall have the respective meanings set out below, and grammatical variations of such words and phrases shall have corresponding meanings:

“**Applicable Law**” means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law (zoning or otherwise) or Order (in all cases having the force of law) that applies in whole or in part to such Person, property, transaction or event.

“**BCBCA**” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, C.57, as amended.

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

“**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in British Columbia.

“**CCAA**” means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

“**CCAA Proceedings**” means the proceedings commenced by the Petitioners under the CCAA and BCBCA in the Supreme Court of British Columbia, Action No. S-092767, Vancouver Registry.

“**CCAA Claims**” means, collectively, all claims secured by the Administration Charge and the Directors' Charge contained in the Initial Order.

“**Certificate of Completion**” means the certificate issued by the Monitor and filed with the Court as provided for in Section 8.5.

“**Chairperson**” means a representative of the Monitor who shall preside as the chair of the Creditors’ Meeting and shall decide all matters relating to the conduct of the Creditors’ Meeting as provided in the Meeting and Claims Process Order.

“**Chapter 15 Proceedings**” means the proceedings commenced in the United States Bankruptcy Court, Western District of Washington at Seattle, Case No. 09-13567 (SJS).

“**Claim**” means any indebtedness, liability or obligation of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA, as set out in section 12(1) of the CCAA and includes a claim arising out of the termination of any Contract by the Petitioners.

“**Claimant**” means any General Creditor having a Disputed Claim.

“**Claims Bar Date**” means the date by which all General Creditors must file a Proof of Claim as set out in the Meeting and Claims Process Order.

“**Completion Date**” means the Business Day on which the Monitor files the Certificate of Completion with the Court pursuant to Section 8.5.

“**Contract**” means any contract, agreement, lease, indenture, deed of trust, license, option, purchase order, employment or consulting contract, or other commitment or obligation in the nature of a contract, whether oral or written, express or implied.

“**Court**” means the Supreme Court of British Columbia.

“**Creditor**” means any Person having a Claim, and includes the assignee of a Claim or the trustee, receiver, receiver manager or other Person acting on behalf of a Creditor, if such assignee or other Person has been recognized by the Monitor.

“**Creditor Class**” means the General Creditor Class or the Secured Creditor Class.

“**Creditors’ Meetings**” means the meetings of the Creditors to be called and held pursuant to the Meeting and Claims Process Order for the purpose of considering, and if thought fit, voting to approve this Plan, and the compromise and arrangement constituted hereunder, and any adjournment thereof.

“**Creditors’ Meeting Date**” means the date fixed for holding the Creditors’ Meeting under the Meeting and Claims Process Order, or any date to which such Meeting is adjourned or postponed pursuant thereto.

“**Crown**” means Her Majesty the Queen in Right of the Province of British Columbia and Her Majesty the Queen in Right of Canada.

“**Directors’ Resolutions**” means the directors’ resolutions of the board of WGI resolving to transfer 100% of the assets of WGI, including all of the shares of all WGI wholly owned subsidiaries (except for Mountlake and Riverside) and WGI’s interest in Shoreline Gaming, Inc. to the Receiver.

“**Dispute Notice**” means the Dispute Notice delivered by the Monitor to a Creditor in accordance with the terms of the Meeting and Claims Process Order.

“**Disputed Claim**” means a Claim that is the subject of a Dispute Notice and that is not a Proven Claim.

“**Distribution**” means the right of a Creditor to receive consideration under the Plan in accordance with Section 4.2.

“**Encumbrance**” means any encumbrance, lien, execution, priority, charge, pledge, mortgage, debenture, trust deed, conditional sale or other title retention agreement, security interest of any nature, adverse claim, servitude, exception, reservation, covenant, condition, restriction, easement, right of way, right of occupation, lease, license, any matter or agreement capable of registration against or otherwise affecting title, option, sale agreement, right to purchase, right of pre-emption, privilege or any contract to create any of the foregoing, and, for greater certainty, includes any security interest (as defined in the *Personal Property Security Act*, R.S.B.C. 1996, c. 359).

“**Evergreen**” means Evergreen Gaming Corporation.

“**Filing Date**” means April 15, 2009.

“**Final Distribution Date**” means a date selected by the Monitor, in its sole discretion, which shall be not more than 10 Business Days after the date on which the last Disputed Claim shall have been finally determined in accordance with this Plan and the Meeting and Claims Process Order.

“**Final Order**” means an Order of the Court in the CCAA Proceedings and the United States Bankruptcy Court in the Chapter 15 Proceedings approving this Plan as provided for in Article 8.

