UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ **Annual Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended: December 31, 2017

☐ **Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission file number 1-32583

FULL HOUSE RESORTS, INC.

(Exact Name of Registrant as specified in Its Charter)

Delaware	**13-3391527**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

One Summerlin, 1980 Festival Plaza Drive Suite 680, Las Vegas, Nevada 89135
(Address and zip code of principal executive offices)
(702) 221-7800
(Registrant's Telephone Number, Including Area Code)
Securities registered under Section 12(b) of the Exchange Act:

Common Stock, $0.0001 per Share	**The NASDAQ Stock Market LLC**
(Title of Each Class)	**(Name of Each Exchange on Which Registered)**

Securities registered under Section 12(g) of the Exchange Act:
None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. ☐

Indicate by check mark whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or emerging growth company. See definition of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐	Accelerated Filer ☐
Non Accelerated Filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☑
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act: Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of Registrant's voting $0.0001 par value common stock held by non-affiliates of the Registrant, as of June 30, 2017, was: $49.0 million. As of March 5, 2018, there were 22,970,926 shares of common stock, $0.0001 par value per share, outstanding.

Documents Incorporated By Reference

The information required by Part III of this Form 10-K is incorporated by reference from the Registrant's definitive proxy statement relating to the annual meeting of stockholders to be held in 2018, which definitive proxy statement is anticipated to be filed with the Securities and Exchange Commission within

120 days after the end of the Registrant's fiscal year.

FULL HOUSE RESORTS, INC.
TABLE OF CONTENTS

PART I

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, for which the Private Securities Litigation Reform Act of 1995 provides a safe harbor. These forward-looking statements include, but are not limited to, statements about our plans, objectives, representations and intentions and are not historical facts and typically are identified by use of terms such as "believes," "expects," "anticipates," "estimates," "plans," "intends," "objectives," "goals," "aims," "projects," "forecasts," "possible," "seeks," "may," "could," "should," "might," "likely," "enable," or similar words or expressions, as well as statements containing phrases such as "in our view," "there can be no assurance," "although no assurance can be given," or "there is no way to anticipate with certainty". Specifically, this Annual Report on Form 10-K contains forward-looking statements relating to our growth strategies; our development and expansion plans, including a planned expansion of Bronco Billy's; our investments in capital improvements and other projects, including the amounts of such investments, the timing of commencement or completion of such capital improvements and projects and the resulting impact on our financial results; timing for required approvals; impact of the 2017 Tax Act (as defined below); management's expectation to exercise its buyout option on the Silver Slipper Casino and Hotel; adequacy of our financial resources to fund operating requirements and planned capital expenditures and to meet our debt and contractual obligations; anticipated sources of funds; anticipated legislative pursuits; intentions regarding the operation of a vehicle ferry boat from Rising Star Casino; beliefs in connection with our marketing efforts; factors that affected financial performance of our properties; adequacy of our insurance; competitive outlook; outcome of legal matters; impact of recently issued accounting standards; and estimates regarding certain accounting and tax matters, among others.

Various factors may affect the operation, performance, development and results of our business and could cause future outcomes to change significantly from those set forth in our forward-looking statements, including risks and uncertainties about the following:

- repayment of our substantial indebtedness;
- substantial dilution related to our outstanding stock warrants and options;
- implementation of our growth strategies, including the Bronco Billy's expansion, exercise of options to acquire or lease property, capital investments and potential acquisitions;
- the successful integration of acquisitions;
- the development and success of our expansion projects and the financial performance of completed projects;
- our ability to continue to comply with covenants and the terms of our debt instruments;
- development and construction activities risks;
- some of our casinos being on leased property;
- changes to anticipated trends in the gaming industries;
- changes in patron demographics;
- general market and economic conditions, including, but not limited to, the effects of housing and energy conditions on the economy in general and on the gaming and lodging industries in particular;
- access to capital and credit upon reasonable terms, including our ability to finance future business requirements and to repay or refinance debt as it matures;
- dependence on key personnel;
- our ability and the cost to hire, motivate and retain employees, given low unemployment rates and, in some jurisdictions, increases in minimum wages;
- availability of adequate levels of insurance;
- the complexity of the 2017 Tax Act and our ability to accurately interpret and predict its impact on our federal income taxes and refunds;
- changes to federal, state, and local taxation and tax rates, and gaming and environmental laws, regulations and legislation;
- any violations of the anti-money laundering laws;

- cyber-security risks, including misappropriation of customer information or other breaches of information security;
- obtaining and maintaining gaming and other licenses, and obtaining entitlements and other regulatory approvals for projects;
- severe weather;
- lack of alternative routes to certain of our properties;
- the competitive environment, including increased competition in our target market areas;
- litigation matters;
- certain accounting and tax matters, including the effect on our company of adopting certain accounting pronouncements; and
- other factors described from time to time in this and our other Securities and Exchange Commission ("SEC") filings and reports.

For a more detailed description of certain Risk Factors affecting our business, see Item 1A, “Risk Factors.”

We undertake no obligation to publicly update or revise any forward-looking statements as a result of future developments, events or conditions, except as required by law. New risks emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ significantly from those forecast in any forward-looking statements.

Item 1. Business.

Introduction

Formed as a Delaware corporation in 1987, Full House Resorts, Inc. owns, leases, operates, develops, manages, and/or invests in casinos and related hospitality and entertainment facilities. References in this document to "Full House", the "Company", "we", "our," or "us" refer to Full House Resorts, Inc. and its subsidiaries, except where stated or the context otherwise indicates.

The following table presents selected information concerning our casino resort properties as of December 31, 2017:

Property	Acquisition Date	Location	Slot Machines	Table Games	Hotel Rooms
Silver Slipper Casino and Hotel	2012	Hancock County, MS (near New Orleans)	931	28	129
Bronco Billy's Casino and Hotel	2016	Cripple Creek, CO (near Colorado Springs)	798	11	24
Rising Star Casino Resort	2011	Rising Sun, IN (near Cincinnati)	917	25	294
Stockman's Casino	2007	Fallon, NV (one hour east of Reno)	223	4	—
Grand Lodge Casino (leased and part of the Hyatt Regency Lake Tahoe Resort, Spa and Casino)	2011	Incline Village, NV (North Shore of Lake Tahoe)	264	15	*

* *We have agreements with Hyatt for exclusive usage of certain hotel rooms and suites, and access to additional rooms, other amenities and services to cater to our customers and support our operations. The Hyatt Regency Lake Tahoe Resort, Spa and Casino has approximately 422 guest rooms.*

We manage our casinos based on geographic regions within the United States. Accordingly, Stockman's Casino and Grand Lodge Casino comprise a Northern Nevada business segment, while Silver Slipper Casino and Hotel, Bronco Billy's Casino and Hotel, and Rising Star Casino Resort are currently distinct segments. Our corporate headquarters are in Las Vegas, Nevada.

Our revenues are primarily derived from gaming sources, which include revenues from slot machines, table games and keno. Play at our slot machines accounts for most of our revenues, but we also offer a wide range of table games. We set minimum and maximum betting limits for our slot machines and table games based on market conditions, customer demand and other factors. Our gaming revenues are derived from a broad base of guests that includes both high- and low-stakes players. We also derive a significant amount of revenues from our hotel rooms, food and beverage outlets, retail outlets, entertainment and our golf course at the Rising Star Casino Resort. Our financial results are dependent upon the number of patrons that we attract to our properties and the amounts those guests spend per visit. Additionally, our operating results may be affected by, among other things, overall economic conditions affecting the disposable income of our guests, weather conditions affecting access to our properties, achieving and maintaining cost efficiencies, taxation and other regulatory changes, and competitive factors, including but not limited to, additions and improvements to the competitive supply of gaming facilities. We may experience significant fluctuations in our quarterly operating results due to seasonality, variations in gaming hold percentages, and other factors.

Our mission is to maximize shareholder value. We seek to increase revenues by providing our customers with their favorite games and amenities, high-quality customer service, and appropriate customer loyalty programs. Our customers include nearby residents who represent a high potential for repeat visits, along with drive-in tourist patrons. We continuously focus on improving the operating margins of our existing properties through a combination of revenue growth and expense management. The casino resort industry is capital-intensive, and we rely on the ability of our properties to generate operating cash flow to pay interest, repay debt, and fund maintenance capital expenditures. We also assess the potential impact of growth and development opportunities, including capital investments at our existing properties, the development of new properties, and the acquisition of existing properties.

All of our casino properties are operated by us 24 hours each day, every day of the year. We also operate the hotel and food and beverage operations at Silver Slipper, Bronco Billy's, Rising Star and Stockman's. At the Grand Lodge Casino, Hyatt Regency Lake Tahoe Resort, Spa and Casino ("Hyatt Lake Tahoe") manages the hotel and food and beverage outlets.

Operating Properties

Silver Slipper Casino and Hotel

The Silver Slipper Casino and Hotel ("Silver Slipper") is situated on the west end of the Mississippi Gulf Coast, near Bay St. Louis, Mississippi, and includes approximately 37,000 square feet of gaming space, 129 hotel rooms, a fine-dining restaurant, a buffet, a quick-service restaurant, an oyster bar and a casino bar. The property sits at the western end of an approximately eight-mile-long white sand beach, the closest such beach to the New Orleans and Baton Rouge metropolitan areas. Its customers are primarily from communities in southern Louisiana, including the North Shore of Lake Pontchartrain and the New Orleans and Baton Rouge metropolitan areas, and southwestern Mississippi. The Silver Slipper Casino and Hotel currently generates the most revenue and operating income of any of our properties.

The primary lease for the Silver Slipper includes approximately 38 acres, consisting of the seven-acre parcel on which the casino and hotel is situated and approximately 31 acres of marshlands. The lease term ends in April 2058. Between February 2019 and October 2027, we have the option to purchase the land site. Management believes that it will be economically favorable to exercise the buyout option and intends to do so, subject to our financial resources and future capital market conditions. During the third quarter of 2017, we opened our new swimming pool and beach complex and made certain improvements to traffic patterns and landscaping around the front of the property. We also opened a new 18-seat oyster bar in the casino in mid-2017.

Bronco Billy's Casino and Hotel

Bronco Billy's Casino and Hotel ("Bronco Billy's") occupies a significant portion of the key city block of Cripple Creek's "casino strip" and contains approximately 17,000 square feet of gaming space, 24 hotel rooms, a steakhouse and four casual dining outlets. Bronco Billy's also leases certain parking lots and buildings, including a portion of the hotel and casino, under a long-term lease. The lease has six renewal options in three-year increments to 2035 and we have the right to buy out the lease at any time during its term. Bronco Billy's customers are primarily from the Colorado Springs/Pueblo/Cañon City metropolitan area, the second-largest metropolitan area in Colorado, with a population of approximately 900,000. Cripple Creek is approximately a one-hour drive from Colorado Springs, as well as a two-hour drive from the Denver metropolitan area, which has a population of approximately four million people.

During 2017, we acquired land and options to purchase or lease land and buildings, including the freestanding and closed Imperial Casino; the operating historic Imperial Hotel, which offers 12 refurbished guest rooms; and approximately four acres of vacant or underutilized land. We intend to develop a high-quality hotel and other amenities at this property and are considering reopening the Imperial Casino as a part of the proposed expansion.

Rising Star Casino Resort

Rising Star Casino Resort ("Rising Star") is located on the banks of the Ohio River in Rising Sun, Indiana, approximately one hour from Cincinnati, Ohio, and within two hours of Indianapolis, Indiana, and Louisville and Lexington, Kentucky. Rising Star offers approximately 40,000 square feet of casino space, a contiguous 190-room hotel, an adjacent leased 104-room hotel, five dining outlets and an 18-hole golf course. The 104-room hotel is leased pursuant to a capital lease agreement that expires in 2027 and contains a bargain purchase option. During recent years, this property was adversely affected by the legalization of gaming in Ohio, where several new competitors are now located. All of such potential casinos in Ohio are now open.

During the third quarter of 2017, we opened our newly constructed 56-space RV Park. We are also making significant improvements to the Rising Star facilities expected to be completed during 2018, including renovation of the entry pavilion and other sense-of-arrival improvements. We are also in the process of developing a 10-car ferry boat service across the river to Kentucky, which will significantly shorten the distance for customers traveling from Kentucky to Rising Star. We have received a conditional use permit from the Boone County Board of Adjustment for a ferry landing on land that we own in Kentucky, and have acquired a new pushtug and specially-designed barge for the ferry operations. Commencement of ferry boat operations remains subject to additional approvals, including, but not limited to, the Army Corps of Engineers and the U.S. Coast Guard. We hope to receive such approvals in time to construct the necessary roads and ramps and commence the ferry boat operations prior to the peak summer season of 2018.

Under Indiana regulations, we are allowed to have significantly greater casino gaming capacity than we utilize today. We have been exploring the possibility of relocating this excess gaming capacity to another location in Indiana. This would require legislative approval and there is no certainty that such approval will be received or, even if any proposed legislation were to become law, that the Company would be successful in developing a new gaming, lodging and entertainment facility.

In January 2017, State Senator Ford of Terre Haute, Indiana introduced legislation that would allow us to relocate half of our permitted gaming capacity to a new casino to be developed in Terre Haute. Such development requires approval of both houses of the state legislature and the approval or acquiescence of the governor. On February 16, 2017, the Public Policy Committee of the Indiana State Senate voted 5-5 on Senator Ford's bill; it required a majority vote to proceed to the Senate floor. The Indiana legislature meets annually, but the sessions in even-numbered years are shorter in duration and designed to primarily address immediate fiscal issues. We expect to continue to pursue our proposal to relocate part of our gaming capacity in the 2019 legislature.

Northern Nevada

Stockman's Casino

Stockman's Casino is located approximately one hour from Reno, Nevada and includes approximately 8,400 square feet of gaming space. The facility has a bar, a fine-dining restaurant and a coffee shop. Stockman's primarily serves the local market of Fallon and surrounding areas, including the nearby Naval Air Station Fallon, the United States Navy's premier air-to-air and air-to-ground training facility, informally referred to as the "Top Gun" school.

During 2016 and 2017, we began improving the property's exterior, including a new parking lot for ease of access, landscaping and a digital marquee. During the first quarter of 2018, we completed a new porte cochère at the property.

Grand Lodge Casino

We operate the Grand Lodge Casino at the Hyatt Lake Tahoe under a lease with Hyatt Equities, L.L.C. ("Hyatt"). The Grand Lodge Casino is located within the Hyatt Lake Tahoe in Incline Village, Nevada on the north shore of Lake Tahoe and includes approximately 18,900 square feet of casino space. The Hyatt Lake Tahoe is one of three AAA Four Diamond hotels in the Lake Tahoe area and all of northern Nevada. Its customers consist of both locals and tourists visiting the Lake Tahoe area.

In November 2015, the lease was amended to extend our relationship and refurbish and improve the casino facility. The amendment included (i) an agreement for Hyatt to renovate the casino up to a maximum cost of $3.5 million and for us to purchase up to $1.5 million of new gaming devices, equipment or other capital expenditures, and (ii) an increase in monthly rent from $125,000 to $145,833 commencing on July 1, 2017, and $166,667 commencing on January 1, 2018. Together with Hyatt, we completed the refurbishment during the second quarter of 2017.

The amendment also extended the term of the lease to August 31, 2023 and deferred Hyatt's option to purchase our leasehold interest and related operating assets to January 1, 2019.

Government Regulation

The gaming industry is highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. Each of our casinos is subject to extensive regulation under the laws, rules, and regulations of the jurisdiction in which it is located. These laws, rules, and regulations generally concern the responsibility, financial stability, and character of the owners, managers, and persons with financial interests in the gaming operations and include, without limitation, the following conditions and restrictions:

- Periodic license fees and taxes must be paid to state and local gaming authorities;
- Certain officers, directors, key employees, and gaming employees are required to be licensed or otherwise approved by the gaming authorities;
- Individuals who must be approved by a gaming authority must submit comprehensive personal disclosure forms and undergo an exhaustive background investigation, the costs for which must be borne by the applicant;
- Changes in any licensed or approved individuals must be reported to and/or approved by the relevant gaming authority;
- Failure to timely file the required application forms by any individual required to be approved by the relevant gaming authority may result in that individual's denial and the gaming licensee may be required by the gaming authority to disassociate with that individual; and
- If any individual is found unsuitable by a gaming authority, the gaming licensee is required to disassociate with that individual.

Violations of gaming laws in one jurisdiction could result in disciplinary action in other jurisdictions. A summary of the governmental gaming regulations to which we are subject is filed as Exhibit 99.1 and is herein incorporated by reference.

Our businesses are subject to various federal, state, and local laws and regulations, in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, smoking, environmental matters, employees, currency transactions, taxation, zoning and building codes, construction, land use, and marketing and advertising. We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our operating results. See "Item 1A - Risk Factors" for additional discussion.

Costs and Effects of Compliance with Environmental Laws

We are subject to various federal, state and local environmental laws and regulations that govern our operations, including emissions and discharges into the environment, and the handling and disposal of hazardous and non-hazardous substances and wastes. For example, our Indiana property is subject to the Indiana Department of Environmental Management for its riverboat and golf club operations, and our Mississippi property is located near environmental wetlands. Failure to comply with such laws and regulations could result in costs for corrective action, penalties or the imposition of other liabilities or restrictions. We also are subject to laws and regulations that impose liability and clean-up responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, a current or previous owner or operator of the property may be liable for the costs of remediating contaminated soil or groundwater on or from its property, without regard to whether the owner or operator knew of, or caused, the contamination, and may also incur liability to third parties impacted by such contamination. The presence of contamination, or failure to remediate it properly, may adversely affect our ability to use, sell or rent the property. To date, none of these matters or other matters arising under environmental laws has had a material adverse effect on our business, financial condition, or results of operations; however, there can be no assurance that such matters will not have such an effect in the future.

Competition

The gaming industry is highly competitive. Gaming activities with which we compete include traditional commercial casinos and casino resorts in various states including on tribal lands and at racetracks, riverboat and dockside gaming, state-sponsored lotteries, video poker in restaurants, bars and hotels, pari-mutuel betting on horse and dog racing and jai alai, sports betting and card rooms. Furthermore, competition from internet lotteries, sweepstakes, and other internet wagering gaming services, which allow their customers to wager on a wide variety of sporting events and play Las Vegas-style casino games from home or in non-casino settings, could divert customers from our properties and thus adversely affect our business. All of our casinos, as well as other casinos that we may develop or acquire, compete with all these forms of gaming. We also will compete with any new forms or jurisdictions of gaming that may be legalized, as well as with other types of entertainment. Some of our

competitors have more personnel and greater financial or other resources than we do. The principal methods of competition are: location, with casinos located closer to their feeder markets at an advantage; casino, lodging, entertainment and other hospitality product quality in terms of facilities, customer service and ease of access; breadth of offerings, including the types of casino games and other non-gaming amenities; and marketing, including the amount and frequency of promotions offered to guests.

Silver Slipper Casino and Hotel

Silver Slipper Casino and Hotel is the western-most casino on the Mississippi Gulf Coast and competes with several larger casinos located nearby in Hancock County and Gulfport, Mississippi, one of which is currently expanding. It also competes with casinos in Biloxi, Mississippi and New Orleans and Baton Rouge, Louisiana. Biloxi is one hour east of the Silver Slipper along Interstate 10. New Orleans and Baton Rouge are one and two hours, respectively, west of Silver Slipper.

Silver Slipper is the closest casino to most of St. Tammany Parish, one of the most affluent and fastest-growing parishes in Louisiana. Louisiana law permits 15 riverboat casinos, one land-based casino, four casinos at racetracks, and in certain areas, a limited number of slot machines at qualifying truck stops. The legislation permitting riverboat and truck stop casinos requires a local referendum and, at the time such legalization occurred, it was rejected by St. Tammany Parish voters. At this time, all licenses for riverboat casinos in Louisiana have been granted and are in operation, though it is possible for an existing licensee to relocate its casino (subject to state laws and approval in a local referendum). Mississippi, which has lower gaming tax rates than Louisiana, does not have a limitation on the number of casino licenses, but requires casinos in certain southern counties to be within approximately 800 feet of the shoreline, as defined by state law. There are occasionally proposals to relocate casinos within Louisiana or to develop new casinos in Mississippi, but there are considerable political and economic constraints on such potential competition and management does not believe such efforts will be successful in the foreseeable future.

Bronco Billy's Casino and Hotel

Bronco Billy's is located in Cripple Creek, Colorado, which is a historic gold mining town located approximately one hour southwest of Colorado Springs, on the west side of Pikes Peak. Cripple Creek receives an estimated 1.5 million visitors per year and is one of only three cities in Colorado where commercial gaming is permitted. The other two cities are near Denver. Additionally, two Native American gaming operations exist in southwestern Colorado and there are tribal casinos in Oklahoma, but these are much further from Colorado Springs than Cripple Creek. As of December 31, 2017, we believe that Bronco Billy's was the second largest of the seven gaming facilities operating in Cripple Creek. Gaming in Colorado is “limited stakes,” which restricts any single wager to a current maximum of $100.

Rising Star Casino Resort

The Rising Star Casino Resort in Rising Sun, Indiana is one of three riverboat casinos located on the Ohio River in southeastern Indiana, approximately one hour from Cincinnati, Ohio and within two hours of Indianapolis, Indiana and Louisville and Lexington, Kentucky. Its closest competitors are each approximately 15 miles away, near bridges crossing the Ohio River. There is no bridge at Rising Star, but we intend to commence ferry boat service connecting Rising Sun, Indiana, to the more populous Northern Kentucky region. Rising Star also competes with casinos in Ohio; a casino-resort in French Lick, Indiana; and two racetrack casinos near Indianapolis, Indiana.

A Kentucky Supreme Court decision in 2014 may permit a horse racing track in northern Kentucky to install slot machine-like devices, although it has not yet done so. The Indiana legislature passed legislation in 2015 to allow table games at racetracks (which are currently limited to slot machines) beginning March 2021.

Northern Nevada

Stockman’s Casino

Stockman’s Casino is the largest of several casinos in Churchill County, which has a population of approximately 25,000. Churchill County is also home of the Naval Air Station Fallon, the United States Navy's premier air-to-air and air-to-ground training facility and home of the "Top Gun" school. While we are not aware of any significant planned expansion to gaming capacity in the Churchill County area, additional competition may adversely affect our financial condition or results of operations. Furthermore, while the Navy appears to be currently expanding its base in Fallon, a reduction of its activities at the base would likely have an adverse effect on Stockman's results of operations. Fallon is approximately 30 minutes east of the new large Tesla battery factory and other developments in the Tahoe Reno Industrial Center.

