



GNCC CAPITAL, INC.

MANAGEMENT DISCUSSION AND ANALYSIS FILING THE OPERATIONS OF THE COMPANY'S GOLD COAST GAMING CORP OPERATIONS

AUGUST 15, 2014

BACKGROUND:

On August 11, 2014, GNCC Capital, Inc. (“GNCC”) acquired Gold Coast Gaming Corp (“Gold Coast”) which owns and operates two well established Adult Social Gaming Arcades in South Florida, namely “Boardwalk Bothers” and “Play It Again”.

The rationale for this acquisition was for Gold Coast to acquire a number of similar operations in South Florida to create a sizeable group of these Arcades and for Gold Coast’s Management to utilize their experience and skill to improve those operations acquired so as to achieve maximum profitability.

Gold Coast and GNCC consider this business model to be very sound and financially viable. The existing Gold Coast Operations are well established, profitable and extremely well managed. GNCC did extensive due diligence into these operations prior to this acquisition and remain very satisfied with this acquisition and with Gold Coast’s prospects.

The Company’s recently appointed Chief Executive Officer, Peter Voss, will be publishing an in depth report on the business of Gold Coast, its acquisition/growth strategy and its prospects in South Florida and very possibly, abroad.

Gold Coast is expected to contribute substantial profits to the Company over a long period of time. It is expected that over time, the business of Gold Coast could become as important to us as are our Mining Exploration Properties.

LEGALITY OF ADULT SOCIAL GAMING OPERATIONS IN FLORIDA:

Following changes to Law in Florida pertaining to these operations approximately a year ago, all operators were forced to amend the way in which they operated their business. The State did not outlaw arcades, but said they needed to change the way they operate. The change is found in the Florida Statue 849.161 (see attached).

This resulted in substantial decline in profits for these operators and a number closed. Over the past year, the new business models deployed in these businesses by a number of operators, to comply with the letter of the law, resulted in reasonable profitability of these businesses.

Gold Coast’s Management in particular, have been very successful in this new approach.

These changes to the law in Florida resulted in a wealth of acquisition opportunities at reasonable prices for Gold Coast’s strategy.

Gold Coast’s operations operate strictly within the laws of the State of Florida.

DESCRIPTION OF GOLD COAST’S BUSINESS OPERATIONS OPERATING WITHIN THE STATUTES OF THE STATE FLORIDA:

GOLD COAST’S BUSINESSES, “BOARDWALK BROTHERS” and “PLAY IT AGAIN” OPERATE STRICTLY WITH THE LAWS OF THE STATE OF FLORIDA AND IN NO WAY VIOLATE THE EXISTING STATUTES UNDER WHICH THEY OPERATE.

Gold Coast’ existing two Arcades, “Boardwalk Brothers” and “Play It Again” only operate their arcades in a very specific business manner. First, the games at each arcade are strictly for amusement. Customers cannot win anything from playing the games. Hence, the term gaming specifically means playing a video game. To be considered gambling, three elements must be present: consideration, chance, and prizes. Since we have eliminated all prizes, no gambling is taking place.

Next, the games at each location as well as each location itself fall under the definition of an “amusement game or machine” and “arcade amusement center” found in the Florida Statue 849.161 (see attached).

Furthermore, each location is considered a social club in our business model. Members pay a daily membership fee to spend time at our social club with their friends. For that daily membership fee, they get credits to play our video games, they can sit and play cards, and they get served a free meal. Once again, if they choose to play our video games, they cannot win anything from the outcome of the games. They cannot transfer or redeem the credits from playing a game for anything of value.

Finally, Gold Coast has created a rewards program similar to a rewards/loyalty program you would find at: American Express, Capital One, Discover Card, Best Buy, Sports Authority, Restaurants, etc. The way our rewards/loyalty program works is for every dollar a customer spends and for just coming in, they earn reward points. Once they have accumulated enough reward/loyalty points they can exchange these reward/loyalty points for prizes. These reward / loyalty points are not tied to the games at our locations. For example, a person can come in, pay their membership fee, sit and have coffee with friends, never play a game, and earn reward/loyalty points.