“**Fortress**” means Fortress Credit Corp. as agent for Fortress Credit Opportunities I LP and Fortress Credit Funding II LP.

“**GAAP**” has the meaning ascribed thereto in Section 1.4.

“**General Creditor**” means any Creditor having a Claim other than Unaffected Claims, and the Secured Creditor in respect of its Claims which are not secured by an interest in the Petitioners’ property.

“**General Creditor Class**” means the Class comprised of the General Creditors.

“**General Creditor Distribution**” means the Distribution by the Petitioner to the General Creditors.

“**Governmental Authority**” means, with respect to any Person, transaction or event, any: (a) federal, provincial, municipal or local government body (whether administrative, legislative, executive or otherwise), both domestic and foreign; (b) agency, authority, commission, instrumentality, regulatory body, Superintendent, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government; (c) Court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event.

“**Initial Order**” means the Order of the Court in the CCAA Proceedings dated April 15, 2009 ordering, among other things, a stay of proceedings against the Petitioners, as amended from time to time.

“**Material Claimant**” has the meaning ascribed thereto in Section 5.8.

“**Meeting and Claims Process Order**” means the Order of the Court in the CCAA Proceedings authorizing the Petitioners to present this Plan to the Creditors at the Creditors’ Meeting, as amended and modified by any subsequent Order of the Court and, among other things, providing for the conduct of the Creditors’ Meeting.

“**Meeting Materials**” means the notice of meeting, form of proxy and related materials sent to the Creditors as provided for in the Meeting and Claims Process Order.

“**Monitor**” means Deloitte & Touche Inc. in its capacity as Monitor of the Petitioners, and not in its personal capacity, pursuant to the Initial Order, and without any personal or corporate liability.

“**Mutual Release Agreement**” means the release entered into between the Secured Creditor and Evergreen, WGI, Riverside and Mountlake.

“**Mountlake**” means Mountlake Gaming Inc.

“**Order**” means any order, directive, judgment, decree, award or writ of any Tribunal.

“**Person**” means any individual, partnership, limited partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, Governmental Authority or any other entity.

“**Petitioners**” means Evergreen and WGI.

“**Plan**” or “**Plan of Arrangement**” means this plan of compromise and arrangement, as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

“**Plan Administrator**” means the Monitor who will be charged with the duties of the Monitor as set out herein and as set out in the Settlement Agreement.

“**Post Filing Claim**” means any amount due to any Person for any goods or services supplied to the Petitioners subsequent to the Filing Date and/or for any sales or excise taxes, source deductions or assessments and premiums due from the Petitioners and arising subsequent to the Filing Date, but does not include any

Claim arising as a result of the repudiation, restructuring or termination of any Contract by the Petitioners.

“**Proof of Claim**” means a proof of claim, in the form prescribed by the Meeting and Claims Process Order, completed by a Creditor and delivered to the Monitor in accordance with the terms of such Order.

“**Proven Claim**” means the aggregate amount of any and all Claims held by the Secured Creditor and the General Creditors which have been accepted by the Petitioners or finally determined by agreement between the Petitioners, the Secured Creditor and the General Creditors.

“**Receiver**” means Grant Thornton Limited in its capacity as interim receiver, receiver and manager of all of the assets, undertakings and properties of the Subsidiaries, or a trust or similar vehicle in the control of Grant Thornton Limited or other Party acceptable to Fortress.

“**Released Parties**” has the meaning ascribed thereto in Section 7.1.

“**Required Majority**” means the affirmative vote of:

- (a) a simple majority in number of those Creditors who actually vote upon this Plan (in person or by proxy) at the Creditors’ Meetings in the Creditor Class; and
- (b) a two-thirds majority in value of the Proven Claims of Creditors who actually vote upon this Plan (in person or by proxy) at the Creditors’ Meeting in the Creditor Class;

in accordance with the Meeting and Claims Process Order.

“**Riverside**” means Riverside Casino Inc.

“**Secured Creditor**” means Fortress.

“**Secured Creditor Class**” means the Class comprised of the Secured Creditors.

“**Secured Creditor Distribution Date**” means the second Business Day after the Completion Date or such other date selected by the Monitor, in its sole discretion, which shall not be more than five Business Days after the Completion Date.

“**Settlement Agreement**” means the agreement between the Secured Creditor and the Petitioners dated July 2, 2009.

“**Shareholders Consents**” means the consents executed by the Shareholders of WGI to transfer the shares of all WGI wholly owned subsidiaries (except for Mountlake and Riverside) to the Receiver.

“**Stay Termination Date**” means the date upon which the CCAA stay of proceedings against the Petitioners terminates, which is to be determined.