Grand Lodge Casino

Grand Lodge Casino is one of four casinos located within a five-mile radius in the North Lake Tahoe area. A fifth casino, which has been closed for several years, was sold out of bankruptcy during 2017 and may re-open in the near future.

Grand Lodge Casino also competes with casinos in South Lake Tahoe and Reno. There are also numerous Native American casinos in California serving the Northern California market.

Marketing

Our marketing efforts are conducted through various means, including our customer loyalty programs and specialized marketing campaigns, such as our seasonal "Christmas Casino" event at the Rising Star Casino Resort. We advertise through various channels, including radio, television, internet, billboards, newspapers and magazines, direct mail, email and social media. We also maintain websites to inform customers about our properties and utilize social media sites to promote our brands, unique events, and special deals. Our customer loyalty programs include the Silver Slipper Casino Players Club, Bronco Billy's MVP "Most Valuable Players" Club, the Rising Star Rewards Club™, the Grand Lodge Players Advantage Club® and the Stockman's Winner's Club. Under these programs, customers earn points based on their volume of wagering that may be redeemed for various benefits, such as free play, cash back, complimentary dining, or hotel stays.

Our properties do not have coordinated loyalty programs. We do not currently believe that it would be economically advantageous given the disparate locations of our properties. Instead, our loyalty programs focus on providing each casino's customers the amenities they most prefer.

Employees

As of March 1, 2018, we had 13 full-time corporate employees, three of whom are executive officers and two additional senior management employees. Our casino properties had 1,336 full-time and 330 part-time employees as follows:

	Full-time	Part-time
Silver Slipper Casino and Hotel	473	92
Bronco Billy's Casino and Hotel	271	64
Rising Star Casino Resort	419	132
Grand Lodge Casino	95	35
Stockman's Casino	78	7

We believe that our relationship with our employees is excellent. None of our employees are currently represented by labor unions.

Item 1A. Risk Factors.

An investment in our securities is subject to risks inherent to our business. We have described below what we currently believe to be the material risks and uncertainties in our business. Before making an investment decision, you should carefully consider the risks and uncertainties described below, together with all of the other information included or incorporated by reference in this Annual Report on Form 10-K.

We also face other risks and uncertainties beyond what is described below. This Annual Report on Form 10-K is qualified in its entirety by these risk factors. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. If this were to happen, the value of securities, including our common stock, could decline significantly. You could lose all or part of your investment.

Our substantial indebtedness and significant financial commitments, including the redemption rights for our common stock warrants, could adversely affect our operations and financial results and impact our ability to satisfy our obligations.

As of December 31, 2017, we had gross indebtedness of $96.1 million, including $41.1 million of variable interest debt under our amended and restated First Lien Credit Facility with Capital One Bank, N.A. (the "First Lien Credit Facility") and $55 million of debt under our amended and restated Second Lien Credit Facility with ABC Funding, LLC (the "Second Lien Credit Facility"), and $2 million available under our revolving loan. As discussed in Note 7 as set forth in “Item 8. Financial Statements and Supplementary Data”, we repaid our debt outstanding under our First Lien Credit Facility and our Second Lien Credit Facility (together, the “First Lien and Second Lien Credit Facilities”) in full in February 2018 using the proceeds from the issuance of $100 million of new senior secured notes due 2024 (the "Notes").

Our present indebtedness and projected future borrowings could have important adverse consequences to us, such as:

- making it more difficult for us to satisfy our obligations with respect to our existing indebtedness;
- limiting our ability to obtain additional financing without restructuring the covenants in our existing indebtedness to permit the incurrence of such financing;
- requiring a substantial portion of our cash flow to be used for payments on debt and related interest, thereby reducing our ability to use cash flow to fund other working capital, capital expenditures and general corporate requirements;
- limiting our ability to respond to changing business, industry and economic conditions and to withstand competitive pressures, which may affect our financial condition;
- causing us to incur higher interest expense, either in the event of increases in interest rates on our borrowings that have variable interest rates, or in the event of refinancing existing debt at higher interest rates;
- limiting our ability to make investments, dispose of assets, pay cash dividends or repurchase stock;
- increasing our vulnerability to downturns in our business, our industry or the general economy and restricting us from making improvements or acquisitions or exploring business opportunities;
- placing us at a competitive disadvantage to competitors with less debt or greater resources; and
- subjecting us to financial and other restrictive covenants in our indebtedness, the non-compliance with which could result in an event of default.

We may need or opt to refinance all or a portion of our debt on or before maturity. There can be no assurance that we will be able to refinance any of our debt on either attractive terms or commercially reasonable terms, or at all. Our future operating performance and our ability to service, extend or refinance our indebtedness will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

The Notes are variable interest rate notes based on LIBOR. To the extent not protected with interest rate hedges, the variable terms could expose us to market risk from adverse changes in interest rates. Interest rates, including LIBOR, have recently increased and are expected to continue to increase in future periods. If interest rates continue to increase, our debt service obligations on the variable-rate indebtedness could increase significantly even though the amount borrowed would remain the same.

In May 2016, in connection with the refinanced Second Lien Credit Facility, we granted warrants to the lenders under the Second Lien Credit Facility (the “Second Lien Lenders”) representing 5% of our outstanding common equity at that time, as determined on a fully-diluted basis. Among other items, the warrants provide the Second Lien Lenders with registration rights and certain redemption rights. The redemption rights allow the Second Lien Lenders, at their option, to require us to repurchase all or a portion of the warrants.

Our obligations to the holders of our Notes are collateralized by a security interest in substantially all of our assets, so if we default on those obligations, the note holders could foreclose on our assets.

Our obligations under the Notes and the transaction documents relating to the Notes are secured by a security interest in substantially all of our assets. As a result, if we default under our obligations under the Notes or the transaction documents, the holders of the Notes, acting through their appointed agent, could foreclose on their security interests and liquidate some or all of these assets, which would harm our business, financial condition and results of operations and could require us to reduce or cease operations.

Our indebtedness imposes restrictive covenants and limitations that could significantly affect our ability to operate our business, as well as significantly affect our liquidity, and therefore could adversely affect our results of operations.

Our indenture governing the Notes impose various customary covenants on us and our subsidiaries. The restrictions that are imposed under these debt obligations include, among other obligations, limitations on our and our subsidiaries' ability to:

- incur additional debt;
- make payments on subordinated obligations;
- make dividends or distributions and repurchase stock;
- make investments;
- grant liens on our property to secure debt;
- sell assets or enter into mergers or consolidations;
- sell equity interest in our subsidiaries;
- make capital expenditures;
- amend or modify our subordinate indebtedness without obtaining consent from the holders of our senior indebtedness.

The indenture imposes various customary affirmative covenants on us and our restricted subsidiaries, including, among others, reporting covenants, covenants to maintain insurance, compliance with laws, maintenance of properties and other covenants customary in financings of this type. In addition, the indenture requires that we comply with various restrictive maintenance financial covenants, including a maximum total leverage ratio.

Our ability to comply with the covenants governing our indebtedness may be affected by general economic conditions, industry conditions, and other events beyond our control, including delay in the completion of new projects under construction. As a result, there can be no assurance that we will be able to comply with these covenants. Our failure to comply with the covenants contained in the instruments governing our indebtedness, including failure to comply as a result of events beyond our control, could result in an event of default, which could materially and adversely affect our operating results and our financial condition.

If there were an event of default and it is not waived (at their option) by the requisite lenders, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable, subject to applicable grace periods. This could trigger cross-defaults under our other debt obligations. There can be no assurance that our assets or cash flow would be sufficient to repay borrowings under our outstanding debt obligations if accelerated upon an event of default, or that we would be able to repay, refinance or restructure the payments on any of those debt instruments.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, and to fund planned capital expenditures and expansion efforts, will depend upon our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

There can be no assurance that our business will generate sufficient cash flows from operations or asset sales, our anticipated growth in operations will be realized, or that future borrowings will be available to us in amounts sufficient to enable us to pay our indebtedness as such indebtedness matures, and to fund our other liquidity needs. In addition, as we undertake substantial new developments or facility renovations or if we consummate significant acquisitions in the future, our cash requirements and our debt service requirements may increase significantly. In such circumstances, we may need to refinance all or a portion of our indebtedness at or before maturity, and cannot provide assurances that we will be able to refinance any of our indebtedness on commercially reasonable terms, or at all. We may have to adopt one or more alternatives, such as reducing or delaying planned expenses and capital expenditures, selling assets, restructuring debt, or obtaining additional equity or debt

financing or joint venture partners. These financing strategies may not be completed on satisfactory terms, if at all. In addition, certain states' laws to undertake certain financing transactions require approval of gaming regulatory authorities. Some requirements may prevent or delay us from obtaining necessary capital.

Our ability to obtain additional financing on commercially reasonable terms may be limited.

Although we believe that our cash, cash equivalents and working capital, as well as future cash from operations will provide adequate resources to fund ongoing operating requirements over the next 12 months, we may need to refinance or seek additional financing to compete effectively or grow our business. No assurance can be given that we will be able to obtain any additional financing, refinance our existing debt, or fund our growth efforts. If we are unable to obtain financing on commercially reasonable terms, it could:

- reduce funds available to us for purposes such as working capital, capital expenditures, strategic acquisitions and other general corporate purposes;
- restrict our ability to capitalize on business opportunities;
- increase our vulnerability to economic downturns and competitive pressures in the markets in which we operate; and
- place us at a competitive disadvantage.

We may face revenue declines should discretionary consumer spending drop from an economic downturn.

Our net revenues are highly dependent upon the volume and spending levels of customers at our properties and, as such, our business has been adversely impacted by economic downturns. Decreases in discretionary consumer spending brought about by weakened general economic conditions such as, but not limited to, lackluster recoveries from recessions, high unemployment levels, higher income taxes, low levels of consumer confidence, weakness in the housing market, cultural and demographic changes, and increased stock market volatility may negatively impact our revenues and operating cash flow.

We face significant competition from other gaming and entertainment operations.

The gaming industry is characterized by an increasingly high degree of competition among a large number of participants, including riverboat casinos, dockside casinos, land-based casinos, racetrack casinos, video lottery, poker machines not located in casinos, Native American gaming, social gaming and other forms of gaming. Furthermore, competition from internet lotteries, sweepstakes, and other internet wagering gaming services, which allow their customers to wager on a wide variety of sporting events and play Las Vegas-style casino games from home or in non-casino settings, could divert customers from our properties and thus adversely affect our business. Such internet wagering services are often illegal under federal law but operate from overseas locations and are nevertheless sometimes accessible to domestic gamblers. Currently, there are proposals that would legalize internet poker and other varieties of internet gaming in a number of states and at the federal level. Several states, including Nevada, New Jersey, and Delaware, have enacted legislation authorizing intrastate internet gaming and internet gaming operations have begun in these states. Expansion of internet gaming in other jurisdictions (both legal and illegal) could further compete with our traditional operations, which could have an adverse impact on our business and results of operations.

In a broader sense, our gaming operations face competition from all manner of leisure and entertainment activities, including shopping, athletic events, television and movies, concerts, and travel. Legalized gaming is currently permitted in various forms throughout the U.S., in several Canadian provinces and on various lands taken into trust for the benefit of certain Native Americans in the U.S. and Canada. Other jurisdictions that border our operational locations, such as Ohio, have recently legalized and implemented gaming. In addition, established gaming jurisdictions could award additional gaming licenses or permit the expansion or relocation of existing gaming operations. New, relocated or expanded operations by other persons could increase competition for our gaming operations and could have a material adverse impact on us. Gaming competition is intense in most of the markets where we operate. As competing properties and new markets are opened, our operating results may be negatively impacted. In addition, some of our direct competitors in certain markets may have superior facilities and/or operating conditions. We expect each existing or future market in which we participate to be highly competitive. The competitive position of each of our casino properties is discussed in "Item 1. Business – Competition".

We face extensive regulation from gaming and other regulatory authorities and the cost of compliance or failure to comply with such regulations may adversely affect our business and results of operations.

Licensing. The gaming industry is highly regulated and we must maintain our licenses and pay gaming taxes to continue our operations. The ownership, management and operation of gaming facilities are subject to extensive state and local regulation

in the jurisdiction in which it is located. These laws, rules and regulations generally concern the responsibility, financial stability and character of the owners, managers, and persons with financial interest in the gaming operations. Violations of laws could result in disciplinary action, including the revocation of gaming licenses, in one or all of the jurisdictions where we operate.

Taxation and fees. We believe that the prospect of significant tax revenue is one of the primary reasons that jurisdictions permit legalized gaming. As a result, gaming companies are typically subject to significant revenue-based taxes and fees in addition to normal federal, state, local and provincial income and employment taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. From time to time, federal, state, local and provincial legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. In addition, worsening economic conditions could intensify the efforts of state and local governments to raise revenues through increases in gaming taxes and/or property taxes. It is not possible to determine with certainty the likelihood of changes in tax laws or in the administration of such laws. Any material increase, or the adoption of additional taxes or fees, could have a material adverse effect on our business, financial condition and results of operations.

Compliance with other laws. In addition to gaming regulations, we are also subject to various federal, state, and local laws and regulations affecting businesses in general. These laws and regulations include, but are not limited to, environmental matters, employment, currency transactions, taxation, construction, zoning, construction and land-use laws, marketing and advertising, smoking, and regulations governing the serving of alcoholic beverages.

The Bank Secrecy Act, enforced by the Financial Crimes Enforcement Network ("FinCEN") of the U.S. Treasury Department, requires us to report currency transactions in excess of $10,000 occurring within a gaming day, including identification of the guest by name and social security number, to the Internal Revenue Service ("IRS"). This regulation also requires us to report certain suspicious activity, including any transaction that exceeds $5,000 that we know, suspect or have reason to believe involves funds from illegal activity or is designed to evade federal regulations or reporting requirements. Periodic audits by the IRS and our internal audit function assess compliance with the Bank Secrecy Act, and substantial penalties can be imposed against us if we fail to comply with this regulation. In recent years, the U.S. Treasury Department has increased its focus on Bank Secrecy Act compliance throughout the gaming industry. Recent public comments by FinCEN suggest that casinos should obtain information on each customer's sources of income. This could impact our ability to attract and retain casino guests.

Our riverboat at Rising Star must comply with certain federal and state laws and regulations with respect to boat design, on-board facilities, equipment, personnel and safety. In addition, we are required to have third parties periodically inspect and certify our casino riverboat for safety, stability and single compartment flooding integrity. All of our casinos also must meet local fire safety standards. We would incur additional costs, if any, if our gaming facilities were not in compliance with one or more of these regulations.

We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Any violations of anti-money laundering laws or regulations by any of our properties could have an adverse effect on our financial condition, results of operations or cash flows. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted.

Our business may be adversely affected by legislation prohibiting tobacco smoking.

Legislation in various forms to ban indoor tobacco smoking has been enacted or introduced in jurisdictions in which we operate. Except for those in Colorado, the gaming areas of our properties are not currently subject to tobacco restrictions. While gaming areas have generally been exempted from these restrictions, if additional restrictions on smoking are enacted in jurisdictions in which we operate, we could experience a decrease in gaming revenue. This is particularly the case if such restrictions are not applicable to all competitive facilities in that gaming market.

The exercise of outstanding stock warrants and options may result in substantial dilution and may depress the trading price of our common stock.

If our outstanding warrants and options to purchase shares of our common stock are exercised and the underlying shares of common stock are issued upon such exercise are sold, our stockholders may experience substantial dilution and the market price of our shares of common stock could decline. Further, the perception that such securities might be exercised could adversely affect the trading price of our shares of common stock. In addition, during the time that such securities are outstanding, they may adversely affect the terms on which we could obtain additional capital.

We depend on our key personnel.

We are highly dependent on the services of our executive management team and other members of our senior management team. Our ability to attract and retain key personnel is affected by the competitiveness of our compensation packages and the other terms and conditions of employment, our continued ability to compete effectively against other gaming companies, and our growth prospects. The loss of the services of any members of our senior management team could have a material adverse effect on our business, financial condition and results of operations.

We may face disruption and other difficulties in integrating and managing facilities we have recently developed or acquired, or may develop or acquire in the future.

We may face certain challenges as we integrate these operational and administrative systems into our business. As a result, the realization of anticipated benefits may be delayed or substantially reduced. Events outside of our control, including changes in state and federal regulations and laws as well as economic trends, also could adversely affect our ability to realize the anticipated benefits from the acquisition or future development.

We expect to continue pursuing expansion opportunities. For example, we plan to build an approximately 150-guest room hotel in Cripple Creek, Colorado, adjoining and integral with our existing Bronco Billy's. The expansion is expected to include a spa, parking garage, convention and entertainment space, and a high-end restaurant. In addition, we may exercise our options to purchase or lease properties, including the Imperial Hotel and the former Imperial Casino, which we are considering reopening as a part of the proposed expansion. We also regularly evaluate opportunities for acquisition and development of new properties, which evaluations may include discussions and the review of confidential information after the execution of nondisclosure agreements with potential acquisition candidates, some of which may be potentially significant in relation to our size. We could face significant challenges in managing and integrating our expanded or combined operations and any other properties we may develop or acquire, particularly in new competitive markets. The integration of properties we may develop or acquire will require the dedication of management resources that may temporarily divert attention from our day-to-day business. The process of integrating properties that we may acquire also could interrupt the activities of those businesses, which could have a material adverse effect on our business, financial condition and results of operations. In addition, the development of new properties may involve construction, local opposition, regulatory, legal and competitive risks, as well as the risks attendant to partnership deals on these development opportunities. In particular, in projects where we team up with a joint venture partner, if we cannot reach agreement with such partners, or our relationships otherwise deteriorate, we could face significant increased costs and delays. Local opposition can delay or increase the anticipated cost of a project. Finally, given the competitive nature of these types of limited license opportunities, litigation is possible.

Management of new properties, especially in new geographic areas such as our recent acquisition of Bronco Billy's, may require that we increase our management resources. We cannot assure you that we will be able to manage the combined operations effectively or realize any of the anticipated benefits of our acquisitions. We also cannot assure you that if acquisitions are completed, that the acquired businesses will generate returns consistent with our expectations.

Our ability to achieve our objectives in connection with any acquisition we may consummate may be highly dependent on, among other things, our ability to retain the senior-level property management teams of such acquisition candidates. If, for any reason, we are unable to retain these management teams following such acquisitions or if we fail to attract new capable executives, our operations after consummation of such acquisitions could be materially adversely affected.

If we make new acquisitions or new investments, we may face additional risks related to our business, results of operations, financial condition, liquidity, ability to satisfy financial covenants and comply with other restrictive covenants under our indenture, and ability to pay or refinance our indebtedness.

The occurrence of some or all of the above described events could have a material adverse effect on our business, financial condition and results of operations.

We derive our revenues and operating income from our casino resort properties located in Mississippi, Colorado, Indiana and Nevada, and are especially subject to certain risks, including economic and competitive risks, associated with the conditions in those areas and in the states from which we draw patrons.

Because we derive our revenues and operating income from properties concentrated in four states, we are subject to greater risks from regional conditions than a gaming company with operating properties in a greater number of different geographies. A decrease in revenues from or increase in costs for one of these locations is likely to have a proportionally greater impact on our

business and operations than it would for a gaming company with more geographically diverse operating properties. Risks from regional conditions include the following:

- regional economic conditions;
- regional competitive conditions, including legalization or expansion of gaming in Mississippi, Colorado, Indiana, Nevada, or in neighboring states;
- allowance of new types of gaming, such as the introduction of live table games at Indiana racinos;
- reduced land and air travel due to increasing fuel costs or transportation disruptions; and,
- increase in our vulnerability to economic downturns and competitive pressures in the markets in which we operate.

Some of our casino resort operations are located on leased property. If the lessors exercise their buyout rights or if we default on one or more leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected casino.

We lease certain parcels of land at our Silver Slipper Casino and Hotel in Mississippi, both land and buildings at Bronco Billy's Hotel and Casino in Colorado, and one of the two hotels at our Rising Star Casino Resort in Indiana. We also lease casino space at our Grand Lodge Casino in Nevada. As a lessee, we have the right to use the leased land, hotel or space as applicable; however, we do not hold fee ownership. Accordingly, unless we have a purchase option and exercise such option, we will have no interest in the improvements thereon at the expiration of the leases. We have such purchase options on the leased property at the Silver Slipper, Bronco Billy's and for the leased hotel at Rising Star, but it is either currently more advantageous for us to continue to lease rather than exercise the buyout option, or we have certain restrictions which only allow us to exercise the purchase option during certain future time periods. Under certain circumstances and at the expirations of the underlying leases, we might be forced to exercise our buyout options in order to continue to operate those properties. There is no certainty that the funds could be raised at that time at a reasonable cost, or at all, to exercise some or all of the buyout options. The operating lease at the Grand Lodge Casino includes certain lessor buyout rights based upon a multiple of EBITDA that, if exercised, could result in the lessor purchasing our leasehold interest and the operating assets on terms that may be less than fair market value or financially unfavorable to us. Since we do not completely control the land, buildings, hotel and space underlying our leased properties, a lessor could take certain actions to disrupt our rights under the long-term leases which are beyond our control. If the entity owning any leased land, buildings, hotel or space chose to disrupt our use either permanently or for a significant period of time, then the value of our assets could be impaired and our business and operations could be adversely affected. If we were to default on the lease, the lessor could terminate the affected lease and we could lose possession of the affected land, buildings, hotel or space and any improvements thereon. The loss of the lease through exercise of buyout rights or through termination upon default would have a significant adverse effect on our business, financial condition and results of operations as we would then be unable to operate all or portions of the affected facilities, which, in turn, may result in a default under our debt facilities.

We are engaged from time to time in one or more construction and development projects, and many factors could prevent us from completing them as planned.