COMMENTARY BY GOLD COAST MANAGEMENT:

It has become very clear that there is confusion amongst GNCC stockholders as to the legality of Gold Coast's business operations following substantial amounts of negative and defamatory postings on Internet Stock Chat Forums by various parties. To be fair, certain press coverage on these businesses has cast doubt on the legality of the businesses, these press reports however are not accurate insofar as they don't address the specifics of the laws under which these businesses now operate.

The Industry and the businesses acquired by Gold Coast / GNCC have in the past, instigated litigation against the State of Florida, pertaining to the change in the Laws, all of which has now been settled. This resulted in press coverage which has been used by these posters to cast doubt on the legality on the business of Gold Coast's operations. These postings are false as Gold Coast's businesses operate strictly within the Statutes in the State of Florida.

STATE OF FLORIDA LEGISLATION PERTAINING TO OUR BUSINESS:

2014 Florida Statutes

CHAPTER 849

GAMBLING

SECTION 161

Amusement games or machines; when chapter inapplicable.

849.161 Amusement games or machines; when chapter inapplicable.—

- (1) As used in this section, the term:
 - (a) "Amusement games or machines" means games which operate by means of the insertion of a coin, and which by application of skill may entitle the person playing or operating the game or machine to receive points or coupons, the cost value of which does not exceed 75 cents on any game played, which may be exchanged for merchandise. The term does not include casino-style games in which the outcome is determined by factors unpredictable by the player or games in which the player may not control the outcome of the game through skill.
 - (b) "Arcade amusement center" means a place of business having at least 50 coin-operated amusement games or machines on premises which are operated for the entertainment of the general public and tourists as a bona fide amusement facility.

- (C) “Game played” means the event occurring from the initial activation of the machine until the results of play are determined without payment of additional consideration. Free replays do not constitute additional consideration.
- (d) “Merchandise” means noncash prizes, including toys and novelties. The term does not include cash or any equivalent thereof, including gift cards or certificates, or alcoholic beverages.
- (e) “Truck stop” means any dealer registered pursuant to chapter 212, excluding marinas, which:
 - 1. Declared its primary fuel business to be the sale of diesel fuel;
 - 2. Operates a minimum of six functional diesel fuel pumps; and
 - 3. Has coin-operated amusement games or machines on premises which are operated for the entertainment of the general public and tourists as bona fide amusement games or machines.
- (2) Nothing contained in this chapter shall be taken or construed to prohibit an arcade amusement center or truck stop from operating amusement games or machines in conformance with this section.
- (3) This section applies only to games and machines which are operated for the entertainment of the general public and tourists as bona fide amusement games or machines.
- (4) This section shall not be construed to authorize any game or device defined as a gambling device in 15 U.S.C. s. 1171, which requires identification of each device by permanently affixing seriatim numbering and name, trade name, and date of manufacture under s. 1173, and registration with the United States Attorney General, unless excluded from applicability of the chapter under s. 1178, or video poker games or any other game or machine that may be construed as a gambling device under Florida law.

- (5) This section does not apply to a coin-operated game or device designed and manufactured only for bona fide amusement purposes which game or device may by application of skill entitle the player to replay the game or device at no additional cost, if the game or device: can accumulate and react to no more than 15 free replays; can be discharged of accumulated free replays only by reactivating the game or device for one additional play for such accumulated free replay; can make no permanent record, directly or indirectly, of free replays; and is not classified by the United States as a gambling device in 15 U.S.C. s. 1171, which requires identification of each device by permanently affixing serial number and name, trade name, and date of manufacture under s. 1173, and registration with the United States Attorney General, unless excluded from applicability of the chapter under s. 1178. This subsection shall not be construed to authorize video poker games, or any other game or machine that may be construed as a gambling device under Florida law.

DATED: AUGUST 15, 2014

**R Y LOWENTHAL
GNCC CAPITAL, INC.
EXECUTIVE CHAIRMAN**