“**Subsidiaries**” means the corporations listed in Schedule “A” to the Settlement Agreement.

“**Tribunal**” means any court (including a court of equity) of competent jurisdiction, arbitrator panel and any other Governmental Authority.

“**Unaffected Claims**” means, collectively:

- (a) any and all obligations arising from inter-company debt owing from WGI to Evergreen;
- (b) the CCAA Claims; and
- (c) the Post Filing Claims;

“**WGI**” means Washington Gaming, Inc.

1.2 **Headings**

The division of this Plan into articles and sections and the insertion of headings are for convenience only and do not form part of this Plan and will not be used to interpret, define or limit the scope, extent or intent of this Plan.

1.3 **Section References**

The terms “hereof”, “hereunder”, “herein” and like expressions refer to this Plan and not to any particular article or section of this Plan. In this Plan, where the context so requires, any words importing the singular number shall include the plural and vice versa and any word importing gender shall include all genders. In this Plan, a reference to an article or section shall, unless otherwise stated, mean an article or section of this Plan.

1.4 **Accounting Terms**

All accounting terms not otherwise defined in this Plan shall have the meanings ascribed thereto in accordance with Canadian generally accepted accounting principles (“GAAP”). Any question or dispute with respect to the content of GAAP shall be determined by the Monitor, in its sole discretion.

1.5 **Statutory References**

Unless otherwise specified, each reference herein to a statute is deemed to be a reference to that statute and to the regulations made under that statute as amended or re-enacted from time to time.

1.6 **Extended Meanings**

In this Plan, the words “includes” and “including” and similar terms of inclusion shall not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather shall mean “includes but is not limited to” and “including but not limited to”, so that reference to included matters shall be regarded as illustrative without being either characterizing or exhaustive, and the word “or” is not exclusive.

1.7 **Dates of Actions**

In the event that any date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day. Any action taken after 5:00 p.m. on a Business Day or on any day that is not a Business Day will be deemed to have occurred on the following Business Day.

1.8 **Time**

All times expressed in this Plan are references to local time in Vancouver, British Columbia, unless otherwise stated.

1.9 **Currency**

All references to amounts of money mean lawful currency of Canada, unless otherwise stated.

1.10 **Schedules**

The following schedules are attached to and form part of this Plan:

<u>Schedule</u>	<u>Description</u>
A	List of the Subsidiaries
B	Settlement Agreement

ARTICLE 2

PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose of this Plan

The purpose of this Plan is to achieve a restructuring of the affairs of Evergreen and WGI so as to facilitate the transfer of 100% of the assets of WGI, including the shares of WGI's wholly owned Subsidiaries to the Receiver in satisfaction of the secured obligations owing by Evergreen and WGI to the Secured Creditor. Under the Plan WGI will retain Mountlake Gaming Inc. and Riverside Casino Inc. as its operating business. The General Creditors will receive a dividend of 5 cents on the dollar with respect to their Claim within 3 years of the Completion Date. The Creditors and the stakeholders of Evergreen and WGI will derive a greater benefit or recovery on the Claims than if this Plan were not implemented. Under this Plan, any and all Claims that the Creditors have, or have had, against the Petitioners, or its officers and directors, other than those Claims which cannot be compromised under the CCAA, will be extinguished and released.

2.2 Persons Affected by this Plan

From and after the Completion Date, this Plan will be binding upon and enure to the benefit of the Petitioners and be binding on all Persons in accordance with its terms.

2.3 Persons Not Affected by this Plan

For greater certainty, this Plan does not affect the Unaffected Claims. Nothing in the Plan shall affect any of the Petitioners' rights and defences, legal or equitable, with respect to any Unaffected Claims including any rights with respect to legal and equitable defences or entitlements to setoffs against such claims.

2.4 **Plan Administrator**

The Monitor shall act as Plan Administrator up until the Completion Date.

2.5 **Effect of Plan Generally**

Upon the Completion Date, the treatment of all Claims under this Plan shall be final and binding on the Petitioners and all Creditors (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns), irrespective of the jurisdictions in which such Creditors reside or the Claims arise, and this Plan shall constitute a full, final and absolute settlement of all rights of all Creditors in consideration of the Distribution to be paid to such Creditors in accordance with the terms of this Plan.

**ARTICLE 3
MECHANICS OF THE PLAN**

3.1 **Overview of Restructuring Process**

The Secured Creditor or its nominee will receive all the shares held by WGI in the Subsidiaries, (excluding Mountlake Gaming Inc. and Riverside Casino Inc.) by way of transfer to the Receiver or other nominee. General Creditors will receive 5 cents on the dollar on their claim.