Construction of major buildings has certain inherent risks, including the risks of fire, structural collapse, human error and electrical, mechanical and plumbing malfunction. In addition, projects entail additional risks related to structural heights and the required use of cranes. Our development and expansion projects also entail significant risks, including:

- shortage of materials;
- shortage of skilled labor or work stoppages;
- unforeseen construction scheduling, engineering, excavation, environmental or geological problems;
- natural disasters, hurricanes, weather interference, changes in river levels, floods, fires, earthquakes or other casualty losses or delays;
- unanticipated cost increase or delays in completing the project;
- delays in obtaining or inability to obtain or maintain necessary license or permits;
- changes to plans or specifications;
- performance by contractors and subcontractors;
- disputes with contractors;
- disruption of our operations caused by diversion of management's attention to new development projects and construction at our existing properties;
- remediation of environmental contamination at some of our proposed construction sites, which may prove more difficult or expensive than anticipated in our construction budgets;

- failure to obtain and maintain necessary gaming regulatory approvals and licenses, or failure to obtain such approvals and licenses on a timely basis;
- requirements or government-established "goals" concerning union labor or requiring that a portion of the project expenditures be through companies controlled by specific ethnic or gender groups, goals that may not be obtainable, or may only be obtainable at additional project cost; and
- increases in the cost of raw materials for construction, driven by demand, higher labor and construction costs and other factors, may cause price increases beyond those anticipated in the budgets for our development projects.

Escalating construction costs may cause us to modify the design and scope of projects from those initially contemplated or cause the budgets for those projects to be increased. We generally carry insurance to cover certain liabilities related to construction, but not all risks are covered, and it is uncertain whether such insurance will provide sufficient payment in a timely fashion even for those risks that are insured and material to us.

Construction of our development projects exposes us to risks of cost overruns due to typical construction uncertainties associated with any project or changes in the designs, plans or concepts of such projects. For these and other reasons, construction costs may exceed the estimated cost of completion, notwithstanding the existence of any guaranteed maximum price construction contracts.

We face a number of challenges prior to opening new or upgraded facilities.

We have several development and improvement projects planned in the near future. No assurance can be given that, when we endeavor to open new or upgraded facilities, the expected timetables for opening such facilities will be met in light of the uncertainties inherent in the development of the regulatory framework, construction, the licensing process, legislative action and litigation. Delays in opening new or upgraded facilities could lead to increased costs and delays in receiving anticipated revenues with respect to such facilities and could have a material adverse effect on our business, financial condition and results of operations.

Subsequent phases to certain of our existing projects and potential enhancements at our properties may require us to raise additional capital.

We may need to access the capital markets or otherwise obtain additional funds to complete subsequent phases of our existing projects and to fund potential enhancements we may undertake at our facilities, such as our potential hotel development at Bronco Billy's. We do not know when or if the capital markets will permit us to raise additional funds for such phases and enhancements in a timely manner, on acceptable terms, or at all. Inability to access the capital markets, or the availability of capital only on less-than-favorable terms, may force us to delay, reduce or cancel our subsequent phases and enhancement projects.

Our ability to obtain bank financing or to access the capital markets for future offerings may also be limited by our financial condition, results of operations or other factors, such as our credit rating or outlook at the time of any such financing or offering and the covenants in our existing debt agreements, as well as by general economic conditions and contingencies and uncertainties that are beyond our control. As we seek additional financing, we will be subject to the risks of rising interest rates and other factors affecting the financial markets.

The casino, hotel and resort industry is capital intensive and we may not be able to finance expansion and renovation projects, which could put us at a competitive disadvantage.

Our properties have an ongoing need for renovations and other capital improvements to remain competitive, including replacement, from time to time, of furniture, fixtures and equipment. We may also need to make capital expenditures at our casino properties to comply with our debt covenants, lease agreements and applicable laws and regulations.

Renovations and other capital improvements at our properties require significant capital expenditures. In addition, renovations and capital improvements usually generate little or no cash flow until the projects are completed. We may not be able to fund such projects solely from existing resources and cash provided from operating activities. Consequently, we may have to rely upon the availability of debt or equity capital to fund renovations and capital improvements, and our ability to carry them out will be limited if we cannot obtain satisfactory debt or equity financing, which will depend on, among other things, market conditions. There can be no assurance that we will be able to obtain additional equity or debt financing or that we will be able to obtain such financing on favorable terms. Our failure to renovate our properties may put us at a competitive disadvantage.

Adverse weather conditions, road construction, gasoline shortages and other factors affecting our facilities and the areas in which we operate could make it more difficult for potential customers to travel to our properties and deter customers from visiting our properties.

Our continued success depends upon our ability to draw customers from each of the geographic markets in which we operate. Adverse weather conditions or road construction can deter our customers from traveling to our facilities or make it difficult for them to frequent our properties. In recent years, there were severe cold temperatures that we believe adversely affected our Indiana and Mississippi properties' financial performance and historically low snow levels in the Lake Tahoe region adversely affected visitation and financial performance at the Grand Lodge Casino. Bronco Billy's in recent years has been adversely affected by nearby forest fires, as well as the subsequent flooding of its access roads due to lack of vegetation (from the forest fires) on hills above such roads. Moreover, gasoline shortages or fuel price increases in regions that constitute a significant source of customers for our properties could make it more difficult for potential customers to travel to our properties and deter customers from visiting. Our dockside gaming facility in Indiana, as well as any additional riverboat or dockside casino properties that might be developed or acquired, are also subject to risks, in addition to those associated with land-based casinos, which could disrupt our operations. Although our Indiana vessel does not leave its moorings in normal operations, there are risks associated with the movement or mooring of vessels on waterways, including risks of casualty due to river turbulence, flooding, collisions with other vessels and severe weather conditions. The ferry boat that we intend to operate at Rising Star will have additional risks related to ferry boat operations.

Our results of operations and financial condition could be materially adversely affected by the occurrence of natural disasters, such as hurricanes, or other catastrophic events, including war, terrorism and gun violence.

Natural disasters, such as major hurricanes, tornados, typhoons, floods, fires and earthquakes, could adversely affect our business and operating results. Hurricanes are common in the areas in which our Mississippi property is located and the severity of such natural disasters is unpredictable. During the fourth quarter of 2017, Hurricane Nate resulted in the temporary closure of The Silver Slipper Casino and Hotel. In 2005, Hurricanes Katrina and Rita caused significant damage in the Gulf Coast region and damaged a casino that previously existed at our Mississippi site. Additionally, our Indiana property is at risk of flooding due to its proximity to the Ohio River.

Catastrophic events, such as terrorist and war activities in the United States and elsewhere, have had a negative effect on travel and leisure expenditures, including lodging, gaming and tourism. Gun violence has also occurred at casinos, including a mass shooting at a casino in Las Vegas in 2017. We cannot accurately predict the extent to which such events may affect us, directly or indirectly, in the future. There also can be no assurance that we will be able to obtain or choose to purchase any insurance coverage with respect to occurrences of terrorist and violent acts and any losses that could result from these acts. If there is a prolonged disruption at our properties due to natural disasters, terrorist attacks or other catastrophic events, our results of operations and financial condition would be materially adversely affected.

Several of our properties, including Silver Slipper, Bronco Billy's and, to a lesser extent, Rising Star, are accessed by our customers via routes that have few alternatives.

The Silver Slipper is located at the end of a dead-end road, with no other access. Bronco Billy's is accessed by most guests via a mountain pass; if that pass is closed for any reason, the alternatives take much longer. Rising Star's primary access from Cincinnati is via a road alongside the Ohio River; if this road were to close, the alternative routes involve more winding roads through the rolling hills inland from the river. If access to any of these roads is blocked for any significant period, our results of operations and financial condition would be materially affected.

We may incur property and other losses that are not adequately covered by insurance, including adequate levels of Weather Catastrophe Occurrence/Named Windstorm, Flood and Earthquake insurance coverage for our properties.

Although we maintain insurance that our management believes is customary and appropriate for our business, there can be no assurance that insurance will be available at reasonable costs in any given year or adequate to cover all losses and damage to which our business or our assets might be subjected. The lack of adequate insurance for certain types or levels of risk could expose us to significant losses in the event that a catastrophe occurred for which we are uninsured or under-insured. Any losses we incur that are not adequately covered by insurance may decrease our future operating income, require us to find replacements or repairs for destroyed property, and reduce the funds available for payments of our obligations.

Because of significant loss experience caused by hurricanes and other natural disasters, a number of insurance companies may stop writing insurance in Class 1 hurricane areas, including Mississippi. Others may significantly limit the amount of coverage they will write in these markets and increase the premiums charged for this coverage. Additionally, uncertainty can occur as to

the viability of certain insurance companies. While we believe that the insurance companies from which we have purchased insurance policies will remain solvent, there is no certainty that this will be the case.

We may face risks related to our ability to receive regulatory approvals required to complete certain acquisitions, mergers, joint ventures, and other developments, as well as other potential delays in completing certain transactions.

Our growth may be fueled, in part, by the acquisition of existing gaming and development properties. In addition to standard closing conditions, our material transactions, including but not limited to acquisitions, are often conditioned on the receipt of regulatory approvals and other hurdles that create uncertainty and could increase costs. Such delays could significantly reduce the benefits to us of such transactions and could have a material adverse effect on our business, financial condition and results of operations.

If we fail to obtain necessary government approvals in a timely manner, or at all, it can adversely impact our various expansion, development, investment and renovation projects.

We have not yet obtained certain permits, licenses, entitlements and approvals necessary for some of our current or anticipated projects. The scope of the approvals required for expansion, development, investment or renovation projects can be extensive and may include gaming approvals, state and local land-use permits and building and zoning permits. Unexpected changes or concessions required by local, state or federal regulatory authorities could involve significant additional costs and delay the scheduled openings of the facilities. We may not obtain the necessary permits, licenses, entitlements and approvals within the anticipated time frames, or at all.

Insufficient or lower-than-expected results generated from our new developments and acquired properties may negatively affect our operating results and financial condition.

We cannot assure you that the revenues generated from our new developments and acquired properties will be sufficient to pay related expenses if and when these developments are completed; or, even if revenues are sufficient to pay expenses, that the new developments and acquired properties will yield an adequate return or any return on our significant investments. As previously discussed, the development of new properties may involve construction, regulatory, legal and competitive risks or local opposition, any of which can significantly increase the anticipated cost of a project. In addition, disagreements or deterioration of any of our joint venture relationships could lead to increased costs, delays, or litigation. Our projects, if completed, may take significantly longer than we expect to generate returns, if any. If our new developments or acquired properties do not achieve the financial results anticipated, it could adversely affect our revenues and results of operations. Moreover, lower-than-expected results from the opening of a new facility may make it more difficult to raise capital.

Higher wage and benefit costs could adversely affect our business.

While the vast majority of our employees earn more than the minimum wage in the relative jurisdictions and receive medical plan benefits from us, changes in federal and state minimum wage laws and other laws relating to employee benefits, including the Patient Protection and Affordable Care Act, could cause us to incur additional wage and benefits costs. Increased labor costs brought about by changes in minimum wage laws, other regulations or prevailing market conditions could increase our expenses, which could have an adverse impact on our profitability, or decrease the number of employees we are able to employ, which could decrease customer service levels at our gaming facilities and therefore adversely impact revenues.

Rising operating costs at our gaming properties could have a negative impact on our business.

The operating expenses associated with our gaming properties could increase due to, among other reasons, the following factors:

- changes in federal, state or local tax or regulations, including state gaming regulations or gaming taxes, could impose additional restrictions or increase our operating costs;
- aggressive marketing and promotional campaigns by our competitors for an extended period of time could force us to increase our expenditures for marketing and promotional campaigns in order to maintain our existing customer base or attract new customers;
- as our properties age, we may need to increase our expenditures for repairs, maintenance, and to replace equipment necessary to operate our business in amounts greater than what we have spent historically;
- our reliance on slot play revenues and any additional costs imposed on us from vendors;

- availability and cost of the many products and services we provide our customers, including food, beverages, retail items, entertainment, hotel rooms, spa and golf;
- availability and costs associated with insurance;
- increases in costs of labor;
- our properties use significant amounts of electricity, natural gas and other forms of energy, and energy price increases may adversely affect our cost structure;
- our properties use significant amounts of water, and a water shortage may adversely affect our operations; and
- at Grand Lodge Casino, we rely on Hyatt Lake Tahoe to provide certain items at reasonable costs, including food, beverages, parking and rooms. Any change in their pricing or the availability of such items may affect our ability to compete.

If our operating expenses increase without any offsetting increase in our revenues, our results of operations would suffer.

Our gaming operations rely heavily on technology services and an uninterrupted supply of electrical power. Our security systems and our slot machines are monitored by computers and are reliant on electrical power to operate.

Any unscheduled disruption in our technology services or interruption in the supply of electrical power could result in an immediate, and possibly substantial, loss of revenues due to a shutdown of our gaming operations. Such interruptions may occur as a result of, for example, a failure of our information technology or related systems, catastrophic events or rolling blackouts. Our systems are also vulnerable to damage or interruption from earthquakes, floods, fires, telecommunication failures, terrorist attacks, computer viruses, computer denial-of-service attacks and similar events.

Our information technology and other systems are subject to cyber-security risk, including misappropriation of customer information or other breaches of information security.

We rely extensively on our computer systems to process customer transactions, manage customer data, manage employee data and communicate with third-party vendors and other third parties, and we may also access the internet to use our computer systems. Our operations require that we collect and store customer data, including credit card numbers and other personal information, for various business purposes, including marketing and promotional purposes. We also collect and store personal information about our employees. Breaches of our security measures or information technology systems or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive personal information or confidential data about us, or our customers, or our employees including the potential loss or disclosure of such information as a result of hacking or other cyber-attack, computer virus, fraudulent use by customers, employees or employees of third party vendors, trickery or other forms of deception or unauthorized use, or due to system failure, could expose us, our customers, our employees or other individuals affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our casino or brand names and reputations or otherwise harm our business. We rely on proprietary and commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of customer information, such as payment card, employee information and other confidential or proprietary information. Our data security measures are reviewed and evaluated regularly, however they might not protect us against increasingly sophisticated and aggressive threats. The cost and operational consequences of implementing further data security measures could be significant.

Additionally, the collection of customer and employee personal information imposes various privacy compliance related obligations on our business and increases the risks associated with a breach or failure of the integrity of our information technology systems. The collection and use of personal information is governed by privacy laws and regulations enacted in the United States and other jurisdictions around the world. Privacy regulations continue to evolve and on occasion may be inconsistent from one jurisdiction to another. Compliance with applicable privacy laws and regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our customers. In addition, non-compliance with applicable privacy laws and regulations by us (or in some circumstances non-compliance by third party service providers engaged by us) may also result in damage of reputation, result in vulnerabilities that could be exploited to breach our systems and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of personal information.

We are subject to environmental laws and potential exposure to environmental liabilities.

We are subject to various federal, state and local environmental laws and regulations that govern our operations, including emissions and discharges into the environment, and the handling and disposal of hazardous and non-hazardous substances and wastes. Failure to comply with such laws and regulations could result in costs for corrective action, penalties or the imposition of other liabilities or restrictions. We also are subject to laws and regulations that impose liability and clean-up responsibility for

releases of hazardous substances into the environment. Under certain of these laws and regulations, a current or previous owner or operator of property may be liable for the costs of remediating contaminated soil or groundwater on or from its property, without regard to whether the owner or operator knew of, or caused, the contamination, as well as incur liability to third parties impacted by such contamination. The presence of contamination, or failure to remediate it properly, may adversely affect our ability to use, sell or rent property. To date, none of these matters or other matters arising under environmental laws has had a material adverse effect on our business, financial condition, or results of operations; however, there can be no assurance that such matters will not have such an effect in the future.

The concentration and evolution of the slot machine manufacturing industry could impose additional costs on us.

A majority of our revenues are attributable to slot machines and related systems operated by us at our gaming facilities. It is important, for competitive reasons, that we offer popular and up-to-date slot machine games to our customers.

A substantial majority of the slot machines sold in the U.S. in recent years were manufactured by only a few companies, and there has been recent consolidation activity within the gaming equipment sector.

In recent years, slot machine manufacturers have frequently refused to sell slot machines featuring the most popular games, instead requiring participation lease arrangements. Participation slot machine leasing arrangements typically often require the payment of a fixed daily rental or a percentage payment of coin-in or net win. Generally, a participation lease is substantially more expensive over the long term than the cost to purchase a new machine.

For competitive reasons, we may be forced to purchase new slot machines or enter into participation lease arrangements that are more expensive than our current costs associated with the continued operation of our existing slot machines. If the newer slot machines do not result in sufficient incremental revenues to offset the increased investment and participation lease costs, it could hurt our profitability.

We are subject to litigation which, if adversely determined, could cause us to incur substantial losses.

From time to time during the normal course of operating our businesses, we are subject to various litigation claims and legal disputes. Some of the litigation claims may not be covered under our insurance policies, or our insurance carriers may seek to deny coverage. As a result, we might also be required to incur significant legal fees, which may have a material adverse effect on our financial position. In addition, because we cannot accurately predict the outcome of any action, it is possible that, as a result of current and/or future litigation, we will be subject to adverse judgments or settlements that could significantly reduce our earnings or result in losses.

We may experience an impairment of our goodwill, which could adversely affect our financial condition and results of operations.

We have recognized a substantial amount of goodwill in connection with the purchase of our owned properties. We test goodwill for impairment annually or more frequently if events or circumstances indicate that the carrying value may not be recoverable. A significant amount of judgment is involved in performing fair value estimates for goodwill since the results are based on estimated future cash flows and assumptions related thereto. Significant assumptions include estimates of future sales and expense trends, liquidity and capitalization, among other factors. We base our fair value estimates on projected financial information, which we believe to be reasonable. However, actual results may differ from those projections. Further, we may need to recognize an impairment of some or all of the goodwill recognized. While such impairment charges do not immediately affect cash flows from operations, they could adversely affect our financial condition and results of operations.

Uncertainties in the interpretation and application of the 2017 Tax Cuts and Jobs Act could materially affect our tax obligations and effective tax rate.

On December 22, 2017, the U.S. enacted comprehensive tax legislation, commonly referred to as the 2017 Tax Cuts and Jobs Act (the "2017 Tax Act"), which significantly affected U.S. tax law by, among other things, reducing the U.S. corporate income tax rate, limiting interest deductions, permitting immediate expensing of certain capital expenditures, revising the rules governing net operating losses and eliminating the deductibility of certain fringe benefits. The 2017 Tax Act requires complex computations not previously required by U.S. tax law. As such, the application of accounting guidance for such items is currently uncertain. Further, compliance with the 2017 Tax Act and the accounting for such provisions require preparation and analysis of information not previously required or regularly produced. In addition, the U.S. Department of Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact how we will apply the law and impact our results of operations in future periods. Accordingly, while we have provided a provisional estimate on the effect of the 2017 Tax Act in our

financial statements, further regulatory or accounting principles generally accepted in the United States of America ("GAAP") accounting guidance for the 2017 Tax Act, our further analysis on the application of the law, and refinement of our initial estimates and calculations could materially change our current provisional estimates. Ultimately, interpretations and regulations related to this new law could affect our tax obligations and effective tax rate.

The market price for our common stock may be volatile, and investors may not be able to sell our stock at a favorable price or at all.

Many factors could cause the market price of our common stock to rise and fall, including:

- actual or anticipated variations in our quarterly results of operations;
- change in market valuations of companies in our industry;
- change in expectations of future financial performance;
- regulatory changes;
- fluctuations in stock market prices and volumes;
- issuance of common stock market prices and volumes;
- the addition or departure of key personnel; and
- announcements by us or our competitors of acquisitions, investments, dispositions, joint ventures or other significant business decisions.

In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to companies' operating performance. Broad market and industry factors may materially harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, shareholder derivative lawsuits and/or securities class-action litigation has sometimes been instituted against that company. Such litigation, if instituted against us, could result in substantial costs and a diversion of management's attention and resources.

Stockholders may be required to dispose of their shares of our common stock if they are found unsuitable by gaming authorities.

Gaming authorities in the U.S. generally can require that any beneficial owner of our common stock and other securities file an application for a finding of suitability. If a gaming authority requires a record or beneficial owner of our securities to file a suitability application, the owner must apply for a finding of suitability within 30 days or at an earlier time prescribed by the gaming authority. The gaming authority has the power to investigate an owner's suitability and the owner must pay all costs of the investigation. If the owner is found unsuitable, then the owner may be required by law to dispose of our securities. Our certificate of incorporation also provides us with the right to repurchase shares of our common stock from certain beneficial owners declared by gaming regulators to be unsuitable holders of our equity securities. The price we may pay to any such beneficial owner may be below the price such beneficial owner would otherwise accept for his or her shares of our common stock.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Substantially all of our assets collateralize our indebtedness, as discussed in Note 7 to the consolidated financial statements set forth in "Item 8. Financial Statements and Supplementary Data".

Silver Slipper Casino and Hotel

We own the facilities and related improvements at the Silver Slipper Casino and Hotel in Hancock County, Mississippi. The property includes approximately 37,000 square feet of gaming space, a surface parking lot, an approximately 800-space parking garage and a 129-room hotel. The casino and hotel are located on 38 acres of leased land, including 31 acres of protected marshlands. The lease expires on April 30, 2058 and contains a purchase option that can be exercised from February 2019 through October 2027. We also lease approximately five acres of land occupied by offices and warehouse space, as well as a small parcel of land with a building and sign.

Bronco Billy's Casino and Hotel

Bronco Billy's Casino and Hotel is located on or near approximately 2.48 acres of owned land and 2.15 acres of leased land in Cripple Creek, Colorado. The property includes approximately 17,000 square feet of gaming space, 24 hotel rooms and several acres of surface parking. A portion of the casino, fourteen of the property's 24 hotel rooms and a portion of the parking lots are subject to a long-term lease that includes renewal options in three-year increments to 2035 and a purchase option that can be exercised at any time. We acquired land and options to purchase or lease land and other facilities surrounding Bronco Billy's, including the freestanding and closed Imperial Casino; the operating historic Imperial Hotel, which offers 12 refurbished guest rooms; and approximately four acres of vacant or underutilized land.

Rising Star Casino Resort

We own the Rising Star Casino Resort in Rising Sun, Indiana. The property consists of a dockside riverboat on the Ohio River with approximately 40,000 square feet of gaming space, a land-based pavilion with approximately 30,000 square feet of meeting and convention space, a 190-room hotel, surface parking and an 18-hole golf course on approximately 311 acres. Additionally, we lease a 104-room hotel pursuant to a capital lease that expires in October 2027 and contains a bargain purchase option. We also own 1.29 acres of vacant land located in Burlington, Kentucky, where we intend to operate a ferry boat service connecting to our property in Indiana.

Stockman's Casino

Included as part of our Northern Nevada segment, we own Stockman's Casino, located on approximately five acres in Fallon, Nevada. The facility offers approximately 8,400 square feet of gaming space, a bar, a fine-dining restaurant and a coffee shop, and approximately 300 surface parking spaces.

Grand Lodge Casino

Included as part of our Northern Nevada segment, the Grand Lodge Casino has 18,900 square feet of gaming space and is integrated into the Hyatt Regency Lake Tahoe Resort, Spa and Casino in Incline Village, Nevada on the north shore of Lake Tahoe. We operate the Grand Lodge Casino pursuant to a lease expiring on August 31, 2023 and own the personal property, including slot machines. The lease is secured by our interests under the lease and is subordinate to our Notes due 2024. Beginning on January 1, 2019, the Lessor has an option to purchase our leasehold interest and operating assets of the Grand Lodge Casino.

Additionally, we have an agreement with Hyatt for exclusive usage of certain hotel rooms and suites by our casino guests.

Corporate

We lease 4,479 square feet of corporate office space in Las Vegas, Nevada pursuant to a lease that expires in January of 2025.

Item 3. Legal Proceedings.

During September 2017, we settled litigation with the contractor and contractor's insurance company involving construction defects at our parking garage at the Silver Slipper Casino and Hotel. The parties agreed to a mutual release of all claims and counterclaims, and the contractor and the contractor's insurance company paid us $675,000. The settlement effectively compensated us for legal and other costs incurred in pursuing the matter from inception, including $0.1 million of legal costs during each of 2017 and 2016. The settlement proceeds reduced selling, general and administrative costs.

We are subject to various legal and administrative proceedings relating to personal injuries, employment matters, commercial transactions and other matters arising in the normal course of business. We do not believe that the outcome of these matters will have a material adverse effect on our financial position, results of operations or cash flows. We maintain what we believe is adequate insurance coverage to further mitigate the risks of such potential negative effects.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the Nasdaq Capital Market under the symbol "FLL." The following table sets forth, for the calendar quarters indicated, the high and low sale prices of our common stock.

	High	Low
Year Ended December 31, 2016		
First Quarter	$ 1.78	$ 1.31
Second Quarter	2.08	1.38
Third Quarter	2.08	1.71
Fourth Quarter	2.49	1.56
Year Ended December 31, 2017		
First Quarter	$ 2.60	$ 2.10
Second Quarter	2.59	2.10
Third Quarter	2.99	2.37
Fourth Quarter	4.10	2.69

On March 5, 2018, the last sale price of our common stock as reported by the Nasdaq Capital Market was $3.11 and we had 86 registered holders of record of our common stock. A substantial portion of holders of our common stock are "street name" or beneficial holders whose shares of record are held by banks, brokers, and other financial institutions. Such holders are not taken into consideration in the number of "registered holders" above.

Dividend Policy

We have not paid any dividends on our common stock to date. The payment of dividends in the future will be contingent upon our revenues and earnings, if any; the terms of our indebtedness; our capital requirements; growth opportunities; and general financial condition. Our debt covenants restrict the payment of dividends and it is the present intention of our board of directors to retain all earnings, if any, for use in our business operations, debt reduction and growth initiatives. Accordingly, we do not anticipate paying any dividends in the foreseeable future.

Item 6. Selected Financial Data.

As a smaller reporting company, as defined by Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this Item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of our results of operations and financial condition should be read together with the other financial information and consolidated financial statements included in this Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from the results anticipated in the forward-looking statements as a result of a variety of factors, including those discussed in Item 1A. "Risk Factors" and elsewhere in this report. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. Full House Resorts, Inc., together with its subsidiaries, may be referred to as "Full House", the "Company", "we", "our" or "us".

Executive Overview

Our primary business is the ownership and/or operation of casino and related hospitality and entertainment facilities, which includes offering casino gambling, hotel accommodations, dining, entertainment and retail outlets, among other amenities. We own or operate five casino properties in four states - Mississippi, Colorado, Indiana and Nevada. We view our Mississippi, Colorado and Indiana properties as distinct operating segments and both of our Nevada properties as one operating segment.

Our portfolio consists of the following:

Property	Acquisition Date	Location
Silver Slipper Casino and Hotel	2012	Hancock County, MS (near New Orleans)
Bronco Billy's Casino and Hotel	2016	Cripple Creek, CO (near Colorado Springs)
Rising Star Casino Resort	2011	Rising Sun, IN (near Cincinnati)
Stockman's Casino	2007	Fallon, NV (one hour east of Reno)
Grand Lodge Casino (leased and part of the Hyatt Regency Lake Tahoe Resort, Spa and Casino)	2011	Incline Village, NV (North Shore of Lake Tahoe)

Our financial results are dependent upon the number of patrons that we attract to our properties and the amounts those guests spend per visit. While we provide credit at some of our casinos where we are permitted to by gaming regulations, most of our revenues are cash-based, through customers wagering with cash or paying for non-gaming services with cash or credit cards. Our revenues are primarily derived from gaming activities, which include slot machines, table games and keno. In addition, we derive a significant amount of revenue from our hotels and our food and beverage outlets. We also derive revenues from our golf course (at Rising Star Casino Resort), retail outlets and entertainment, and expect to derive additional revenues from our newly constructed projects as further described herein. Promotional allowances consist primarily of hotel rooms and food and beverages furnished to customers on a complimentary basis. The retail value of such services is included in the respective revenue classifications and is then deducted as promotional allowances to calculate net revenues. We may experience significant fluctuations in our quarterly operating results due to seasonality, variations in gaming hold percentages and other factors. Consequently, our operating results for any quarter or year are not necessarily comparable and may not be indicative of future periods' results.

Our market environment is highly competitive and capital-intensive. We rely on the ability of our properties to generate operating cash flow to pay interest, repay debt, and fund maintenance capital expenditures. We continuously focus on improving the operating margins of our existing properties through a combination of revenue growth and expense management. We also assess growth and development opportunities, which include capital investments at our existing properties, the development of new properties, and the acquisition of existing properties.

Recent Developments

In May 2016, we acquired Bronco Billy's Casino and Hotel, which further diversified our operations geographically. We also completed a $5 million rights offering in November 2016 to help fund approximately $10 million of growth projects at our properties, with some projects completed in 2016 and 2017, and others estimated for completion in 2018, as further discussed below.

In November 2017, we announced plans to build an approximately 150-guest room hotel in Cripple Creek, Colorado, adjoining and integral with our existing Bronco Billy's Casino and Hotel. The expansion is expected to include a spa, parking garage, convention and entertainment space, and a high-end restaurant. During September and October of 2017, we acquired land and options to purchase or lease land and other facilities surrounding Bronco Billy's, forming an approximately six-acre site. The assembled land package includes the freestanding and closed Imperial Casino; the operating historic Imperial Hotel, which offers 12 refurbished guest rooms; and approximately four acres of vacant or underutilized land. We may exercise our options to purchase the Imperial Hotel and to purchase or lease the former Imperial Casino, which we are considering reopening as a part of the proposed expansion of Bronco Billy's. The expansion is contingent upon obtaining financing on acceptable terms, among other contingencies.

On February 2, 2018, we issued $100 million of new senior secured notes due 2024 (the "Notes"). The proceeds were used to fund the repayment of our outstanding First Lien and Second Lien Credit Facilities, the associated refinancing costs, and to provide for working capital needs, capital expenditures, and general corporate purposes.

Key Performance Indicators

We use several key performance indicators to evaluate the operations of our properties. These key performance indicators include the following:

Gaming revenue indicators:

Slot coin-in is the gross dollar amount wagered in slot machines and table game drop is the total amount of cash or credit exchanged into chips at table games for use by our customers. Slot coin-in and table game drop are indicators of volume.

Slot win is the difference between customer wagers and customer winnings on slot machines. Table game hold is the difference between the amount of money or markers exchanged into chips at the tables and chips redeemed. Slot win and table game hold percentages represent the relationship between slot win and coin-in and table game win and drop.

Room revenue indicators:

Hotel occupancy rate is an indicator of the utilization of our available rooms. Complimentary room sales, or the retail value of accommodations gratuitously furnished to customers, are included in the calculation of the hotel occupancy rate.

Net revenue and operating expense indicators:

We utilize as indicators (i) net revenues (adjusted to exclude net revenues from acquisitions), and (ii) operating expenses (adjusted to exclude operating expenses from acquisitions), as management believes these are important metrics for measuring the performance of the Company and its segments. The only acquisition during the periods presented was the acquisition of Bronco Billy's. Bronco Billy's results of operations are included in the consolidated results of the Company beginning May 13, 2016.

Adjusted EBITDA, Adjusted Property EBITDA and Adjusted Property EBITDA Margin:

Management uses Adjusted EBITDA as a measure of our performance. For a description of Adjusted EBITDA see "Non-GAAP Measure". We utilize Adjusted Property EBITDA as the measure of segment profit in assessing performance and allocating resources at the reportable segment level. For information regarding our operating segments, see Note 14 to the consolidated financial statements set forth in "Item 8. Financial Statements and Supplementary Data". Additionally, we use Adjusted Property EBITDA Margin, which is calculated by dividing Adjusted Property EBITDA by the property's net revenues.

Results of Operations - 2017 Compared to 2016

Consolidated operating results

The following summarizes our consolidated operating results for the years ended December 31, 2017 and 2016:

(In thousands)	For the Years Ended December 31,		
	2017	2016	Percent Change
Net revenues	$ 161,267	$ 145,992	10.5 %
Operating expenses	154,210	139,803	10.3 %
Operating income	7,057	6,189	14.0 %
Interest and other non-operating expenses, net	12,235	10,653	14.9 %
Income tax (benefit) provision	(150)	630	(123.8)%
Net loss	$ (5,028)	$ (5,094)	(1.3)%

(In thousands)	For the Years Ended December 31,		
	2017	2016	Percent Change
Casino revenues			
Slots	$ 125,329	$ 113,171	10.7%
Table games	18,716	18,039	3.8%
Other	450	374	20.3%
	144,495	131,584	9.8%
Non-casino revenues, net			
Food and beverage	11,869	9,925	19.6%
Hotel	1,686	1,547	9.0%
Other	3,217	2,936	9.6%
	16,772	14,408	16.4%
Total net revenues	$ 161,267	$ 145,992	10.5%

The following discussion is based on our consolidated financial statements for the years ended December 31, 2017 and 2016, unless otherwise described. Results for Bronco Billy's are included beginning with its acquisition date, May 13, 2016.

Revenues. Consolidated net revenues increased due in part to the inclusion of Bronco Billy's for the full period. Excluding Bronco Billy's segment net revenues, our consolidated net revenues increased 4.1%, led by an 8.4% increase at Silver Slipper. Net revenues at Rising Star and Northern Nevada were approximately flat. See further information within our reportable segments described below.

Operating expenses. Consolidated operating expenses increased primarily due to the inclusion of Bronco Billy's for the full 2017 period. Excluding Bronco Billy's segment operating expenses, operating expenses increased 4.1%, primarily related to Silver Slipper and Northern Nevada, while Rising Star was flat. The increase in costs was partially offset by the resolution of the Silver Slipper parking garage litigation, which resulted in us receiving legal settlement proceeds. We also had significant acquisition costs in 2016, but not 2017, related to the purchase of Bronco Billy's in May 2016. See further information within our reportable segments described below.

Interest and other non-operating expense, net.

Interest Expense

(In thousands)	For the Year Ended December 31,	
	2017	2016
Interest cost (excluding debt issuance cost amortization)	$ 10,104	$ 8,422
Amortization of debt issuance costs	882	1,064
Capitalized interest	(130)	—
	$ 10,856	$ 9,486

Interest expense increased due to $35 million of additional borrowings related to the acquisition of Bronco Billy's on May 13, 2016.

Other non-operating expense, net

During 2017, we incurred $1.4 million of non-operating expense from the change in fair value of our common stock warrant liability. This amount compares to $1.2 million of non-operating expense during 2016, which resulted from $0.6 million of debt modification costs in conjunction with our debt refinancing in May 2016 and a change in the fair value of our common stock warrant liability of $0.6 million. The common stock warrant liability is adjusted to fair value each quarter, with the increase in fair value during 2017 primarily related to the increase in our share price.

Income taxes. Our effective income tax rate for 2017 and 2016 was 2.9% and (14.1)%, respectively. Our tax rate differs from the statutory rate of 34% primarily due to the effects of changes in tax law, changes in valuation allowance, and items that are permanently treated differently for GAAP and tax purposes. During 2017, we continued to provide a valuation allowance against our deferred tax assets, net of any available deferred tax liabilities. In future years, if it is determined that we meet the "more likely than not" threshold of utilizing our deferred tax assets, we may reverse some or all of our valuation allowance against our deferred tax assets.

On December 22, 2017, the Tax Act was enacted which, beginning in 2018, will reduce the maximum corporate statutory rate from 35% to 21%. As of the date of enactment, we have reduced our federal deferred tax assets and related valuation allowance for the new statutory rate, resulting in an income tax benefit of $0.9 million for 2017.

We do not expect to pay any federal income taxes or receive any federal tax refunds related to our 2017 results of operations. Tax losses incurred in 2017 may shelter taxable income in future years, but because of the level of uncertainty regarding sufficient prospective earnings, we maintain a valuation allowance against our deferred tax assets, as mentioned above.

Additionally, in Indiana, for purposes of determining taxable income for state income taxes, Indiana law requires riverboats to “add back” any deduction allowed on the taxpayer’s federal income tax return for wagering taxes. Legislation passed in 2017 provides for a gradual phase-out of the add back requirement, beginning in the taxable year after December 31, 2018. For a period of eight years, the add back requirement will be reduced by 12.5% each year, culminating in a complete elimination of the add back requirement for taxable years beginning after December 31, 2025.

See Note 9 to the consolidated financial statements set forth in "Item 8. Financial Statements and Supplementary Data”, for a more detailed discussion.

Operating results – reportable segments

We manage our casinos based on geographic regions within the United States. Accordingly, Stockman’s Casino and Grand Lodge Casino comprise our Northern Nevada business segment, while Silver Slipper Casino and Hotel, Bronco Billy's Casino and Hotel and Rising Star Casino Resort are currently distinct segments.

The following table presents detail by segment of our consolidated net revenue, Adjusted Property EBITDA and Adjusted EBITDA. Management uses Adjusted Property EBITDA as the measure of segment profit.

(In Thousands)	For the Years Ended December 31,		
	2017	2016	Percent Change
Net Revenues			
Silver Slipper Casino and Hotel	$ 64,046	$ 59,093	8.4 %
Bronco Billy's Casino and Hotel	26,222	16,220	n/a
Rising Star Casino Resort	49,751	49,472	0.6 %
Northern Nevada Casinos	21,248	21,207	0.2 %
	$ 161,267	$ 145,992	10.5 %
Adjusted Property EBITDA and Adjusted EBITDA			
Silver Slipper Casino and Hotel	$ 10,733	$ 9,994	7.4 %
Bronco Billy's Casino and Hotel	4,758	3,423	n/a
Rising Star Casino Resort	2,678	2,931	(8.6)%
Northern Nevada Casinos	2,789	3,941	(29.2)%
Adjusted Property EBITDA	20,958	20,289	3.3 %
Corporate and other	(4,491)	(4,105)	(9.4)%
Adjusted EBITDA	$ 16,467	$ 16,184	1.7 %

Silver Slipper Casino and Hotel

Net revenues increased due to successful marketing and food and beverage promotions that resulted in increases in both customer counts and gaming volumes. Slot revenues, which accounted for approximately 89% of our casino revenue, increased 7.7%, with both slot coin-in and slot hold percentage rising during 2017. Table games revenue decreased 1%. Non-gaming net revenues (principally food and beverage revenues) grew 23.7% during the year, and hotel occupancy was 88.3% compared to 87.8% in the prior-year. Growth in 2017 was achieved despite an unusually cold and icy December and an active hurricane season, including the passage of Hurricane Nate. Hurricane Nate did not cause any meaningful damage to the property, but it disrupted our business for several days in the fourth quarter.

Adjusted Property EBITDA increased primarily from the growth in net revenue described above, along with the legal settlement related to our parking garage litigation described below, which helped offset an increase in selling, general and administrative costs. Our casino expenses and food and beverage costs also increased, primarily due to increased volume and promotions. Adjusted Property EBITDA margin was 16.8% in 2017 compared to 16.9% in 2016.

During September 2017, we settled litigation involving construction defects at our parking garage. The contractor and contractor's insurance company paid us $675,000 in exchange for a mutual release of claims and counterclaims. The settlement, which was recorded as a reduction to selling, general and administrative costs, effectively reimbursed us for costs incurred in pursuing those claims from inception, including $538,000 of legal fees. We opted to settle due to the uncertainty of receiving full recovery of our costs incurred to both pursue the claims and to repair the parking garage. See Note 10 to the consolidated financial statements set forth in “Item 8. Financial Statements and Supplementary Data” for further information regarding the lawsuit and settlement.

During the second quarter of 2017, we opened a new oyster bar on the casino floor. During the third quarter of 2017, we opened a swimming pool and beach complex along the property's white sand beach.

Bronco Billy's Casino and Hotel

Bronco Billy's was acquired on May 13, 2016, and therefore the year-to-date amounts for the 2016 period do not include Bronco Billy's results for a full year. For further information about the acquisition, see Note 3 to the consolidated financial statements set forth in “Item 8. Financial Statements and Supplementary Data”.

During 2017, net revenues and Adjusted Property EBITDA were consistent with our expectations and recent historical performance. Casino revenues are primarily generated from slot machines, and our slot coin-in and hold percentages were also consistent with recent historical performance. Adjusted Property EBITDA during the 2016 short-period included lower-than-normal gaming tax expense due to certain anomalies related to the timing of the acquisition and Colorado's graduated gaming tax

rate structure. These gaming tax anomalies benefited the second quarter of 2016 by approximately $0.3 million. The market in Cripple Creek, Colorado is seasonal, favoring the summer months.

As discussed in the "Executive Overview", we announced plans to build a high-quality hotel adjoining the existing Bronco Billy's Casino and Hotel, among other improvements.

Rising Star Casino Resort

Net revenues increased modestly as slot revenues were flat, table games revenues increased 3.2%, and promotional allowances decreased 8.7%. Non-gaming net revenues increased 5.8% during 2017 and our hotel occupancy increased to 87.5% from 85.6% in the prior-year.

Adjusted Property EBITDA decreased due to increased food and beverage costs and, during the fourth quarter of 2017, significant snowfall that adversely affected guest visitation. Additionally, there was heightened promotional activity by Rising Star and its competitors during the fourth quarter of 2017. Adjusted Property EBITDA Margin declined to 5.4% in 2017 compared to 5.9% during 2016.

We opened our 56-space RV Park in the third quarter of 2017.

Northern Nevada

Net revenues were flat despite significant business interruption due to renovation construction activity at Grand Lodge Casino during the first and second quarters of 2017. At Stockman's Casino, cosmetic facility improvements and certain operational changes helped increase net revenues 3.3%, which offset a modest decline in net revenues at Grand Lodge Casino.

Adjusted Property EBITDA decreased primarily due to rises in promotional costs, salaries, and benefits. Adjusted Property EBITDA Margin declined to 13.1% during 2017 primarily from these cost increases, compared to 18.6% in 2016.

On June 30, 2017, in conjunction with our landlord, we completed the approximately $5 million renovation of the Grand Lodge Casino. Of this, we invested approximately $1.5 million in new slot machines, gaming equipment and similar improvements while our landlord paid for physical changes to the leased facility. The renovation included new décor and lighting throughout the casino. These changes improved the ambiance of the casino floor and the overall guest experience. The renovation began during February 2017 and caused us to close portions of our casino floor, which impacted our second quarter financial results. The renovation was completed on-budget and in accordance with our planned construction schedule prior to the start of our busy summer season.

During 2017, Hyatt began charging customers for valet and self-parking. We are permitted to validate free parking for casino customers, but we believe the parking turnstiles and paid parking policies adversely affected our casino operations.

Our Northern Nevada operations have historically been seasonal, with the summer months accounting for a disproportionate share of annual revenues. The winter ski season is also important and snowfall levels during the winter months also frequently have a positive or negative effect. Grand Lodge Casino is located near several ski resorts, including Alpine Meadows, Northstar and Squaw Valley. Normally, we benefit from a "good" snow year, resulting in extended periods of operation at the nearby ski areas. During the first quarter of 2017, however, the snowfall was exceptional (one of the highest in recorded Lake Tahoe history), resulting in extended periods of road closures and power outages. Nevertheless, we believe that the favorable ski season helped offset part of the construction disruption at Grand Lodge Casino from our renovation discussed above. Conversely, during the fourth quarter of 2017, a lack of snowfall in the Lake Tahoe area adversely affected visitation to the area's ski resorts and, accordingly, to Grand Lodge Casino.

Corporate and Other

Corporate expenses increased primarily due to increases in salaries and benefits.

In August 2016, we executed a lease for 4,479 square feet of office space in Las Vegas, Nevada. The new corporate space, while significantly smaller, is in a higher-quality office building and more convenient for consultants, lenders, investors and others with whom we do business. Monthly expenditures for rent in the new office space are currently $14,000 per month versus $11,000 per month under the previous lease, which was nearing the end of its term and expected to increase in cost. We began occupying the new office space in June 2017.

Non-GAAP Measure

"Adjusted EBITDA" is earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening expenses, impairment charges, asset write-offs, recoveries, gain (loss) from asset disposals, project development and acquisition costs, and non-cash share-based compensation expense. Adjusted EBITDA information is presented solely as supplemental disclosure to measures reported in accordance with generally accepted accounting principles in the United States of America ("GAAP") because management believes these measures are (i) widely used measures of operating performance in the gaming and hospitality industries, (ii) a principal basis for valuation of gaming and hospitality companies, and (iii) are utilized in the covenants within our debt agreements, although not necessarily defined in the same way as above. Adjusted EBITDA is not, however, a measure of financial performance or liquidity under GAAP. Accordingly, this measure should be considered supplemental and not a substitute for net income (loss) or cash flows as an indicator of our operating performance or liquidity.