As of the Completion Date the Petitioners shall be released from the Claims of all Creditors except for the obligations under the Credit Agreement (as that term is defined in the Settlement Agreement) which shall be released in accordance with Paragraph 18(e) of the Settlement Agreement.

3.2 **Proposed Timetable**

The Petitioners shall use all reasonable commercial efforts to adhere to the following timeline in respect of the Plan. The following timeline, is, however, subject to change.

	Events	Anticipated Dates	Defined Dates
1.	Hearing of Court Application to approve Settlement Agreement	July 3, 2009	
2.	Order Authorizing Meeting and Claims Process Order and Filing of Plan	July 10, 2009	

	Events	Anticipated Dates	Defined Dates
3.	Mailing of Meeting Materials to General Creditors	week of July 13, 2009	
4.	Publication of Notices to General Creditors	July 17, 2009	
5.	Deadline for General Creditors to deliver Proofs of Claim	August 7, 2009 or as allowed by Monitor	Claims Bar Date
6.	Creditors' Meeting	August 12, 2009	Creditors' Meeting Date
7.	Hearing of Application for Final Order in the CCAA Proceedings and Chapter 15 Proceedings	August 24, 2009	
8.	Secured Creditor Distribution	To be Determined	Secured Creditor Distribution Date
9.	General Creditor Distribution	To be Determined	General Creditor Distribution

ARTICLE 4
CREDITOR CLASSES AND PAYMENTS

4.1 Classes of Creditors

There are two classes of Creditors for the purpose of considering and voting on this Plan: Secured Creditors and General Creditors.

4.2 Treatment of Creditors

Upon the Completion Date the obligations of the Petitioners to the Creditors shall be settled and compromised pursuant to this Plan as follows:

- (a) **Secured Creditors:** 100% of the assets of WGI, including all of the shares of the capital stock of all WGI subsidiaries (with the sole exception of Mountlake and Riverside) will be transferred to the Receiver or other nominee.

(b) **General Creditors:** Each General Creditor will receive 5 cents on the dollar of their provable claim to be paid over a three (3) year time period. Each General Creditor will receive an upfront payment representing 0.857% of their provable claim to be paid on the Completion Date.

ARTICLE 5 FILING OF PROOFS OF CLAIM AND CREDITORS' MEETINGS

5.1 **Determination of Claims**

The determination of the validity and quantum of any Claim shall be made in accordance with the procedures set forth in the Meeting and Claims Process Order or by way of agreement between the Petitioners, the Monitor and the Creditor having such Claim or by determination by the Court.

5.2 **Failure to File Proofs of Claim Prior to Claims Bar Date**

If a General Creditor has not filed a Proof of Claim with the Monitor prior to the Claims Bar Date or such later date as agreed upon by the Monitor as allowed for under the Meeting and Claims Process Order, such General Creditor shall be forever barred from participating in this Plan, shall have no right to vote in respect of this Plan and shall not be entitled to Distribution under this Plan, and the Petitioners shall be forever released from any and all Claims of, or liabilities or obligations to, such General Creditor.

5.3 **Classes of Creditors**

The classes of Creditors for the purpose of considering and voting on this Plan will be comprised of the Secured Creditor and the General Creditors.

5.4 **Creditors' Meetings**

The Monitor will call the Creditors' Meetings, and convene and hold the same on the Creditors' Meeting Date, in accordance with the terms of this Plan and the Meeting and Claims Process Order.

5.5 **Creditors' Approval**

The Petitioners will seek approval of this Plan at the Creditors' Meetings by the Required Majority. Except for any resolution to be voted on at the Creditors' Meetings to approve, amend or vary this Plan, which will be decided by the Required Majority by ballot,

every question submitted to a vote at the Creditors' Meetings will be decided by a majority in value of the Proven Claims cast on a poll. The result of any vote will be binding on all Creditors whether or not any such General Creditor is present and voting (in person or by proxy) at the Creditors' Meetings.