The following table presents a reconciliation of net loss to Adjusted EBITDA:

(In thousands)	**For the Years Ended December 31,**	
	2017	**2016**
Net loss	$ (5,028)	$ (5,094)
Income tax (benefit) provision	(150)	630
Loss before income taxes	(5,178)	(4,464)
Non-operating expense, net		
Interest expense, net of amounts capitalized	10,856	9,486
Debt modification costs	—	624
Adjustment to fair value of warrants	1,379	543
	12,235	10,653
Operating income	7,057	6,189
Depreciation and amortization	8,602	7,928
(Gain) loss on asset disposals	(1)	344
Project development and acquisition costs	284	1,314
Share-based compensation	525	409
Adjusted EBITDA	$ 16,467	$ 16,184

The following tables present reconciliations of operating income (loss) to Adjusted Property EBITDA and Adjusted EBITDA:

	For the Year Ended December 31, 2017 (In thousands)					
	Operating income (loss)	Depreciation and amortization	(Gain) loss on asset disposals	Project development and acquisition costs	Stock compensation	Adjusted EBITDA
Casino properties						
Silver Slipper Casino and Hotel	$ 7,355	$ 3,370	$ 8	$ —	$ —	$ 10,733
Bronco Billy's Casino and Hotel	2,889	1,875	(6)	—	—	4,758
Rising Star Casino Resort	181	2,497	—	—	—	2,678
Northern Nevada Casinos	2,029	766	(6)	—	—	2,789
	12,454	8,508	(4)	—	—	20,958
Other operations						
Corporate	(5,397)	94	3	284	525	(4,491)
	(5,397)	94	3	284	525	(4,491)
	$ 7,057	$ 8,602	$ (1)	$ 284	$ 525	$ 16,467

	For the Year Ended December 31, 2016 (In thousands)					
	Operating income (loss)	Depreciation and amortization	Loss on asset disposals, net	Project development and acquisition costs	Stock compensation	Adjusted EBITDA
Casino properties						
Silver Slipper Casino and Hotel	$ 6,654	$ 3,308	$ 32	$ —	$ —	$ 9,994
Bronco Billy's Casino and Hotel	2,200	1,215	8	—	—	3,423
Rising Star Casino Resort	277	2,645	9	—	—	2,931
Northern Nevada Casinos	2,900	746	295	—	—	3,941
	12,031	7,914	344	—	—	20,289
Other operations						
Corporate	(5,842)	14	—	1,314	409	(4,105)
	(5,842)	14	—	1,314	409	(4,105)
	$ 6,189	$ 7,928	$ 344	$ 1,314	$ 409	$ 16,184

Operating expenses deducted to arrive at operating income (loss) in the above tables include facility rents related to: (i) Silver Slipper of $1.5 million in 2017 and $1.3 million in 2016, (ii) Northern Nevada segment of $1.9 million in 2017 and 2016, and (iii) Bronco Billy's of $0.3 million during 2017 and $0.2 million from May 13, 2016 through December 31, 2016. Capital lease payments of $0.7 million during 2017 and $0.6 million during 2016 related to Rising Star's hotel are not deducted as such payments are accounted for as interest expense and amortization of the capitalized-lease-related debt.

Liquidity and Capital Resources

Cash Flows

As of December 31, 2017, we had $19.9 million of unrestricted cash and equivalents and our $2 million Revolving Loan under our First Lien Credit Facility was undrawn and fully available. Management currently estimates that approximately $12 million of cash and equivalents is required for our day-to-day operations.

Our casinos are our primary sources of income and operating cash flows. There can be no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available in amounts sufficient to enable us to pay our indebtedness or fund our other liquidity needs. Subject to the effects of the economic uncertainties discussed herein, we believe that adequate financial resources (including from operating cash flows and external debt and equity financing) will be available to fund ongoing operating requirements over the next 12 months; however, there can be no assurances of our ability to obtain additional financing to fund our growth efforts.

Cash flows – operating activities. On a consolidated basis, cash provided by operations during 2017 was $7.1 million compared to $7.9 million in 2016. Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but are also affected by changes in working capital accounts such as receivables, prepaid expenses, and payables. The decrease in our operating cash flows during 2017 compared to 2016 was primarily due to working capital timing differences.

Cash flows – investing activities. On a consolidated basis, cash used in investing activities during 2017 was $11.2 million, which primarily related to several growth projects at our existing properties. Cash used in investing activities during 2016 was $28.5 million and primarily related to the acquisition of Bronco Billy's.

Cash flows – financing activities. On a consolidated basis, cash used in financing activities during 2017 was $3.1 million, which related to principal repayments for our First Lien Term Loan and the capital lease for the hotel at Rising Star, and debt issuance costs for our debt refinancing. Cash provided by financing activities during 2016 was $33.1 million, primarily related to $35 million of Second Lien Term Loan proceeds to finance the acquisition of Bronco Billy's and $4.6 million of rights offering proceeds, partially offset by First Lien Term Loan and Revolving Loan repayments.

Other Factors Affecting Liquidity

We have significant outstanding debt and contractual obligations in addition to planned capital expenditures. We expect to meet these obligations and planned capital expenditure requirements primarily through future anticipated operating cash flows,

cash and equivalents and allowances for additional debt under our new indenture. However, our operations are subject to financial, economic, competitive, regulatory and other factors, many of which are beyond our control. If we are unable to generate sufficient operating cash flow and/or the capital markets do not facilitate incremental issuances of debt, we could be required to adopt one or more alternatives, such as reducing, delaying, or eliminating certain planned capital expenditures, selling assets, or obtaining additional equity financing.

Long-Term Debt. At December 31, 2017, we had $96.1 million of principal indebtedness, including $41.1 million under our First Lien Credit Facility and $55 million under our Second Lien Credit Facility. We also owed $5.3 million related to our capital lease. As discussed in the "Executive Overview" above, on February 2, 2018, we refinanced our First Lien and Second Lien Credit Facilities by issuing $100 million of new senior secured notes due 2024. The proceeds from the Notes offering were used to pay off all of our outstanding First and Second Lien Credit Facilities, pay for costs associated with the refinancing, provide ongoing working capital, provide funds for capital expenditures, and for general corporate purposes. We paid $0.7 million in conjunction with the closing of the refinancing. We currently estimate, based on current LIBOR rates, that our cash interest expense in 2018 will be approximately $9 million, including the interest component of our capital lease. This estimate is based on our total outstanding debt and applicable interest rates within the next twelve months, including the estimated impact of changes from our refinancing subsequent to year end.

Common Stock Warrants. In 2016, we granted our Second Lien Lenders warrants representing rights to purchase approximately 1.0 million shares of our common stock at $1.67 per share, the average trading price of our common stock during a 60-day period bracketing the date of issuance. The warrants include redemption rights which allow the warrant-holders, at their option, to require us to repurchase all or a portion of the warrants upon the occurrence of certain triggering events. The refinancing of the Second Lien Credit Facility qualified as a triggering event. As of the date of this filing, the Second Lien Lenders have not exercised these redemption rights. If they do exercise their redemption rights, we have the option of paying them in cash or with a four-year note on terms stipulated in the warrant agreement. See Note 7 to the consolidated financial statements set forth in "Item 8. Financial Statements and Supplementary Data", for further information associated with these warrants which could affect our liquidity and capital resources.

Hyatt Option to Purchase our Leasehold Interest and Related Assets. Our lease with Hyatt to operate the Grand Lodge Casino contains an option for Hyatt, beginning on January 1, 2019, to purchase our leasehold interest and related casino operating assets. See Note 10 to the consolidated financial statements set forth in "Item 8. Financial Statements and Supplementary Data", for further information about this option and related rental commitments that could affect our liquidity and capital resources.

Capital Investments. We have made significant investments through 2017 and expect to make additional capital investments during 2018 and beyond. These capital investments are being funded partially by our existing and operational cash flows and partially from borrowings. These investments are designed to improve the guest experience and to drive visitation, revenue and income growth. For the projects listed below, we expect to invest an estimated $4 million during 2018.

Rising Star Casino Resort - We are making significant improvements at Rising Star, including:

- Implementation of a 10-vehicle ferry boat service to Kentucky, which will significantly shorten the distance for customers traveling from Kentucky to Rising Star. We have received a conditional use permit from the Boone County Board of Adjustment for a ferry landing on land that we own in Burlington, Kentucky. Commencement of ferry boat operations remains subject to additional approvals, including but not limited to, the Army Corps of Engineers and the U.S. Coast Guard;
- Improvements to the entry pavilion, as well as the hotel's lobby and hallways, beginning in early 2018; and
- Refurbishment of a portion of the casino to include a VIP room and sense-of-arrival improvements.

We anticipate investing $3 million during 2018 for these projects.

Stockman's Casino - Our new porte cochère was completed during the first quarter of 2018.

Bronco Billy's - As discussed above in the "Executive Overview", we acquired land and options whereby a high-quality hotel and other amenities may be potentially constructed at this property. In addition, we may exercise our options to purchase the Imperial Hotel and to purchase or lease the former Imperial Casino, which we are considering reopening as a part of the proposed expansion of Bronco Billy's. We have invested $0.6 million in this project to date, including $0.2 million for the cost of the options. We anticipate investing $0.4 million during 2018 related to the exercise of some of the land options. Any significant additional investment is subject to the receipt of various approvals in Cripple Creek, including the vacation of certain streets that bisect the proposed project. For further information, see Note 10 to the consolidated financial statements set forth in "Item 8. Financial Statements and Supplementary Data".

Additionally, we may fund various other capital expenditure projects, depending on our financial resources. Our capital expenditures may fluctuate due to decisions regarding strategic capital investments in new or existing facilities, and the timing of capital investments to maintain the quality of our properties. No assurance can be given that any of our planned capital expenditure projects will be completed or that any completed projects will be successful.

We evaluate projects based on a number of factors, including profitability forecasts, length of the development period, the regulatory and political environment, and the ability to secure the funding necessary to complete the development or acquisition, among other considerations. No assurance can be given that any additional projects will be pursued or completed or that any completed projects will be successful.

Principal Debt Arrangements

First Lien and Second Lien Credit Facilities

Our First Lien Credit Facility included a First Lien Term Loan of $45 million and Revolving Loan of $2 million, and our Second Lien Credit Facility included a term loan facility of $55 million. At December 31, 2017, we owed $41.1 million under our First Term Loan, our Revolving Loan was undrawn, and we owed $55 million under our Second Lien Credit Facility. On February 2, 2018 the Company refinanced its existing outstanding First Lien Credit Facility and Second Lien Credit Facility, as further discussed below.

Senior Secured Notes due 2024

As discussed above, on February 2, 2018, we refinanced our existing outstanding First Lien and Second Lien Credit Facilities with $100 million of new senior secured notes due 2024. The Notes are secured by liens on substantially all of our assets and are guaranteed by all of our restricted subsidiaries.

The Notes incur interest at the greater of LIBOR or 1%, plus 700 basis points (increasing to 750 basis points under circumstances, as discussed below) payable quarterly, require quarterly principal payments of $0.25 million, additional annual principal payments based on excess cash flows (as defined and beginning after the 2018 calendar year), and the payment of unpaid interest and principal due February 2, 2024. The indenture governing the Notes provides for a 50 basis point interest premium if Mr. Lee reduces his equity interests by 50% or more while serving as the Company's CEO. Mr. Lee has no current intention to sell any shares.

Mandatory prepayments of the Notes will be required upon the occurrence of certain events, including sales of certain assets. We may redeem the Notes, in whole or in part, at any time at the applicable redemption price plus accrued and unpaid interest. The redemption price through February 1, 2019 is the greater of 101% of the outstanding principal or a "make whole" provision, as defined in the Notes. Thereafter, the Notes may be prepaid at 102% of par through February 1, 2020, 101.5% through February 1, 2021, 100.5% through February 1, 2022 and 100% thereafter.

Covenants

The First Lien and Second Lien Credit Facilities contained customary representations and warranties, events of default, and positive and negative covenants, including limits on capital expenditures and the maintenance of specified financial covenants.

The Notes similarly contain representations and warranties, customary events of default, and positive, negative and financial covenants, including that we maintain compliance with a maximum total leverage ratio, which measures EBITDA against outstanding indebtedness (as defined). The total leverage covenant ratio requirements are 5.75x through March 31, 2018, 5.50x through June 30, 2018, 5.50x through September 30, 2018, and 5.25x through December 31, 2018. We are allowed to deduct up to $15 million of our cash and equivalents (beyond estimated cash utilized in daily operations) in calculating the numerator of such covenants.

As of December 31, 2017, we were in compliance with our covenants; however, there can be no assurances that we will remain in compliance with all covenants in the future. See Note 7 to the consolidated financial statements set forth in "Item 8. Financial Statements and Supplementary Data" for more information about our First Lien and Second Lien Credit Facilities and Notes due 2024.

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Securities and Exchange Commission Regulation S-K, that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical Accounting Estimates and Policies

Our consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. Certain of our accounting policies require that we apply significant judgment in defining the appropriate assumptions for calculating estimates that affect reported amounts and disclosures. By their nature, judgments are subject to an inherent degree of uncertainty, and therefore actual results may differ from our estimates. We believe the following critical accounting policies affect the most significant judgments and estimates used in the preparation of our consolidated financial statements.

Impairment of Long-lived Assets, Goodwill and Indefinite-Lived Intangibles

Our long-lived assets include property and equipment, goodwill, and indefinite-lived intangibles and are evaluated at least annually (and more frequently when circumstances warrant) to determine if events or changes in circumstances indicate that the carrying value may not be recoverable. Examples of such events or changes in circumstances that might indicate impairment testing is warranted might include, as applicable, an adverse change in the legal, regulatory or business climate relative to gaming nationally or in the jurisdictions in which we operate, or a significant long-term decline in historical or forecasted earnings or cash flows or the fair value of our property or business, possibly as a result of competitive or other economic or political factors. In evaluating whether a loss in value is other than temporary, we consider: (i) the length of time and the extent to which the fair value or market value has been less than cost; (ii) the financial condition and near-term prospects of the casino property, including any specific events which may influence the operations; (iii) our intent related to the asset and ability to retain it for a period of time sufficient to allow for any anticipated recovery in fair value; (iv) the condition and trend of the economic cycle; (v) historical and forecasted financial performance; and (vi) trends in the general market.

We review the carrying value of our property and equipment used in our operations whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from estimated future undiscounted cash flows expected to result from its use and eventual disposition. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then an impairment is recorded based on the fair value of the asset. Fair value is typically measured using a discounted cash flow model whereby future cash flows are discounted using a weighted-average cost of capital, developed using a standard capital-asset pricing model, based on guideline companies in our industry.

We test our goodwill and indefinite-lived intangible assets for impairment annually during the fourth quarter or when a triggering event occurs. For our 2017 and 2016 annual impairment tests, we utilized the option to perform a qualitative analysis for our goodwill and indefinite-lived intangibles and concluded it was more likely than not that the fair values of such intangibles exceeded their carrying values. Any impairment charges incurred are not reversed if a subsequent evaluation concludes a higher valuation than the carrying value.

Fixed Asset Capitalization and Depreciation Policies

We define a fixed asset as a unit of property that (i) has an economic useful life that extends beyond 12 months and (ii) was acquired or produced for a cost greater than $2,500 for a single asset or greater than $5,000 for a group of assets. Property and equipment are stated at cost. For the majority of our property and equipment, cost was determined at the acquisition date based on estimated fair values. We acquired Bronco Billy's in May 2016, Silver Slipper in October 2012, Rising Star in April 2011 and Stockman's in January 2007. Project development costs, which are amounts expended on the pursuit of new business opportunities, and acquisition-related costs are expensed as incurred. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. When we construct assets, we capitalize direct costs of the project, including fees paid to architects and contractors and property taxes. Salaries are capitalized only for employees working directly on the project. In addition, interest cost associated with major development and construction projects is capitalized as part of the cost of the project. Interest is typically capitalized on amounts expended on the project using the weighted-average cost of our outstanding borrowings. Capitalization of interest starts when construction activities begin and ceases when construction is substantially complete or development activity is suspended for more than a brief period.

We must make estimates and assumptions when accounting for capital expenditures. Whether an expenditure is considered a maintenance expense or a capital asset is sometimes a matter of judgment. When constructing or purchasing assets, we must determine whether existing assets are being replaced or otherwise impaired, which also may be a matter of judgment. In addition, our depreciation expense is highly dependent on the assumptions we make about our assets' estimated useful lives. We determine the estimated useful lives based on our experience with similar assets, engineering studies, and our estimate of the usage of the asset. Whenever events or circumstances occur which change the estimated useful life of an asset, we account for the change prospectively.

Goodwill and Business Combinations

Goodwill represents the excess of the purchase price over fair value of net tangible and other intangible assets acquired in connection with business combinations. We accounted for our acquisition of casino properties, most recently Bronco Billy's Casino and Hotel, along with the prior acquisitions of Silver Slipper Casino and Hotel and Rising Star Casino Resort, as business combinations. In a business combination, we determine the fair value of acquired assets, including identifiable intangible assets, assumed liabilities, and non-controlling interests, if any. The fair value of the acquired business is allocated to the acquired assets, assumed liabilities, and non-controlling interests based on their fair value, with any remaining fair value allocated to goodwill. This allocation process requires use of estimates and assumptions, including estimates of future cash flows to be generated by the acquired assets.

Intangible Assets

Our indefinite-lived intangible assets primarily include the cost of gaming licenses and trade names. Gaming licenses represent the rights to conduct gaming in certain jurisdictions and trade names represent the fair value of the casino name's brand recognition. The value of our gaming licenses were primarily estimated using a derivation of the income approach to valuation. The value of the Bronco Billy's trade names utilized the "relief from royalty" method which primarily utilizes comparable royalty agreements to determine value. Indefinite-lived intangible assets are not amortized unless it is determined that their useful life is no longer indefinite. We periodically review our indefinite-lived assets to determine whether events and circumstances continue to support an indefinite useful life. If it is determined that an indefinite-lived intangible asset has a finite useful life, then the asset is tested for impairment and is subsequently accounted for as a finite-lived intangible asset.

Our finite-lived intangible assets include customer loyalty programs, land leases and water rights. Finite-lived intangible assets are amortized over the shorter of their contractual or economic useful lives.

Customer loyalty programs represent the value of repeat business associated with the casinos' loyalty programs when we acquired the properties. Such values were determined using a derivation of the income approach to valuation. The valuation analyses for the active-rated players were based on estimated revenues and attrition rates. The Silver Slipper Casino and Hotel and Rising Star Casino Resort maintain historical information for the proportion of revenues attributable to the rated play. The value of the customer loyalty programs are amortized over three years, their assumed economic useful life.

Revenue Recognition and Promotional Allowances

Our revenue recognition policies follow casino industry practices. Casino revenue is the aggregate net difference between gaming wins and losses, with certain liabilities recognized including progressive jackpots, earned customer loyalty incentives, funds deposited by customers before gaming play occurs, and for certain chips and tokens in the customers' possession. Key performance indicators related to gaming revenue are slot coin-in and table game drop (volume indicators) and "win" or "hold" percentage.

Hotel rooms, food and beverage and other services provided by us on a complimentary basis are recorded at estimated retail value, then subtracted as promotional allowances (a contra-revenue item) to calculate net revenues. The actual estimated cost of providing such goods and services is then charged as a casino operating expense.

Hotel, food and beverage, entertainment and other operating revenues are recognized as these services are performed. Advance deposits on rooms and advance ticket sales are recorded as deferred revenue until services are provided to the customer without regard to whether they are refundable. Sales and similar revenue-linked taxes (except for gaming taxes) collected from customers on behalf of, and submitted to, taxing authorities are also excluded from revenue and recorded as a current liability.

Customer Loyalty Programs

We have customer loyalty programs at each of our properties – Silver Slipper Casino Players Club, Bronco Billy's MVP "Most Valuable Players" Club, Rising Star Rewards Club™, Grand Lodge Players Advantage Club® and the Stockman's Winner's Club. Under these programs, customers earn points based on their volume of wagering that may be redeemed for various benefits, such as free play, cash back, complimentary dining, or hotel stays, among others, depending on each property's specific offers. We also occasionally offer sweepstakes and other promotions for tracked customers that do not require redemption of points. The cost of points redeemed for cash is recorded as a reduction of gaming revenue, and the cost of points redeemed for complimentary goods or services is recorded as an operating expense of the gaming department. Unredeemed points are forfeited if the customer becomes and remains inactive for a specified period of time.

Loyalty programs are a part of the total marketing program. The amount of marketing reinvestment (complimentaries to players, promotional awards, entertainment, etc.) is based on the specific property and competitive assumptions. We track the percentage of promotional and marketing costs compared to gaming revenue for an efficient use and return on our marketing investment. Our properties are in highly-competitive promotional environments due to the high amounts of incentives offered by our competition.

Accounts Receivable Allowance for Doubtful Accounts

Accounts receivable consist primarily of casino, hotel and other receivables, are typically non-interest bearing, and are carried net of an appropriate collection allowance to approximate fair value. The allowances for doubtful accounts are estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions. Accounts are written off when management deems the account to be uncollectible and recoveries of accounts previously written off are recorded when received.

Income Taxes

We are subject to federal and state taxes in the United States. Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We make these estimates and judgments about our future taxable income that are based on assumptions that are consistent with our future plans. Tax laws, regulations, and administrative practices may be subject to change due to economic or political conditions, including fundamental changes to the applicable tax laws. As of December 31, 2017, we had recorded a full valuation allowance on our net deferred tax assets because we were unable to determine that it is more likely than not that our deferred tax assets will be realized within the foreseeable future. Should the actual amounts differ from our estimates, the amount of our valuation allowance could be materially impacted.

Our income tax returns are subject to examination by the IRS and other tax authorities. Positions taken in tax returns are sometimes subject to uncertainty in the tax laws and may not ultimately be accepted by the IRS or other tax authorities. We assess our tax positions using a two-step process. A tax position is recognized if it meets a "more likely than not" threshold. It is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized. Additionally, we recognize accrued interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Common Stock Warrant Liability

We measure the fair value of our common stock warrants at each reporting period based on Level 3 inputs as determined by GAAP. Due to the variable terms regarding the timing of the settlement of the warrants, the Company utilizes a "Monte Carlo" simulation approach, a mathematical technique used to model the probability of different outcomes, to measure the fair value of the warrants. The simulation included certain estimates by Company management regarding the estimated timing of the settlement of the warrants. Significant increases or decreases in those management estimates would result in a significantly higher or lower fair value measurement. Changes in the fair value measurement of our warrant liability are measured quarterly, including changes caused by increases or decreases in our stock price, and are expensed or credited to income during the measurement period.

Share-based Compensation

We have granted shares of common stock and stock options to key members of management and the board of directors. Accounting standards require us to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognize that cost over the service period. Share-based compensation expense from stock awards is included in general and administrative expense. Vesting is contingent upon certain conditions, including continuous service of the individual recipients. We use the Black-Scholes valuation model to determine the estimated fair value for each option grant issued. The Black-Scholes-determined fair value, net of forfeitures, is amortized as compensation cost on a straight-line basis over the service period.

Recently Issued Accounting Pronouncements Not Yet Adopted

See Note 2 as set forth in "Item 8. Financial Statements and Supplementary Data" for a discussion of recently issued accounting pronouncements not yet adopted.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, as defined by Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON CONSOLIDATED FINANCIAL STATEMENTS

Board of Directors and Stockholders
Full House Resorts, Inc. and Subsidiaries
Las Vegas, Nevada

Opinion on the Consolidated Financial Statements. We have audited the accompanying consolidated balance sheets of Full House Resorts, Inc. and Subsidiaries (the Company) as of December 31, 2017 and 2016, and the related consolidated statements of operations, shareholders' equity and cash flows, for each of the two years in the period ended December 31, 2017, and the notes to the consolidated financial statements (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States (U.S.).

Basis for Opinion. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

/s/ Piercy Bowler Taylor & Kern
Certified Public Accountants

We have served as the Company's auditor since 2004
Las Vegas, Nevada
March 8, 2018

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)

	Year Ended December 31,	
	2017	**2016**
Revenues		
Casino	$ 144,495	$ 131,584
Food and beverage	32,471	28,797
Hotel	8,863	8,637
Other operations	4,444	4,394
Gross revenues	190,273	173,412
Less promotional allowances	(29,006)	(27,420)
Net revenues	161,267	145,992
Operating expenses		
Casino	76,305	68,127
Food and beverage	12,528	9,804
Hotel	1,084	969
Other operations	1,923	1,561
Project development and acquisition costs	284	1,314
Selling, general and administrative	53,472	49,756
Depreciation and amortization	8,602	7,928
Loss on disposal of assets and other, net	12	344
	154,210	139,803
Operating income	7,057	6,189
Other expense, net		
Interest expense, net of amounts capitalized	(10,856)	(9,486)
Debt modification costs	—	(624)
Adjustment to fair value of stock warrants	(1,379)	(543)
	(12,235)	(10,653)
Loss before income taxes	(5,178)	(4,464)
Income tax (benefit) expense	(150)	630
Net loss	$ (5,028)	$ (5,094)
Basic and diluted loss per share	$ (0.22)	$ (0.26)
Basic and diluted weighted average number of common shares outstanding	22,882,960	19,601,842

See notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31,	
	2017	**2016**
ASSETS		
Current assets		
Cash and equivalents	$ 19,910	$ 27,038
Accounts receivable, net of allowance for doubtful collection of $103 and $53	1,760	1,909
Inventories	1,692	1,329
Prepaid expenses	2,849	2,809
	26,211	33,085
Property and equipment, net	114,058	111,465
Goodwill	21,286	21,286
Other intangible assets, net	10,936	10,966
Deposits	994	404
	147,274	144,121
	$ 173,485	$ 177,206
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 5,182	$ 4,910
Accrued payroll and related	3,115	3,126
Other accrued expenses	8,846	7,996
Current portion of long-term debt	1,000	1,688
Current portion of capital lease obligation	421	419
	18,564	18,139
Common stock warrant liability and other long-term obligations	2,689	1,117
Long-term debt, net of current portion	93,566	94,246
Capital lease obligation, net of current portion	4,861	5,318
Deferred tax liability	1,757	1,907
	121,437	120,727
Commitments and contingencies (Notes 8 and 10)		
Stockholders' equity		
Common stock, $0.0001 par value, 100,000,000 shares authorized; 24,294,084 and 24,221,558 shares issued; 22,937,489 and 22,864,963 shares outstanding	2	2
Additional paid-in capital	51,868	51,271
Treasury stock, 1,356,595 common shares	(1,654)	(1,654)
Retained earnings	1,832	6,860
	52,048	56,479
	$ 173,485	$ 177,206

See notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2017 and 2016
(In thousands)

	Common Stock		Additional Paid-in	Treasury Stock			Total Stockholders'
December 31, 2017	**Shares**	**Dollars**	**Capital**	**Shares**	**Dollars**	**Retained Earnings**	**Equity**
Beginning balances	24,221	$ 2	$ 51,271	1,357	$ (1,654)	$ 6,860	$ 56,479
Share-based compensation and option exercises	73	—	597	—	—	—	597
Net loss	—	—	—	—	—	(5,028)	(5,028)
Ending balances	24,294	$ 2	$ 51,868	1,357	$ (1,654)	$ 1,832	$ 52,048

	Common Stock		Additional Paid-in	Treasury Stock			Total Stockholders'
December 31, 2016	**Shares**	**Dollars**	**Capital**	**Shares**	**Dollars**	**Retained Earnings**	**Equity**
Beginning balances	20,326	$ 2	$ 46,221	1,357	$ (1,654)	$ 11,954	$ 56,523
Issuance of common stock, net of issuance costs	3,846	—	4,641	—	—	—	4,641
Share-based compensation	49	—	409	—	—	—	409
Net loss	—	—	—	—	—	(5,094)	(5,094)
Ending balances	24,221	$ 2	$ 51,271	1,357	$ (1,654)	$ 6,860	$ 56,479

See notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,	
	2017	**2016**
Cash flows from operating activities:		
Net loss	$ (5,028)	$ (5,094)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	8,602	7,928
Amortization of debt issuance costs and warrants	882	1,088
Change in fair value of stock warrants	1,379	543
(Gain) loss on disposals and other	(1)	567
Share-based compensation	525	409
Changes in operating assets and liabilities:		
Accounts receivable	149	(445)
Inventories and prepaid expenses	(403)	(5)
Deferred taxes	(150)	631
Accounts payable and accrued expenses	1,188	2,298
Net cash provided by operating activities	7,143	7,920
Cash flows from investing activities:		
Acquisition of Bronco Billy's, net of cash acquired	—	(28,369)
Purchase of property and equipment	(11,070)	(3,496)
Restricted cash	—	569
Proceeds from repayment of tribal advance	—	250
Refunded acquisition deposit and other, net	(141)	2,536
Net cash used in investing activities	(11,211)	(28,510)
Cash flows from financing activities:		
First Term Loan repayments	(2,249)	(2,688)
Revolving Loan repayments	—	(2,000)
Second Term Loan borrowings	—	35,000
Repayment of long-term debt on capital lease obligation	(455)	(433)
Deferred financing costs	(429)	(1,466)
Proceeds from issuance of common stock, net of issuance costs	—	4,641
Proceeds from exercise of stock options	73	—
Net cash (used in) provided by financing activities	(3,060)	33,054
Net (decrease) increase in cash and equivalents	(7,128)	12,464
Cash and equivalents, beginning of year	27,038	14,574
Cash and equivalents, end of year	$ 19,910	$ 27,038
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest, net of amounts capitalized	$ 9,909	$ 8,187
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Accrued capital expenditures	$ 1,435	$ 1,367
Issuance of common stock warrants	$ —	$ 574

See notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Formed as a Delaware corporation in 1987, Full House Resorts, Inc. owns, leases, operates, develops, manages, and/or invests in casinos and related hospitality and entertainment facilities. References in this document to "Full House", the "Company", "we", "our," or "us" refer to Full House Resorts, Inc. and its subsidiaries, except where stated or the context otherwise indicates.

We currently operate five casinos; four are part of real estate that we own or lease and one is located within a hotel owned by a third party. The following table identifies the properties along with their dates of acquisition and locations:

Property	Acquisition Date	Location
Silver Slipper Casino and Hotel	2012	Hancock County, MS (near New Orleans)
Bronco Billy's Casino and Hotel	2016	Cripple Creek, CO (near Colorado Springs)
Rising Star Casino Resort	2011	Rising Sun, IN (near Cincinnati)
Stockman's Casino	2007	Fallon, NV (one hour east of Reno)
Grand Lodge Casino (leased and part of the Hyatt Regency Lake Tahoe Resort, Spa and Casino)	2011	Incline Village, NV (North Shore of Lake Tahoe)

We manage our casinos based on geographic regions within the United States. See Note 14 for further information.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Accounting. The consolidated financial statements include the accounts of Full House and its wholly-owned subsidiaries. All material intercompany accounts and transactions have been eliminated.

Except when otherwise required by accounting principles generally accepted in the United States of America ("GAAP"), we measure all of our assets and liabilities on the historical cost basis of accounting.

Use of Estimates. The consolidated financial statements have been prepared in conformity with GAAP. These principles require the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value and the Fair Value Input Hierarchy. Fair value measurements affect our accounting for net assets acquired in acquisition transactions and certain financial assets and liabilities, such as our common stock warrant liability. Fair value measurements are also used in our periodic assessments of long-lived tangible and intangible assets for possible impairment, including for property and equipment, goodwill, and other intangible assets. Fair value is defined as the expected price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP categorizes the inputs used for fair value into a three-level hierarchy. "Level 1" inputs are most readily observable, such as quoted prices in an active market for identical assets or liabilities; "Level 2" inputs, such as observable inputs for similar assets in less active markets; and "Level 3" inputs, which are unobservable and may include metrics that market participants would use to estimate values, such as revenue and earnings multiples and relative rates of return.

Cash Equivalents. Cash equivalents include cash involved in operations and cash in excess of daily requirements that is invested in highly liquid, short-term investments with initial maturities of three months or less when purchased.

Inventories. Inventories consist primarily of food, beverage and retail items, and are stated at the lower of cost or net realizable value. Costs are determined using the first-in, first-out and the weighted average methods.

Accounts Receivable. Accounts receivable consist primarily of casino, hotel and other receivables, are typically non-interest bearing, and are carried net of an appropriate collection allowance to approximate fair value. Allowances for doubtful accounts are estimated based on specific review of customer accounts including the customers' willingness and ability to pay and nature of any collateral, if any, as well as historical collection experience and current economic and business conditions. Accounts are written off when management deems the account to be uncollectible and recoveries of accounts previously written off are recorded when received.

Property and Equipment. Property and equipment are stated at cost and are capitalized and depreciated while normal repairs and maintenance are charged to expense. A significant amount of the Company's property and equipment was acquired through business combinations and therefore recognized at fair value at the acquisition date. Gains or losses on dispositions of property and equipment are included in operating expenses, effectively as adjustments to depreciation estimates.

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount of property, plant and equipment should be assessed, including, among others, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present, we estimate the future cash flows expected to result from the use of the asset (or asset group) and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets or the term of the lease, whichever is appropriate under the circumstances. We determine the estimated useful lives based on our experience with similar assets, estimated usage of the asset, and industry practice. Whenever events or circumstances occur which change the estimated useful life of an asset, we account for the change prospectively. Depreciation and amortization is provided over the following estimated useful lives:

Land improvements	15 to 18 years
Buildings and improvements	3 to 44 years
Furniture, fixtures and equipment	2 to 10 years

Leases. We lease certain property and equipment used in our operations under long-term operating leases some of which include scheduled increases in minimum rents. These operating lease payments are recognized as rent expense with scheduled rent increases recognized on a straight-line basis over the initial lease term. Some of our property and equipment is held under capital leases. These assets are included in property and equipment and amortized over the term of the lease. We do not report rent expense for capital leases. Rather, rental payments under the lease are recognized as a reduction of the capital lease obligation and interest expense.

Goodwill and Indefinite-lived Intangible Assets. Goodwill represents the excess of the purchase price of Bronco Billy's Casino and Hotel, Silver Slipper Casino and Hotel, Rising Star Casino Resort and Stockman's Casino over the estimated fair value of their net tangible and other intangible assets on the acquisition date, net of subsequent impairment charges. Our other indefinite-lived intangible assets primarily include certain license rights to conduct gaming in certain jurisdictions and trade names. Goodwill and other indefinite-lived intangible assets are not amortized, but are periodically tested for impairment and the appropriateness of remaining estimated useful lives.

These tests for impairment are performed annually during the fourth quarter or when a triggering event occurs.

Finite-lived Intangible Assets. Our finite-lived intangible assets include customer loyalty programs, land lease acquisition costs and water rights. Finite-lived intangible assets are amortized over the shorter of their contractual or economic lives. We periodically evaluate the remaining useful lives of these intangible assets to determine whether events and circumstances warrant a revision to the remaining period of amortization and the possible need for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Debt Issuance Costs and Debt Discounts. Debt issuance costs and debt discounts incurred in connection with the issuance of debt have been included as a component of the carrying amount of debt and are amortized over the contractual term of the debt to interest expense using the effective interest method. When our existing debt agreements are modified, we amortize such costs to interest expense using the effective interest method over the terms of the modified debt agreement.

Revenue Recognition and Promotional Allowances. Casino revenue is the aggregate net difference between gaming wins and losses, with certain liabilities recognized including progressive jackpots, earned customer-loyalty incentives, funds deposited by customers before gaming play occurs and for chips and tokens in the customers' possession.

Hotel, food and beverage, entertainment and other operating revenues are recognized as these services are performed. Advance deposits on rooms and advance ticket sales are recorded as liabilities until services are provided to the customer without regard to whether they are refundable. Sales and similar revenue-linked taxes collected from customers on behalf of, and submitted to, taxing authorities are also excluded from revenue and recorded as a current liability.

Revenues are recognized net of certain sales incentives and, accordingly, cash incentives for gambling activity such as cash back and free play have been netted against gross revenues. The retail value of hotel accommodations, food and beverage items and entertainment provided to guests without charge is included in revenues and then deducted as promotional allowances to arrive at net revenues. The estimated costs of providing these promotional allowances are primarily included in casino operating expenses. The amounts in promotional allowances and the estimated cost of such promotional allowances are noted in the tables below:

Retail Value of Promotional Allowances

(In thousands)	Year Ended December 31,	
	2017	2016
Food and beverage	$ 20,602	$ 18,872
Rooms	7,177	7,090
Other incentives	1,227	1,458
	$ 29,006	$ 27,420

Costs of Providing Promotional Allowances

(In thousands)	Year Ended December 31,	
	2017	2016
Food and beverage	$ 20,462	$ 17,324
Rooms	4,584	4,426
Other incentives	855	975
	$ 25,901	$ 22,725

Advertising Costs. Costs for advertising are expensed as incurred or the first time the advertising takes place and are included in selling, general and administrative expenses. Total advertising costs were $3.7 million and $3.4 million for the years ended December 31, 2017 and 2016, respectively.

Customer Loyalty Programs. We have customer loyalty programs at each of our properties – the Silver Slipper Casino Players Club, Bronco Billy's MVP "Most Valuable Players" Club, Rising Star Rewards Club™, Grand Lodge Players Advantage Club® and Stockman's Winner's Club. Under these programs, customers earn points based on their volume of wagering that may be redeemed for various benefits, such as free play, cash back, complimentary dining, or hotel stays, among others, depending on each property's specific offers. Unredeemed points are forfeited if the customer becomes and remains inactive for a specified period of time. At December 31, 2017 and 2016, our liability for the estimated cost to provide such benefits totaled $1.3 million. Such amounts are included in "other accrued expenses" on the consolidated balance sheets.

Project Development and Acquisition Costs. Project development and acquisition costs consist of amounts expended on the pursuit of new business opportunities and acquisitions, which are expensed as incurred. During 2017, these costs were associated with potential projects in Indiana. During 2016, these costs were related to both the acquisition of Bronco Billy's and potential projects in Indiana.

Share-based Compensation. Share-based compensation costs are measured at the grant date, based on the estimated fair value of the award using the Black-Scholes option pricing model for stock options, and based on the closing share price of the Company's stock on the grant date for other share-based awards. The cost is recognized as an expense on a straight-line basis over the employee's requisite service period (the vesting period of the award) net of forfeitures, which are recognized as they occur.

Legal Defense Costs. We do not accrue for estimated future legal and related defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters. Instead, we record such costs as period costs when the related services are rendered.

Income Taxes. Effective January 1, 2017, the Company adopted Accounting Standards Update ("ASU") No. 2015-17, "Balance Sheet Classification of Deferred Taxes," ("ASU 2015-17") issued by the Financial Accounting Standards Board. This update requires that deferred tax liabilities and assets, along with any related valuation allowance, be classified as non-current in a classified statement of financial position. The update allows for retrospective application. Accordingly, as of December 31, 2016, we reclassified the current portion of deferred tax assets of $42,000 and the current portion of deferred tax liabilities of $723,000, to non-current deferred tax liabilities.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are provided against deferred tax assets when it is deemed more likely than not that some portion or all of the deferred tax asset will not be realized within a reasonable time period.

Our income tax returns are subject to examination by the Internal Revenue Service ("IRS") and other tax authorities. Positions taken in tax returns are sometimes subject to uncertainty in the tax laws and may not ultimately be accepted by the IRS or other tax authorities. We assess our tax positions using a two-step process. A tax position is recognized if it meets a "more likely than not" threshold, and is measured at the largest amount of benefit that is greater than 50 percent likely of being realized. Additionally, we recognize accrued interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Earnings (loss) per share. Earnings (loss) per share is computed by dividing net income (loss) applicable to common stock by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects the additional dilution for all potentially-dilutive securities, including stock options and warrants, using the treasury stock method.

For the years ended December 31, 2017 and 2016, we recorded a net loss. Accordingly, all potentially dilutive securities, totaling 3,497,842 and 3,064,518 shares, were excluded from the loss per share computation, as their effect would be anti-dilutive.

Other reclassifications. Certain minor reclassifications have been made to 2016 amounts to conform to the current-period presentation. Such reclassifications had no effect on the previously reported net loss or retained earnings.

Recently Issued Accounting Pronouncements Not Yet Adopted. In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," ("ASU 2016-02"), which replaces the existing guidance in ASC 840, Leases. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. ASU 2016-02 requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. The Company is currently assessing the impact that adoption of this guidance will have on its consolidated financial statements and footnote disclosures.

In May 2014, the FASB issued a comprehensive new revenue recognition model, ASU 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). ASU 2014-09 has been amended by ASU 2015-14, ASU 2016-08, ASU 2016-10, ASU 2016-11 and ASU 2016-12, which the FASB issued in August 2015, March 2016, April 2016, May 2016 and May 2016, respectively. The effective date for the amended ASU 2014-09 is for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. ASU 2014-09 outlines a new, single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including gaming industry specific guidance. ASU 2014-09 also provides a five-step analysis in determining how and when the revenue is recognized and will require revenue recognition to represent the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. Revenues are defined as inflows or other enhancements of assets of an entity or settlements of its liabilities (or a combination of both) from delivering or producing goods, rendering services, or other activities that constitute the entity's ongoing major or central operations.

The Company adopted the accounting standard relating to revenue recognition during the first quarter of 2018 and is in the process of implementing the new guidance and continues to assess the impacts it will have on its consolidated financial statements and footnote disclosures. The standard permits the use of either the retrospective or modified retrospective transition method. The Company has identified the following impacts under the new revenue recognition standard as the Company: (i) will no longer be permitted to recognize revenues for complimentary goods and services provided to customers as an inducement to gamble as gross revenue with a corresponding offset to promotional allowances to arrive at net revenues, as the Company expects the majority of such amounts will offset casino revenues, and (ii) will change the manner the Company accrues customer benefits related to its customer loyalty programs as the resulting liabilities will be recorded using the retail value of such benefits. The quantitative effects of these changes along with the transition method are still being analyzed.

Management believes that there are no other recently issued accounting standards not yet effective that are likely to have a material impact on our financial statements.

3. ACQUISITION

On May 13, 2016, we completed our acquisition of Bronco Billy's Casino and Hotel from Pioneer Group, Inc. for consideration of $31.1 million, inclusive of an adjustment for net working capital. The acquisition included the three contiguous licensed operations in Cripple Creek, Colorado known as Bronco Billy's Casino, Buffalo Billy's Casino and Billy's Casino (collectively referred to as "Bronco Billy's"). The results of Bronco Billy's operations have been included in the consolidated financial statements since that date. The acquisition was financed primarily through a $35 million increase in our Second Lien Credit Facility (see Note 7).

During the fourth quarter of 2016, we completed our valuation analysis. Our fair value estimates utilize significant unobservable inputs and thus represent Level 3 fair value measurements. The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

Cash and equivalents	$	2,682
Other current assets		258
Property and equipment		16,694
Goodwill		4,806
Gaming licenses		7,000
Trade names		1,800
Total assets		33,240
Current liabilities		2,189
Net assets acquired	$	31,051

Goodwill, which represents the excess of the purchase price over the estimated fair value of the assets acquired, was primarily attributable to expected synergies and the economic benefits arising from other assets acquired that could not be individually identified and separately recognized, including the assembled workforce. All of the goodwill is expected to be deductible for income tax purposes.

From May 13, 2016 through December 31, 2016, Bronco Billy's revenues were $16.2 million, operating income was $2.2 million and net income was $2.0 million, and were included in our consolidated statements of operations for the year ended December 31, 2016. The Company incurred $0.6 million of project development and acquisition costs related to this business combination during 2016.

The following unaudited pro forma consolidated income statement for the Company includes the results of Bronco Billy's as if the acquisition and related financing transactions occurred on January 1, 2015. The pro forma financial information does not necessarily represent the results that might have actually occurred or may occur in the future. The pro forma amounts include the historical operating results of Full House and Bronco Billy's prior to the acquisition, adjusted only for matters directly attributable to the acquisition, which primarily include interest expense related to the amended and restated First Lien and Second Lien Credit Facilities (see Note 7). The pro forma results also reflect adjustments for the removal of non-recurring expenses directly attributable to the transaction of $1.4 million during 2016. These non-recurring expenses primarily related to acquisition costs and debt modification costs. The pro forma results do not include any anticipated synergies or other expected benefits from the acquisition.