5.6 **Procedures at Creditors' Meetings**

The following procedures shall apply at the Creditors' Meetings. To the extent such procedures are inconsistent with the Meeting and Claims Process Order, the procedures provided in the Meeting and Claims Process Order shall govern:

- (a) subject to any Order of the Court, the Chairperson shall decide all matters relating to the conduct of the Creditors' Meetings;
- (b) the quorum required at the Creditors' Meetings shall be one Creditor present in person or by proxy;
- (c) the Chairperson shall appoint scrutineers and designate a secretary for the supervision and tabulation of the attendance at and votes cast at the Creditors' Meetings;
- (d) the only Persons entitled to notice of or to attend, speak and vote at the Creditors' Meetings will be Creditors having Proven Claims, Claimants, the Secured Creditor, the directors and officers of the Petitioners, the Monitor and its representatives, the legal advisors and proxyholders of any of the foregoing and any Person admitted on the invitation of the Chairperson;
- (e) if the requisite quorum is not present at the Creditors' Meetings, or if the Creditors' Meetings are postponed by a vote of the Creditors present in person or by proxy, then the Creditors' Meetings shall be adjourned by the Chairperson to a date thereafter and to such time and place as may be determined by the Chairperson;
- (f) any proxy which a Creditor wishes to use at the Creditors' Meetings must be received by the Monitor or the Chairperson prior to the commencement of the Creditors' Meetings;
- (g) the Chairperson shall direct a vote at the Creditors' Meetings with respect to a resolution to approve this Plan and the transactions contemplated herein, and such amendments hereto as the Petitioners consider appropriate; and

- (h) for voting purposes, the Chairperson shall keep a separate record and tabulation of any and all votes cast in respect of Disputed Claims.

5.7 **Voting by Creditors**

For the purposes of voting at the Creditors' Meetings, each Creditor having a Proven Claim shall be entitled to:

- (a) one vote in the Creditor Class for purposes of determining the simple majority in number required under clause (a) of the definition of "Required Majority" in Section 1.1; and
- (b) one vote in the Creditor Class for each \$1.00 of its Proven Claim for purposes of determining the two-thirds majority in value required under clause (b) of the definition of "Required Majority" in Section 1.1.

5.8 **Voting by Claimants**

Each Creditor who is a Claimant shall be entitled to vote as a Creditor at the Creditors' Meetings and, for purposes of voting at such Meetings only, the amount of each Disputed Claim held by a Claimant as specified in the Proof of Claim relating thereto shall be deemed to be a Proven Claim. In the event that this Plan is not approved by the Required Majority at the Creditors' Meetings and the votes cast by one or more Claimants are sufficient to determine the outcome of such votes, the Petitioners shall apply to Court at the earliest opportunity for a determination as to the validity and quantum of the Disputed Claim of each such Claimant (each a "**Material Claimant**").

The right of a Claimant to vote at the Creditors' Meetings pursuant to this Section 5.8 does not constitute an admission on behalf of the Petitioners or the Monitor as to the validity or quantum of any Disputed Claim or the Claimant's right to participate in any distribution pursuant to this Plan, and is without prejudice to the right of the Petitioners and Monitor to continue to dispute the validity and quantum of such Disputed Claim.

5.9 **Status Quo**

Until such time as the validity and quantum of the Disputed Claims held by all Material Claimants are determined in accordance with the procedures set forth in the Meeting and Claims Process Order, including by way of agreement between the Petitioners and such Claimant (with the consent of the Monitor) or by determination by the Court:

- (a) the Petitioners will maintain the status quo as contemplated by the terms of the Initial Order; and
- (b) the Petitioners will defer making an application for the Final Order.

5.10 **Proxies**

Each Person who is entitled to vote at the Creditors' Meetings will be entitled to vote in person or by proxy, using the proxy form distributed by the Monitor pursuant to the Meeting and Claims Process Order.

5.11 **Voting Disputes**

Any issue which arises in respect of the right of a General Creditor or Claimant to vote at the Creditors' Meetings shall be resolved by the Chairperson, provided that any dispute relating to a decision of the Chairperson in this regard may be appealed to the Court at or before the hearing of the application for the Final Order.

5.12 **Adjournment of Creditors' Meetings**

The Chairperson may, in its sole discretion, upon notice to those Persons attending the Creditors' Meetings, adjourn the Creditors' Meetings upon such terms as are considered appropriate by the Chairperson for the purpose of considering any amendments, variations, modifications or supplements to this Plan made pursuant to Article 6.

**ARTICLE 6
MODIFICATION AND WITHDRAWAL**

6.1 **Modification of Plan**

The Petitioners reserve the right to file any modification of, or amendment or supplement to, this Plan by way of a supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof) filed with the Court at any time, or from time to time, prior to the Creditors' Meeting Date or at or before the Creditors' Meetings, in which case

any such supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof) shall, for all purposes, be and be deemed to be a part of and incorporated into this Plan. The Petitioners shall give notice to the Creditors of the details of any such modification, amendment or supplement at the Creditors' Meetings prior to the vote being taken to approve this Plan. The Petitioners may give notice of a proposed modification, amendment or supplement to this Plan at or before the Creditors' Meetings by notice in writing which shall be sufficient if given to those Creditors present at such Meetings in person or by proxy and any and all voting letters or proxies shall continue to be valid in respect of any modification, amendment or supplement to the Plan. After the Creditors' Meetings (and both prior to and subsequent to the obtaining of the Final Order), the Petitioners may at any time and from time to time vary, amend, modify or supplement this Plan without the need for obtaining an order of the Court or providing notice to the Creditors if the Monitor determines that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of the Creditors under this Plan or the Final Order and is necessary in order to give effect to the substance of this Plan or the Final Order. In the event a material variation, amendment, modification or supplement is required by the Petitioners, such shall be permitted by Court order.

6.2 Revocation, Withdrawal or Non-Consummation

The Petitioners reserves the right to revoke or withdraw this Plan at any time prior to the Completion Date and to file subsequent plans of reorganization or arrangement. If the Petitioners revoke or withdraw this Plan, or if the Final Order is not made, (a) this Plan shall be null and void in all respects, (b) any Claim, any settlement or compromise embodied in this Plan (including the fixing or limiting of any Claim to an amount certain), assumption or termination, repudiation of executory contracts or leases effected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void and (c) nothing contained in this Plan, and no act taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Petitioners or any other Person; (ii) prejudice in any manner the rights of the Petitioners or any Person in any further proceedings involving the Petitioners; or (iii) constitute an admission of any sort by the Petitioners or any other Person.

ARTICLE 7
EFFECT OF PLAN

7.1 Releases

As of the Completion Date and subject to the terms of the Settlement Agreement and the Mutual Release, the following Persons (collectively, the “**Released Parties**”):

- (a) the Petitioners and its legal counsel in the CCAA Proceedings;
- (b) the Monitor and its legal counsel in the CCAA Proceedings;
- (c) all present and former directors, officers and employees of any of the Petitioners, in such capacities and not in any other capacity; and
- (d) any Person claimed to be liable derivatively through any and all of the foregoing Persons;

shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert including, any claims in respect of potential statutory liabilities of the present and former directors, officers and employees of the Petitioners and any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Completion Date in any way relating to, arising out of or in connection with Claims, the business and affairs of the Petitioners, this Plan and the CCAA Proceedings to the full extent permitted by law, and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Petitioner’ obligations under the Plan or any related document) provided that nothing herein:

- (i) shall affect the rights of any Person to recover indemnity from any insurance coverage under which that Person is an insured; or
- (ii) shall release or discharge present or former directors of the Petitioners with respect to matters set out in section 5.1(2) of the CCAA;

and provided further, however, that notwithstanding the foregoing releases under the Plan, any Claim asserted against the Petitioners shall remain subject to any right of set-off that otherwise would be available to the Petitioners in the absence of such releases.

7.2 **Permanent Injunction**

Subject to the Settlement Agreement, from and after the Completion Date, all Creditors and other Persons shall be permanently and forever barred, estopped, stayed and enjoined with respect to compromised claims from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Petitioners and its respective representatives, predecessors, heirs, spouses, dependents, administrators, executors, subsidiaries, affiliates, related companies, franchisees, member companies, vendors, partners, distributors, brokers, retailers, officers, directors, shareholders, employees, attorneys, sureties, insurers, successors, indemnitees, servants, agents and assigns, as applicable;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Petitioners and its respective representatives, predecessors, heirs, administrators, executors, subsidiaries, affiliates, related companies, franchisees, member companies, vendors, partners, distributors, brokers, retailers, officers, directors, shareholders, employees, attorneys, sureties, insurers, successors, indemnitees, servants, agents and assigns, or the property of such persons;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against one or more of the Petitioners;
- (d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or Encumbrance of any kind; and

- (e) taking any actions to interfere with the implementation or consummation of this Plan.

7.3 **Waiver of Defaults**

From and after the Completion Date, all Creditors and other Persons shall be deemed to have waived any and all defaults of the Petitioners now existing or previously committed or caused by the Petitioners, or non-compliance with any covenant, warranty, representation, term, provision, condition, obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereof, existing between such Person and the Petitioners, including a default under a covenant relating to any other related company of the Petitioners and any and all notices of default and demands for payment under any instrument, including any guarantee, shall be deemed to have been rescinded.

7.4 **Cancellation of Encumbrances**

Immediately prior to the Final Order and subject to the terms of the Settlement Agreement, any and all registrations (in any Land Title Office, Personal Property Registry or other registry or place where any Encumbrance of any kind may be registered or recorded) by any Person having a Claim shall be expunged, removed or otherwise discharged, and the Registrar of Titles, Personal Property Registrar and all other Persons in control of such places of registration or recording shall forthwith remove and discharge all such registrations.