Pro Forma Consolidated Statement of Operations

(In thousands except per share data, unaudited)

	Year Ended December 31, 2016
Net revenues	$ 154,734
Net loss	(5,818)
Basic and diluted loss per share	(0.30)

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following (in thousands):

	December 31,	
	2017	**2016**
Land and improvements	$ 15,376	$ 14,548
Buildings and improvements	106,728	102,410
Furniture and equipment	41,281	37,312
Construction in progress	2,723	868
	166,108	155,138
Less accumulated depreciation and amortization	(52,050)	(43,673)
	$ 114,058	$ 111,465

Property and equipment included assets under capitalized leases related to our hotel at Rising Star Casino Resort (Note 8) as follows (in thousands):

	December 31,	
	2017	**2016**
Leased land and improvements	$ 215	$ 215
Leased buildings and improvements	5,787	5,787
Leased furniture and equipment	1,724	1,724
	7,726	7,726
Less accumulated amortization	(2,087)	(1,586)
	$ 5,639	$ 6,140

5. GOODWILL AND INTANGIBLES

Goodwill:

The following tables set forth changes in the carrying value of goodwill by segment (in thousands):

	December 31, 2017			
	Gross Carrying Value	Additions	Accumulated Impairments	Balance at End of the Year
Silver Slipper Casino and Hotel	$ 14,671	$ —	$ —	$ 14,671
Bronco Billy's Casino and Hotel	4,806	—	—	4,806
Rising Star Casino Resort	1,647	—	(1,647)	—
Northern Nevada	5,809	—	(4,000)	1,809
Goodwill, net of accumulated impairment losses	$ 26,933	$ —	$ (5,647)	$ 21,286

	December 31, 2016			
	Gross Carrying Value	Additions	Accumulated Impairments	Balance at End of the Year
Silver Slipper Casino and Hotel	$ 14,671	$ —	$ —	$ 14,671
Bronco Billy's Casino and Hotel	—	4,806	—	4,806
Rising Star Casino Resort	1,647	—	(1,647)	—
Northern Nevada	5,809	—	(4,000)	1,809
Goodwill, net of accumulated impairment losses	$ 22,127	$ 4,806	$ (5,647)	$ 21,286

Intangible Assets:

The following tables set forth changes in the carrying value of intangible assets (in thousands):

	December 31, 2017				
	Estimated Life (Years)	Gross Carrying Value	Accumulated Amortization	Accumulated Impairments, Net	Intangible Assets, Net
Customer Loyalty Programs	3	$ 7,600	$ (7,600)	$ —	$ —
Land Lease and Water Rights	46	1,420	(163)	—	1,257
Gaming Licenses	Indefinite	17,981	—	(10,203)	7,778
Trade Names	Indefinite	1,800	—	—	1,800
Trademarks	Indefinite	101	—	—	101
		$ 28,902	$ (7,763)	$ (10,203)	$ 10,936

	December 31, 2016				
	Estimated Life (Years)	Gross Carrying Value	Accumulated Amortization	Accumulated Impairments, Net	Intangible Assets, Net
Customer Loyalty Programs	3	$ 7,600	$ (7,600)	$ —	$ —
Land Lease and Water Rights	46	1,420	(132)	—	1,288
Gaming Licenses	Indefinite	17,981	—	(10,203)	7,778
Trade Names	Indefinite	1,800	—	—	1,800
Trademarks	Indefinite	100	—	—	100
		$ 28,901	$ (7,732)	$ (10,203)	$ 10,966

There were no impairments to goodwill or intangible assets for the years ended December 31, 2017 and 2016.

Customer Loyalty Programs. Customer loyalty programs represent the value of repeat business associated with our loyalty programs. The values of $5.9 million for Silver Slipper and $1.7 million for Rising Star's customer loyalty programs, respectively, were determined using a multi-period excess earning method of the income approach, which examines the economic returns contributed by the identified tangible and intangible assets of a company, and then isolates the excess return, which is attributable to the asset being valued, based on cash flows attributable to the customer loyalty program.

Land Lease Acquisition Costs and Water Rights. Silver Slipper recognized intangible assets related to its lease agreement with Cure Land Company, LLC (see Note 10). The lease was valued at $1 million and represents the excess fair value of the land over the estimated net present value of the land lease payments, and the water rights value of $0.4 million represented the fair value of the water rights based upon market rates in Hancock County, Mississippi.

Gaming Licenses. Gaming licenses represent the value of the license to conduct gaming in certain jurisdictions, which are subject to highly extensive regulatory oversight and, in some cases, a limitation on the number of licenses available for issuance. The values of gaming licenses were primarily estimated using a multi-period excess earning method of the income approach, which examines the economic returns contributed by the identified tangible and intangible assets of a company, and then isolates the excess return, which is attributable to the asset being valued, based on cash flows attributable to the gaming license.

Trade Names. Trade names represents the value of the Bronco Billy's casino name which has existed for approximately 25 years and provides brand recognition. The value was estimated using a multi-period excess earning method of the income approach based upon comparable trade name royalty agreements.

Current and Future Amortization. Intangible asset amortization expense was $31,000 for each of the years ended December 31, 2017 and December 31, 2016, respectively.

Total amortization expense for intangible assets is expected to be $31,000 for each of the years ending 2018 through 2022 and $1.1 million thereafter.

6. ACCRUED LIABILITIES

Other accrued expenses consisted of the following (in thousands):

	December 31,	
	2017	2016
Player club points and progressive jackpots	$ 3,166	$ 2,901
Real estate and personal property taxes	1,564	1,538
Gaming and other taxes	1,801	1,667
Gaming related accruals	442	622
Accrued rent	1,032	443
Other	841	825
	$ 8,846	$ 7,996

7. LONG-TERM DEBT, SUBSEQUENT EVENT AND COMMON STOCK WARRANT LIABILITY

Long-Term Debt

Debt Refinancing. On February 2, 2018, the Company refinanced its existing outstanding First Lien Credit Facility and Second Lien Credit Facility (together, the "First Lien and Second Lien Credit Facilities") with the closing of $100 million of new senior secured notes due 2024 (the "Notes"). Accordingly, a portion of the previously expected current maturities under the First Lien and Second Lien Credit Facilities are reflected as long-term as of December 31, 2017. The current portion of long-term debt at that date reflects expected payments on the Notes during 2018.

Proceeds from the Notes offering were used to fully repay the First Lien and Second Lien Credit Facilities (including a 2% prepayment premium related to the Second Lien Credit Facility) and to fund other refinancing costs.

The Notes include a 2% original issue discount, quarterly interest payments at the greater of LIBOR or 1%, plus a margin rate of 700 basis points (increasing to 750 basis points under certain circumstances, as defined) and quarterly principal payments of $0.25 million. The Company is also required to redeem the Notes with any excess cash flow, as calculated annually and defined in the Notes, beginning with its annual results for the 2018 fiscal year. Management believes that no additional principal payments will be required during 2018 due to its capital expenditures, which reduce the excess cash flow, as defined.

The Notes are collateralized by substantially all of the Company's assets and guarantees by all of our subsidiaries. The Notes also contain representations and warranties, customary events of default, and positive, negative and financial covenants, including that the Company maintain compliance with a maximum total leverage ratio, which measures EBITDA against outstanding indebtedness (as defined). Mandatory prepayments of the Notes will be required upon the occurrence of certain events, including sales of certain assets.

The Company may redeem the Notes, in whole or in part, at any time at the applicable redemption price plus accrued and unpaid interest.

Prior Credit Facilities. On May 13, 2016, we entered into an amended and restated First Lien Credit Facility which included a First Term Loan of $45 million and Revolving Loan of $2 million, and an amended and restated Second Lien Credit Facility which included a term loan facility increase from $20 million to $55 million, of which the additional proceeds of $35 million were used primarily to complete our acquisition of Bronco Billy's.

The First Lien Credit Facility was due to mature in May 2019 and included quarterly principal payments as defined and interest based on the greater of the elected LIBOR (as defined) or 1.0%, plus a margin rate of 4.25%. The Second Lien Credit Facility was due to mature in November 2019 with all principal due at maturity, included interest at 13.5% and had a prepayment premium of 2% as of December 31, 2017.

The First Lien and Second Lien Credit Facilities contained customary representations and warranties, events of default, and positive and negative covenants, including limits on capital expenditures and the maintenance of specified financial covenants including a total leverage ratio, a first lien leverage ratio, and a fixed-charge coverage ratio. We were in compliance with our covenants as of December 31, 2017.

Long-term debt, related discounts and issuance costs consisted of the following:

(In thousands)	December 31, 2017			
	Outstanding Principal	Unamortized Discount	Unamortized Debt Issuance Costs	Long-term Debt, Net
First Term Loan	$ 41,063	$ —	$ (313)	$ 40,750
Revolving Loan	—	—	—	—
Second Term Loan	55,000	(305)	(879)	53,816
	96,063	(305)	(1,192)	94,566
Less current portion	(1,000)	—	—	(1,000)
	$ 95,063	$ (305)	$ (1,192)	$ 93,566

(In thousands)	December 31, 2016			
	Outstanding Principal	Unamortized Discount	Unamortized Debt Issuance Costs	Long-term Debt, Net
First Term Loan	$ 43,312	$ —	$ (561)	$ 42,751
Revolving Loan	—	—	—	—
Second Term Loan	55,000	(469)	(1,348)	53,183
	98,312	(469)	(1,909)	95,934
Less current portion	(1,688)	—	—	(1,688)
	$ 96,624	$ (469)	$ (1,909)	$ 94,246

Maturities of Long-Term Debt. Future maturities under the First Lien and Second Lien Credit Facilities ("Prior Facilities") and Notes follow (in thousands):

	Prior Facilities	Notes
2018	$ 2,250	$ 1,000
2019	93,813	1,000
2020	—	1,000
2021	—	1,000
2022	—	1,000
Thereafter	—	95,000
	$ 96,063	$ 100,000

Common Stock Warrant Liability

As part of the Second Lien Credit Facility, on May 13, 2016, the Company granted the second lien lenders 1,006,568 warrants, representing 5% of the outstanding common equity of the Company at that time, as determined on a fully-diluted basis. The warrants have an exercise price of $1.67 (the average trading price of the Company's common stock during a 60-day period bracketing the completion of the financing) and expire on May 13, 2026. The warrants also provide the warrant holders with redemption rights, pre-emptive rights under certain circumstances to maintain their 5% ownership interest in the Company, piggyback registration rights and mandatory registration rights after two years. The redemption rights allow the warrant holders, at their option, to require the Company to repurchase all or a portion of all of the warrants in the event of: (i) the maturity of the Second Lien Credit Facility, (ii) an acceleration pursuant to the Second Lien Credit Facility, (iii) a refinancing, repayment or other transaction decreasing the aggregate principal amount of the Second Lien Facility debt outstanding as of May 13, 2016 by more than 50%, (iv) a liquidity event, as defined, or (v) the Company's insolvency. The repurchase value is the 21-day average price of the Company's stock at the time of the event, as defined, net of the warrant exercise price. If the redemption rights are exercised, the repurchase amount is payable by the Company in cash or through the issuance of an unsecured note with a four-year term and a minimum interest rate of 13.25%, as further defined. Although unsecured, the note would be guaranteed by the Company's subsidiaries. Alternatively, the second lien lenders may choose to have the Company register and sell the shares related to the warrants through a public stock offering.

The refinancing of the Second Lien Credit Facility on February 2, 2018 qualifies as a triggering event to require the Company to repurchase all or a portion of the warrants if elected by the warrant holders. At the refinance date and subsequently, the warrant holders did not exercise these redemption rights, although they continue to maintain these rights through the expiration of the warrants.

We measure the fair value of the warrants at each reporting period. The fair value at issuance of the warrants was $0.6 million, which was recorded as: (i) a liability due to the redemption feature, and (ii) a resulting discount to the Second Lien Credit Facility. The discount is amortized to interest expense during the term of the Second Lien Credit Facility which is 3.5 years. The Company recognized $1.4 million of expense during 2017, and $0.5 million of expense from May 13, 2016 to December 31, 2016 due to a change in the fair value of the warrants, which was reflected as part of "other" non-operating expense on the consolidated statements of operations.

Due to the variable terms regarding the timing of the settlement of the warrants, the Company utilized a "Monte Carlo" simulation approach, a mathematical technique used to model the probability of different outcomes, to measure the fair value of the warrants. At December 31, 2017, the simulation included the Company's stock price and the following assumptions: an expected contractual term of 3.84 years, an expected stock price volatility rate of 47.55%, an expected dividend yield of 0%, and an expected risk-free interest rate of 2.1%. The simulation included certain estimates by Company management regarding the estimated timing of the settlement of the warrants. Significant increases or decreases in those management estimates would result in a significantly higher or lower fair value measurement. The Company also utilized the Monte Carlo simulation approach for its valuation at December 31, 2016, which included the following assumptions: an expected contractual term of 3.38 years, an expected stock price volatility rate of 47.68%, an expected dividend yield of 0%, and an expected risk-free interest rate of 1.68%.

8. CAPITAL LEASE OBLIGATION

Rising Star Casino Resort Capital Lease. Our Indiana subsidiary, Gaming Entertainment (Indiana) LLC, leases a 104-room hotel at Rising Star Casino Resort pursuant to a capital lease agreement with Rising Sun/Ohio County First, Inc., an Indiana non-profit corporation (the “Landlord”).

On March 16, 2016, the hotel lease agreement was amended. The amendment extended the initial term of the lease by four years to October 1, 2027 and modified the rent payment schedule from $77,537 per month as follows: (i) to $48,537 per month from April 2016 through March 2017, (ii) to $56,537 per month from April 2017 through March 2018; (iii) to $57,537 per month from April 2018 through March 2019; and (iv) to $63,537 per month from April 2019 through March 2020. Beginning April 1, 2020 through the end of the lease, the scheduled monthly payment shall be $54,326. The amendment also required the Company to make certain improvements to the Rising Star Casino Resort of at least $1 million by March 31, 2017 which the Company satisfied. The lease payments include an annual interest rate of 3.5% through September 30, 2017 and 4.5% thereafter.

On September 17, 2017, we entered into a second amendment to the lease agreement to facilitate construction of the Recreational Vehicle Park adjoining the leased hotel.

At any time during the lease term, we have the exclusive option to purchase the hotel at a price based upon the project’s actual original cost of $7.7 million, reduced by the cumulative principal payments made by the Company during the lease term. At December 31, 2017, such net amount was $5.3 million. Upon expiration of the lease term, if we have not yet exercised our option to purchase the hotel, either (i) the Landlord has the right to sell the hotel to us, or (ii) we have the option to purchase the hotel. In either case, the purchase price is $1 plus closing costs. The lease agreement is not guaranteed by the parent company or any subsidiary other than Gaming Entertainment (Indiana) LLC and has customary provisions in the event of a default.

Future minimum lease payments and the present value of such payments based on this amendment related to the capital lease, as of December 31, 2017, are as follows (in thousands):

2018	$ 631
2019	744
2020	680
2021	652
2022	652
Thereafter	3,151
Total minimum lease payments	6,510
Less: amount representing interest	(1,228)
Present value of minimum lease payments	$ 5,282

9. INCOME TAXES

The income tax provision (benefit) attributable to our loss before income taxes consisted of the following (in thousands):

		Years Ended December 31,	
		2017	2016
Current:	Federal	$ —	$ —
	State	—	—
		—	—
Deferred:	Federal	1,278	(1,383)
	State	(686)	(505)
	(Decrease) increase in valuation allowance	(742)	2,518
		(150)	630
		$ (150)	$ 630

A reconciliation of the federal income tax statutory rate and the Company's effective tax rate is as follows (in thousands):

	Years Ended December 31,			
	2017		2016	
	Percent	Amount	Percent	Amount
Federal income tax benefit at U.S. statutory rate	34.0 %	$ (1,760)	34.0 %	$ (1,518)
State taxes, net of federal benefit	8.7 %	(452)	7.5 %	(333)
Change in valuation allowance, exclusive of Tax Reform impact	(57.5)%	2,979	(56.5)%	2,518
Effect of Tax Reform on net deferred taxes	17.2 %	(890)	— %	—
Permanent differences	(1.7)%	91	(2.1)%	95
Credits	2.2 %	(116)	2.9 %	(129)
Other	— %	(2)	0.1 %	(3)
	2.9 %	$ (150)	(14.1)%	$ 630

Our deferred tax assets (liabilities) consisted of the following (in thousands):

	December 31,	
	2017	2016
Deferred tax assets:		
Deferred compensation	$ 438	$ 655
Depreciation of fixed assets	—	42
Intangible assets and amortization	4,415	6,830
Net operating loss carry-forwards	4,505	2,861
Accrued expenses	772	1,077
Allowance for doubtful accounts	24	19
Credits	336	220
Common stock warrant liability	541	263
Charitable contribution carry-forward	72	90
Valuation allowance	(9,011)	(9,753)
	2,092	2,304
Deferred tax liabilities:		
Depreciation of fixed assets	(910)	(631)
Amortization of indefinite-lived intangibles	(1,757)	(1,907)
Prepaid expenses	(651)	(1,055)
Effect of state taxes on future federal returns	(505)	(585)
Other	(26)	(33)
	(3,849)	(4,211)
	$ (1,757)	$ (1,907)

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “2017 Tax Act”). The 2017 Tax Act makes broad and complex changes to the U.S. tax code that will affect 2017, including bonus depreciation that will allow for full expensing of qualified property purchases.

The 2017 Tax Act also establishes new tax laws that will affect 2018 and beyond, including, but not limited to, (1) reduction of the U.S. federal corporate tax rate from 35% to 21%; (2) elimination of the corporate alternative minimum tax; (3) limitation on deductibility of interest expense; (4) limitations on the deductibility of certain executive compensation; and (5) limitations on the use of net operating losses ("NOLs") generated after December 31, 2017 to reduce taxable income.

The SEC staff issued Staff Accounting Bulletin ("SAB") 118, which provides guidance on accounting for the tax effects of the 2017 Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the 2017 Tax Act enactment date for companies to complete the accounting under Accounting Standards Codification ("ASC") 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Act for which the accounting under ASC 740 is complete. To the extent that a company’s accounting for certain income tax effects of the 2017 Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the 2017 Tax Act.

Our accounting for the following elements of the 2017 Tax Act is incomplete. However, we were able to make reasonable estimates of certain effects and, therefore, recorded provisional adjustments as follows:

Reduction of US federal corporate tax rate: The 2017 Tax Act reduces the corporate tax rate to 21%, effective January 1, 2018. The carrying value of our net deferred tax assets is determined by the enacted US corporate income tax rate. Consequently, any changes in the US corporate income tax rate will impact the carrying value of our deferred tax assets. Under the new corporate income tax rate, net deferred income tax assets will decrease by $2.8 million and the valuation allowance will decrease by $3.7 million. The net effect of the tax reform enactment on the consolidated financial statements is an income tax benefit of $0.9 million. While we are able to make a reasonable estimate of the impact of the reduction in the corporate rate, it may be affected by other analyses related to the 2017 Tax Act, including the state tax effect of adjustments made to federal temporary differences, as well as changes to our valuation allowance.

Valuation allowances: The Company must assess whether its valuation allowance analyses are affected by various aspects of the 2017 Tax Act. Since, as discussed herein, the Company has recorded provisional amounts related to certain portions of the 2017 Tax Act, any corresponding determination of the need for or change in a valuation allowance is also provisional.

As of December 31, 2017, we had an NOL of $13.7 million and state tax carry-forwards of $27.1 million, which can be carried forward 20 years and begin to expire after 2035. We also have general business credits of $0.3 million, which begin to expire after 2035.

Intangible asset impairment charges recorded in prior years resulted in a significant amount of deferred tax assets. In assessing the future realization of the Company's deferred tax assets, we considered whether it is "more likely than not" that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We considered the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. We evaluated both positive and negative evidence in determining the need for a valuation allowance. We continue to assess the future realization of deferred tax assets and have concluded that we have not met the "more likely than not" threshold. As of December 31, 2017, we continue to provide a valuation allowance against our remaining deferred tax assets after being utilized by deferred tax liabilities for all jurisdictions. The valuation reserve against deferred tax assets has no effect on the actual taxes paid or owed by the Company.

As of December 31, 2017 and 2016, we had $1.8 million and $1.9 million, respectively, of deferred tax liabilities relating to goodwill and other indefinite-lived intangibles for which the timing of the reversal is not determinable and, therefore, does not assure the realization of deferred tax assets or reduce the need for a valuation allowance.

The Company's utilization of NOLs and the general business tax credit carryforwards may be subject to an annual limitation under Section 382 and 383 of the Internal Revenue Code of 1986 ("IRC"), and similar state provisions due to ownership changes that may have occurred or that could occur in the future. These ownership changes may limit the amount of NOL and tax credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382 and 383, results from transactions increasing ownership of certain stockholders or public groups in the stock of the corporation by more than 50 percentage points over a three-year period. While the Company has not completed an IRC Section 382/383 analysis to determine if there are any annual limitations on the utilization of NOLs and tax credit carryforwards, the Company does not believe that there have been greater than 50% ownership change in the last three years that would prohibit the Company from utilizing all of their tax attributes.

Management has made an annual analysis of its state and federal tax returns and concluded that the Company has no recordable liability, as of December 31, 2017 or 2016, for unrecognized tax benefits as a result of uncertain tax positions taken.

As of December 31, 2017, the Company is subject to U.S. federal income tax examinations for the tax years 2014 through 2017. In addition, the Company is subject to state and local income tax examinations for various tax years in the taxing jurisdictions in which the Company operates.

10. SETTLEMENTS, COMMITMENTS AND CONTINGENCIES

Litigation Settlement

In 2013 and 2014, we expended and capitalized approximately $1.6 million to repair construction defects to the parking garage at the Silver Slipper Casino and Hotel. The parking garage was originally built in 2007 and the Company acquired the Silver Slipper Casino in 2012. We hired outside legal counsel to pursue damages against the contractor and architect. During the third quarter of 2015, the case was dismissed in favor of the defendants, as the statutes of repose had expired. On November 25, 2015, we entered into a settlement and release agreement with the architect.

On January 12, 2016, we filed an appellate brief in the U.S. Court of Appeals for the Fifth Circuit ("Fifth Circuit"). On August 31, 2016, the Fifth Circuit heard oral arguments and on January 6, 2017, the Fifth Circuit reversed the District Court's grant of summary judgment in favor of the contractor and remanded the case back to the District Court for trial. The contractor's request for rehearing was subsequently denied. During March 2017, the Company also filed a lawsuit against the contractor's insurance company.