7.5 **Crown Claims**

The Crown shall be paid in full, within six months after the date of the Final Order, all amounts of a kind that were outstanding as of the Filing Date and that are referred to in Section 18.2(1) of the CCAA.

ARTICLE 8

APPLICATION FOR FINAL ORDER AND CONDITIONS PRECEDENT

8.1 **Effectiveness of Plan**

Upon the Completion Date, this Plan will become effective and will, be implemented.

8.2 **Conditions Precedent to Effectiveness of Plan**

The implementation and effectiveness of this Plan is expressly subject to the fulfillment of the following conditions:

- (a) the approval of this Plan by the Required Majority as set out in Section 5.7 except that in the event a Required Majority is not obtained in the General Creditor Class that will not affect the implementation and effectiveness of this Plan as against the Secured Creditor;
- (b) the granting of the Final Order on the terms contemplated by this Plan or such other terms as are satisfactory to the Petitioners; and
- (c) the approval of the Settlement Agreement by the Court.

8.3 **Application for Final Order**

If this Plan is approved at the Creditors' Meeting by the Required Majority as set out in Section 5.7, and subject to any requirement to first determine the Claims of Material Claimants, if any, as provided for in Section 5.8, the Petitioners will forthwith thereafter apply to Court for the Final Order.

8.4 **Terms of Final Order**

In addition to sanctioning the Plan, the Final Order shall, among other things:

- (a) vest in the Receiver or other nominee 100% of the assets of WGI, including all of the shares of the capital stock of the Subsidiaries;
- (b) declare that the arrangements effected by this Plan are approved, binding and effective upon the Petitioners, all Creditors, and any other Persons affected by this Plan, and release and discharge the Petitioners from any and all obligations, liabilities and indebtedness, as and to the extent provided for in this Plan;
- (c) release and discharge the Petitioners from any and all Claims subject to and in accordance with this Plan and stay any and all steps or proceedings, including administrative orders, declarations or assessment commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any and all past, present and future directors, officers and employees of the Petitioners (in those capacities in respect of all Claims) and discharge all past and present directors, officers and employees of the Petitioners from any liability with respect to all Claims, all to the extent provided for in this Plan;

- (d) confirm and give effect to the releases, waivers, permanent injunctions and other provisions contemplated by this Plan;
- (e) declare that the stay of proceedings under the Initial Order (as extended and amended by Orders made in the CCAA Proceedings) continues until the Stay Termination Date;
- (f) order that the Petitioners shall be released from CCAA Proceedings upon the filing of the Certificate of Completion by the Monitor;
- (g) order that the Monitor be discharged and released in relation to the Claims of the Creditors.

8.5 **Monitor's Certificate of Completion**

Upon the satisfaction of the conditions precedent set out in Sections 8.2, the Monitor shall file with the Court a certificate which states that all conditions precedent set out in this Plan have been satisfied. In so certifying, the Monitor shall, in all respects, be entitled to rely upon certificates, representations and confirmations from the Petitioners and their counsel.

8.6 **Non-Fulfillment of Conditions**

If any of the conditions set out in Section 8.2 are not satisfied or waived on or before September 30, 2009, this Plan shall, without any further act or formality, thereupon terminate and cease to have any further force or effect.

ARTICLE 9 DISTRIBUTIONS TO CREDITORS

9.1 **Entitlement to Receive Distribution Amounts**

Each Creditor having a Proven Claim will be entitled to receive its respective Distribution in exchange for, and in full and final satisfaction of such Proven Claim. The Distribution will be distributed at the times and in the manner provided for in this Article 9.

9.2 **No Distributions Pending Acceptance of Claims**

Notwithstanding any other provision of this Plan, no Distribution shall be made with respect to all or any portion of a Disputed Claim unless and until it has become a Proven Claim in accordance with the provisions of this Plan or the Meeting and Claims Process Order.

9.3 **Distribution**

Pursuant to the terms of Paragraph 4 of the Settlement Agreement, the Monitor shall on the Secured Creditor Distribution Date, transfer to the Receiver the escrowed Directors' Resolutions and Shareholders Consents such as to allow the Subsidiaries to be transferred to the Receiver. The Petitioners will pay to the General Creditors 5 cents on the dollar of their proven claims. Each General Creditor will receive an upfront payment representing 0.857% of their provable claim to be paid on the Completion Date. Such payment will occur no later than 3 years after the Completion Date.

9.4 **Assignment of Compromised Claims**

If any Creditor transfers or assigns a Claim to another Person after the Filing Date, neither the Petitioners nor the Monitor shall be obligated to deal with the transferee or assignee of such Claim unless notice of the transfer or assignment, together with evidence showing that such transfer or assignment was valid under Applicable Law, acceptable to the Monitor, has been received by the Monitor by the Claims Bar Date.

9.5 **Interest on Claims**

Interest shall not accrue or be paid on any Claim after or in respect of the period following the Filing Date, and no holder of a Claim shall be entitled to any interest accruing on or after or in respect of the period following the Filing Date on any such Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Filing Date to the date of a distribution is made thereon if such Disputed Claim becomes a Proven Claim.

9.6 **Withholding and Reporting Requirements**

In connection with this Plan and all distributions hereunder, the Monitor shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any Applicable Law of federal, state, provincial, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Monitor shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of this Plan: (a) each General Creditor having of a Proven Claim that is to receive a distribution pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Authority, including income, withholding and other tax obligations, on account of such distribution, and (b) no distribution shall be made to or on behalf of such General Creditor pursuant to this Plan unless and until such holder has

made arrangements satisfactory to the Monitor for the payment and satisfaction of such tax obligations.

9.7 Guarantees and Similar Covenants

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim or who has any right in respect of, or to be subrogated to, the rights of any Person (including the Petitioner) in respect of a Claim shall be entitled to any greater rights than the Creditor whose Claim is compromised under this Plan.

**ARTICLE 10
GENERAL**

10.1 Paramountcy

From and after the Completion Date, any conflict between this Plan and the terms, conditions, covenants, representations, warranties, provisions or obligations, expressed or implied, of any contract, creditor document, agreement for sale, arrangement, constating or organizational documents of the Petitioners, lease or other agreement, written or oral and any and all amendments or supplements thereto existing among one or more of the Creditors and the Petitioners as at the Completion Date (other than the Settlement Agreement), will be deemed to be governed by the terms, conditions and provisions of this Plan and the Final Order, which will take precedence and priority in respect thereof. For greater certainty, all Creditors shall be deemed irrevocably for all purposes to consent to all transactions contemplated in this Plan.

10.2 Deeming Provisions

The deeming provisions contained herein are not rebuttable and are conclusive and irrevocable.

10.3 Different Capacities

Persons who are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or provided for in this Plan or unless its Claims overlap or are otherwise duplicative.

10.4 **Severability**

In the event that any provision of this Plan is determined to be unenforceable, invalid or void, unless otherwise determined by the Petitioners, in their sole discretion, such determination shall in no way affect, impair or invalidate the remainder of the provisions of this Plan, all of which shall remain in full force and effect.

10.5 **Further Assurances**

Notwithstanding that the actions, transactions or events set out in this Plan shall occur or be deemed to occur without any requirement for any additional act or formality, other than as set out herein, each of the Persons bound by this Plan, including the Petitioners, will make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required, or as may be reasonably requested by the Petitioners or the Monitor, in order to fully implement this Plan or document or evidence any of the actions, transactions or events set out herein, including, in the case of the Petitioners, the filing of any required Notices of Alteration, the issuance of any required share certificates and the making of any necessary changes to its central securities register.

10.6 **Notices**

All notices and communications required, permitted or desired to be made pursuant to this Plan shall be in writing and shall be delivered personally or by facsimile to the Petitioners at the following address:

Fraser Milner Casgrain LLP
Barristers and Solicitors
15th Floor, Grosvenor Building
1040 West Georgia Street
Vancouver, BC V6E 4H8

Attention: Christopher J. Ramsay
Email: chris.ramsay@fmc-law.com
Facsimile: (604) 622 5151

and to the Monitor at the following address:

Deloitte & Touche Inc.
PO Box 49279, Four Bentall Centre
2800 – 1055 Dunsmuir Street
Vancouver, British Columbia V7X 1P4

Attention: Mr. Raj Hara
Email: rahara@deloitte.ca
Facsimile: (604) 899-7016

10.7 **Governing Law**

This Plan shall be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein. All questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions will be subject to the exclusive jurisdiction of the Court.

10.8 **Successors and Assigns**

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and permitted assigns of any Person named or referred to in this Plan.

DATED at the City of Vancouver, the Province of British Columbia this 10th day of July, 2009.

EVERGREEN GAMING CORPORATION

Per: _____
Authorized Signatory

WASHINGTON GAMING, INC.

Per: _____
Authorized Signatory

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.