During September 2017, we reached a settlement with the contractor and contractor's insurance company. The parties agreed to a mutual release of all claims and counterclaims, and the contractor and the contractor's insurance company paid $675,000 to the Company. The settlement effectively compensated the Company for legal and other costs associated in pursuing the matter from

inception, including $0.1 million of legal costs during each of 2017 and 2016. The settlement proceeds reduced selling, general and administrative costs.

We are party to a number of pending legal proceedings related to matters that occurred in the normal course of business. Management does not expect that the outcome of any such proceedings, either individually or in the aggregate, will have a material effect on our financial position, results of operations and cash flows.

Options to Purchase or Lease Land and Buildings

During November 2017, the Company capitalized $0.2 million of costs for the options to purchase or lease various buildings and land in Cripple Creek, Colorado, near Bronco Billy's. The options include:

- an option to purchase or lease land consisting of a closed casino, with an original expiration date of March 1, 2018 and four additional one-month extension options to July 1, 2018. Each one-month extension option costs $22,500. If purchased, the purchase option price is $2.2 million. If leased, the lease would include a minimum three-year term with annual lease payments of $0.2 million and a purchase option price within the lease that increases annually;
- an option to purchase land improved with a hotel for $1.7 million, with an expiration date of February 1, 2019; and
- an option to purchase land improved with a residence for $0.3 million, with an expiration date of February 1, 2019.

Operating Leases

In addition to the following significant leases, we have operating leases for certain office and warehouse facilities, office equipment, signage and land.

Silver Slipper Casino Land Lease through April 2058 and Options to Purchase. In 2004, our subsidiary, Silver Slipper Casino Venture, LLC, entered into a land lease with Cure Land Company, LLC for approximately 31 acres of marshlands and a seven-acre parcel on which the Silver Slipper Casino and Hotel is situated. The land lease includes base monthly payments of $77,500 plus contingent rents of 3% of gross gaming revenue (as defined) in excess of $3.65 million in any given month. We recognized $1.4 million of rent expense, including $0.5 million of contingent rents, during 2017, and $1.3 million of rent expense, including $0.3 million of contingent rents, during 2016.

The land lease also includes an exclusive option to purchase the leased land (“Purchase Option”) after February 26, 2019 through October 1, 2027, for $15.5 million plus a retained interest in Silver Slipper Casino and Hotel’s operations of 3% of net income (as defined), for 10 years from the purchase date. In the event that Full House sells or transfers (i) substantially all of the assets of Silver Slipper Casino Venture, LLC, or (ii) its membership interests in Silver Slipper Casino Venture, LLC in its entirety, the purchase price will increase to $17.1 million plus the retained interest for 10 years mentioned above. In either case, we also have an option to purchase only a four-acre portion of the leased land for $2 million, which may be exercised at any time in conjunction with the development of a hotel and which accordingly reduces the purchase price of the remaining land by $2 million.

Bronco Billy's Lease through January 2035 and Option to Purchase. Bronco Billy's leases certain parking lots and buildings, including a portion of the hotel and casino, under a long-term lease. The lease term includes six renewal options in three-year increments to 2035. Bronco Billy's exercised its first renewal option through January 2020, which increased the monthly rents to $25,000 for the first two years of the renewal period and $30,000 for the third year. The lease also contains a requirement for Bronco Billy's to pay the property taxes and certain other costs associated with the leased property, and includes a $7.6 million purchase option exercisable at any time during the lease and a right of first refusal. We also have a surface parking lot lease directly behind Bronco Billy's under a short-term lease expiring in June 2019. Under the lease, we have the right to purchase such lot for $1.2 million.

Grand Lodge Casino Lease through August 2023. Our subsidiary, Gaming Entertainment (Nevada), LLC, has a lease with Hyatt Equities L.L.C. ("Hyatt") to operate the Grand Lodge Casino. The lease is collateralized by the Company’s interests under the lease and property, as defined, and is subordinate to the liens of the First Lien and Second Lien Credit Facilities and the Notes. Hyatt has an option, beginning January 1, 2019, to purchase our leasehold interest and related operating assets of the Grand Lodge Casino subject to assumption of applicable liabilities. The option price is an amount equal to the Grand Lodge Casino’s positive working capital, plus Grand Lodge Casino’s earnings before interest, income taxes, depreciation and amortization (“EBITDA”) for the twelve-month period preceding the acquisition (or pro-rated if less than twelve months remain on the lease), plus the fair market value of the Grand Lodge Casino’s personal property. Monthly rent increased from $125,000 to $145,833 on July 1, 2017, and to $166,667 commencing on January 1, 2018. As a condition of the lease, the Company purchased new gaming devices and equipment and made other capital expenditures totaling up to $1.5 million and Hyatt renovated the casino at its sole cost and

expense of up to $3.5 million, with both parties completing these renovations during the second quarter of 2017. We recognized $1.9 million of rent expense related to this lease during 2017 and 2016.

We also have an agreement with Hyatt for exclusive usage of certain hotel rooms and suites by our casino guests. The agreement, which commenced on June 1, 2016, includes a monthly fee of $41,667, a mutual six-month termination notification clause and matures on August 31, 2023, or earlier as set forth therein.

Corporate Office Lease. In August 2016, the Company executed a lease for 4,479 square feet of office space in Las Vegas, Nevada, replacing our previous office space lease that was due to expire in May 2018. The new lease terms include a length of 7.6 years and approximately $0.2 million of annual rents. The Company began occupying the new office space in June 2017. During the third quarter, the Company and its landlord agreed to terminate the previous office space lease effective October 31, 2017, with the Company paying two months of additional rent in lieu of the remaining payments for the full remaining term.

Rent expense for all operating leases for the years ended December 31, 2017 and December 31, 2016 was $4.1 million and $3.7 million, respectively.

The Company was obligated under non-cancellable operating leases to make future minimum lease payments as follows (in thousands):

2018	$	3,561
2019		3,589
2020		3,250
2021		3,114
2022		3,119
Thereafter		34,600
	$	51,233

Employment Agreements

The Company has entered into employment agreements with certain of its key employees. The agreements may provide the employee with a base salary, bonus, restricted stock grants, stock options and other customary benefits. Certain agreements also provide for severance in the event the employee resigns with “good reason,” or the employee is terminated without “cause” or due to a “change of control,” as defined in the agreements. The severance amounts vary with the terms of the agreements and may include the acceleration and vesting of certain unvested shares and stock-based awards upon a change of control, along with continuation of insurance costs and certain other benefits.

Defined Contribution Pension Plan

We sponsor a defined contribution pension plan for all eligible employees providing for voluntary contributions by eligible employees and matching contributions made by us. Matching contributions made by us were $0.3 million for each of 2017 and 2016, excluding nominal administrative expenses assumed. For 2017 and 2016, the Company's employer contribution rate was 50% up to 4% of compensation.

Liquidity, Concentrations and Economic Risks and Uncertainties

We are economically dependent upon relatively few investments in the gaming industry. Future operations could be affected by adverse economic conditions and increased competition, particularly in those areas and their key feeder markets in neighboring states. The effects and duration of these conditions and related risks and uncertainties on our future operations and cash flows, including our access to capital or credit financing, cannot be estimated at this time, but may be significant.

The Company carries cash on deposit with financial institutions that may be in excess of federally-insured limits. The extent of any loss that might be incurred as a result of uninsured deposits in the event of a future failure of a bank or other financial institution, if any, is not subject to estimation at this time.

11. STOCKHOLDERS' EQUITY AND RELATED PARTY TRANSACTION

The Company closed a rights offering on November 10, 2016 and received a total of $5 million of gross proceeds (or $4.64 million of net proceeds after offering costs) through the issuance of 3,846,154 shares of common stock at a price of $1.30 per share. The

net proceeds from the rights offering were used to partially fund certain capital expenditure growth projects at our existing properties, as well as for general corporate purposes.

Of the 3,846,154 shares issued in connection with the rights offering, Daniel R. Lee, Chief Executive Officer, President and a director of the Company, purchased 1,000,000 shares as the standby purchaser in connection with the standby purchase agreement that the Company entered into with Mr. Lee on October 7, 2016. Mr. Lee (i) agreed to hold such shares for a minimum period, (ii) received reimbursement of his legal fees, (iii) received a priority right to purchase the first 1,000,000 shares that remained after shareholders exercised their basic subscription rights, and (iv) received registration rights from the Company with respect to such purchased shares. Mr. Lee received no fee for providing the standby purchase agreement.

12. SHARE-BASED COMPENSATION

2015 Equity Incentive Plan. During the second quarter of 2017, our stockholders approved an amendment to the 2015 Equity Incentive Plan ("2015 Plan") that increased the number of shares of common stock available for issuance under the 2015 Plan from 1,400,000 to 2,500,000. In addition to the increase in the number of authorized shares issuable under the 2015 Plan, the amendment included several "best practices" changes. The 2015 Plan includes new shares reserved for issuance to directors, employees and consultants and allows for a variety of forms of awards, including stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents and performance-based compensation. Stock option awards have maximum 10-year terms and all awards issued thus far vest on an accelerated basis if there is a change in control of the Company, unless the awards are assumed by the successor, as defined.

In May 2017, the Company extended the employment agreement of Daniel R. Lee, the Company's President and Chief Executive Officer, through November 2020 and simultaneously issued him an option to purchase 240,000 shares of common stock under the 2015 Plan with an exercise price of $2.32. Mr. Lee's option will vest ratably on a monthly basis between December 1, 2018 and November 30, 2020 in conjunction with his amended employment agreement. Also, in May 2017, the Company issued options to purchase a total of 180,000 shares of common stock under the 2015 Plan to various other employees of the Company, all of which have an exercise price of $2.32. These stock options all vest in equal amounts over the next three years. In all cases, the exercise price of the options reflects the Company's closing price on the date of grant.

As compensation for their annual service, the Company also issued to non-executive members of its Board of Directors options to purchase a total of 59,990 shares of common stock under the 2015 Plan with an exercise price of $2.32 and a one-year vesting period; and 25,860 shares of common stock under the 2015 Plan that vested immediately.

As of December 31, 2017, we had 1,037,906 share-based awards authorized by shareholders and available for grant from the 2015 Plan.

Prior to the adoption of the 2015 Plan and outside of the 2006 Plan, in order to recruit our executive officers, we issued a non-qualified stock option to purchase 943,834 shares to Daniel R. Lee, our Chief Executive Officer and President, and a non-qualified stock option to purchase 300,000 shares to Lewis Fanger, our Senior Vice President, Chief Financial Officer and Treasurer. Messrs. Lee and Fanger's stock options vested with respect to 25% of the shares on the first anniversary of their respective grant dates, and continue to vest with respect to an additional 1/48th of the shares on each monthly anniversary thereafter.

Stock Options. The following table summarizes information related to our common stock options:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Options outstanding at January 1, 2017	2,057,950	$ 1.42		
Granted	479,990	2.32		
Exercised	(46,666)	1.56		
Canceled/Forfeited	—	—		
Options outstanding at December 31, 2017	2,491,274	$ 1.59	7.76	$ 5,736,488
Options exercisable at December 31, 2017	1,327,068	$ 1.37	7.24	$ 3,340,061

The Company received $73,000 from the exercise of stock options during 2017. The intrinsic value of the options exercised, which represents the value of the Company's common stock at the time of exercise in excess of the exercise price, was $106,000. No options were exercised during 2016.

Compensation Cost. Compensation expense for the years ended December 31, 2017 and 2016 was $0.5 million and $0.4 million, respectively. These costs are recognized on a straight-line basis over the vesting period of the awards net of forfeitures and are included in selling, general and administrative expense on the consolidated statements of operations.

As of December 31, 2017, there was approximately $0.7 million of unrecognized compensation cost related to unvested stock options granted by the Company. This unrecognized compensation cost is expected to be recognized over a weighted-average period of 1.19 years.

We estimated the fair value of each stock option award on the grant date using the Black-Scholes valuation model. Option valuation models require the input of highly subjective assumptions, and changes in assumptions used can materially affect the fair value estimate. Option valuation weighted-average assumptions were as follows:

	For the year ended December 31,	
	2017	**2016**
Expected volatility	43.67%	43.87%
Expected dividend yield	—%	—%
Expected term (in years)	5.87	5.70
Weighted average risk free rate	2.00%	1.41%

The weighted-average grant date fair value of options granted during the years ended December 31, 2017 and 2016 was $1.02 and $0.67 per share, respectively.

Expected volatility is based on the historical volatility of our stock price. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of the grant. The expected term considers the contractual term of the option as well as historical exercise and forfeiture behavior. The risk-free interest rate is based on the rates in effect on the grant date for U.S. Treasury instruments with maturities matching the relevant expected term of the award.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Methods and assumptions used to estimate the fair value of financial instruments are affected by the duration of the instruments and other factors used by market participants to estimate value. The carrying amounts for cash and equivalents, accounts receivable, and accounts payable approximate their estimated fair value because of the short durations of the instruments and inconsequential rates of interest. Management also believes that the carrying value of long-term debt also approximates their estimated fair value because the terms of the facilities are representative of current market conditions. While management believes the fair value of our capitalized lease obligation approximates its fair value because certain terms of the lease were recently renegotiated, management also believes that precise estimates are not practical because of the unique nature of the relationships.

The following tables present the fair value of those assets and liabilities measured on a recurring basis as of December 31, 2017 and 2016 (in thousands). See Note 7 for further information regarding our common stock warrant liability.

	December 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stock warrant liability	$ —	$ —	$ 2,496	$ 2,496

	December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stock warrant liability	$ —	$ —	$ 1,117	$ 1,117

14. SEGMENT REPORTING

We manage our casinos based on geographic regions within the United States. The casino/resort operations includes four segments: the Silver Slipper Casino and Hotel (Hancock County, Mississippi); Bronco Billy's Casino and Hotel (Cripple Creek, Colorado); the Rising Star Casino Resort (Rising Sun, Indiana); and the Northern Nevada segment, consisting of the Grand Lodge Casino (Incline Village, Nevada) and Stockman's Casino (Fallon, Nevada). Bronco Billy's Casino and Hotel was acquired on May 13, 2016.

The Company utilizes Adjusted Property EBITDA as the measure of segment profit in assessing performance and allocating resources at the reportable segment level. Adjusted Property EBITDA is defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, pre-opening expenses, impairment charges, asset write-offs, recoveries, gain (loss) from asset disposals, project development and acquisition costs, non-cash share-based compensation expense, and corporate-related costs and expenses that are not allocated to each property.

The following tables present the Company's segment information:

(In thousands)

	For the Year Ended,	
	December 31, 2017	**December 31, 2016**
Net Revenues		
Silver Slipper Casino and Hotel	$ 64,046	$ 59,093
Bronco Billy's Hotel and Casino	26,222	16,220
Rising Star Casino Resort	49,751	49,472
Northern Nevada Casinos	21,248	21,207
	$ 161,267	$ 145,992
Adjusted Property EBITDA		
Silver Slipper Casino and Hotel	$ 10,733	$ 9,994
Bronco Billy's Hotel and Casino	4,758	3,423
Rising Star Casino Resort	2,678	2,931
Northern Nevada Casinos	2,789	3,941
	20,958	20,289
Other operating expenses:		
Depreciation and amortization	(8,602)	(7,928)
Corporate expenses	(4,491)	(4,105)
Project development and acquisition costs	(284)	(1,314)
Gain (loss) on asset disposals, net	1	(344)
Share-based compensation	(525)	(409)
Operating income	7,057	6,189
Other expenses		
Interest expense, net of capitalized interest	(10,856)	(9,486)
Debt modification costs	—	(624)
Adjustment to fair value of warrants	(1,379)	(543)
	(12,235)	(10,653)
Loss before income taxes	(5,178)	(4,464)
(Benefit) provision for income taxes	(150)	630
Net loss	$ (5,028)	$ (5,094)

(In thousands)

	December 31, 2017	December 31, 2016
Total Assets		
Silver Slipper Casino and Hotel	$ 80,780	$ 79,975
Bronco Billy's Hotel and Casino	35,567	36,732
Rising Star Casino Resort	36,327	36,444
Northern Nevada Casinos	12,235	12,722
Corporate and Other	8,576	11,333
	$ 173,485	$ 177,206

(In thousands)

	December 31, 2017	December 31, 2016
Property and Equipment, net		
Silver Slipper Casino and Hotel	$ 58,059	$ 58,856
Bronco Billy's Hotel and Casino	15,276	16,020
Rising Star Casino Resort	30,534	29,819
Northern Nevada Casinos	7,868	6,202
Corporate and Other	2,321	568
	$ 114,058	$ 111,465

15. SUBSEQUENT EVENT

Management has made an evaluation for subsequent events requiring recognition or disclosure in these financial statements through March 8, 2018, which is the date these consolidated financial statements were available to be issued. Except as discussed in Note 7 related to the refinancing that occurred on February 2, 2018, none were identified.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures — As of December 31, 2017, we completed an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at a reasonable assurance level in timely alerting them to material information relating to us which is required to be included in our periodic Securities and Exchange Commission filings.

Evaluation of Internal Control Over Financial Reporting — Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements.

Management assessed the effectiveness of our internal control over financial reporting (as defined in the Securities Exchange Act of 1934 Rule 13a-15(f) and 15d-15(f)) as of December 31, 2017. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on our assessment we believe that, as of December 31, 2017, our internal control over financial reporting is effective based on those criteria.

There have been no changes during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item will be set forth under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" and elsewhere in the definitive Proxy Statement for our 2018 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2017 (our "Proxy Statement") and is incorporated herein by this reference.

Item 11. Executive Compensation.

The information required by this Item will be set forth under the caption "Executive Compensation" and elsewhere in our Proxy Statement and is incorporated herein by this reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item will be set forth under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Executive Compensation - Equity Compensation Plan Information" and elsewhere in our Proxy Statement and is incorporated herein by this reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item will be set forth under the caption "Certain Relationships and Related Transactions" and "Independence of Directors" and elsewhere in our Proxy Statement and is incorporated herein by this reference.

Item 14. Principal Accounting Fees and Services.

The information required by this Item will be set forth under the caption "Ratification of Independent Registered Public Accounting Firm" and elsewhere in our Proxy Statement and is incorporated herein by this reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Financial statements of the Company (including related Notes to consolidated financial statements) included herein under Item 8 of Part II hereof are listed below:

- Report of Independent Registered Public Accounting Firm;
- Consolidated Statements of Operations for the years ended December 31, 2017 and 2016;
- Consolidated Balance Sheets as of December 31, 2017 and 2016;
- Consolidated Statements of Stockholders' Equity for the years ended December 31, 2017 and 2016;
- Consolidated Statements of Cash Flows for the years ended December 31, 2017 and 2016;
- Notes to Consolidated Financial Statements.

(b) Exhibits

Exhibit Number	Description
2.1	Asset Purchase Agreement by and between Grand Victoria Casino & Resort, L.P. and Full House Resorts, Inc., dated as of September 10, 2010. (Incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on September 13, 2010).
2.2	Equity Purchase Agreement dated March 30, 2012 by and among Full House Resorts, Inc.; Firekeepers Development Authority, an unincorporated instrumentality and political subdivision of the Nottawaseppi Huron Band of Potawatomi Indians; RAM Entertainment, LLC and Robert A. Mathewson. (Incorporated by reference to Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q (SEC File No. 1-32583) filed on May 8, 2012).
2.3	Membership Interest Purchase Agreement by and between the Sellers named therein, Full House Resorts, Inc. and Silver Slipper Casino Venture LLC, dated as of March 30, 2012. (Incorporated by reference to Exhibit 2.01 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on April 5, 2012).
2.4	Interest Purchase Agreement by and among The Majestic Star Casino, LLC, Majestic Mississippi, LLC, and Full House Resorts, Inc., dated as of March 21, 2014. (Incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on March 24, 2014).
2.5	Purchase and Sale Agreement, dated as of September 27, 2015, between Pioneer Group, Inc. and FHR-Colorado LLC (Incorporated by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K/A (SEC File No. 1-32583) filed on October 5, 2015).
3.1	Amended and Restated Certificate of Incorporation as amended to date. (Incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q (SEC File No. 1-32583) filed on May 9, 2011).
3.2	Amended and Restated By-Laws of Full House Resorts, Inc., effective as of May 10, 2016 (Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on May 13, 2016).
4.1	Specimen Certificate for Shares of Full House Resorts, Inc.'s Common Stock, par value $.0001 per share (Incorporated by reference to the Registrant's Registration Statement on Form S-3 (SEC file No. 333-213123) filed on August 15, 2016).
4.2	Specimen Certificate for Common Stock Subscription Rights of Full House Resorts, Inc. (Incorporated by reference to the Registrant's Registration Statement on Form S-3/A (SEC File No. 333-213123) filed on September 16, 2016).
4.3	Instructions for use of Common Stock Subscription Rights Certificates of Full House Resorts, Inc. (Incorporated by reference to the Registrant's Registration Statement on Form S-3/A (SEC File No. 333-213123) filed on September 16, 2016).
4.4	Indenture, dated as of February 2, 2018, by and among Full House Resorts, Inc., Wilmington Trust, National Association and the Guarantors (as named therein) (Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 6, 2018).
4.5	Form of Senior Secured Note due 2024 (included in Exhibit 4.1) (Incorporated by reference to Exhibit 4.1(a) to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 6, 2018).
10.1	First Lien Credit Agreement dated as of June 29, 2012, by and among Full House Resorts, Inc. as borrower, the Lenders named therein and Capital One, National Association as Administrative Agent. (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (SEC File No. 1-32583) filed on August 8, 2012).

10.2	Second Lien Credit Agreement dated as of October 1, 2012, by and among Full House Resorts, Inc. as borrower, the Lenders named therein and ABC Funding, LLC as Administrative Agent. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K/A (SEC File No. 1-32583) filed on October 5, 2012).
10.3	Lease Agreement with Option to Purchase dated as of November 17, 2004, by and between Cure Land Company, LLC, as landlord, and Silver Slipper Casino Venture LLC, as tenant. (Incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K (SEC File No. 1-32583) filed on March 6, 2013).
10.4	First Amendment to Lease Agreement with Option to Purchase dated as of March 13, 2009, by and between Cure Land Company, LLC, as landlord, and Silver Slipper Casino Venture LLC, as tenant. (Incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K (SEC File No. 1-32583) filed on March 6, 2013).
10.5	Second Amendment to Lease Agreement with Option to Purchase dated as of September 26, 2012, by and between Cure Land Company, LLC, as landlord, and Silver Slipper Casino Venture LLC, as tenant. (Incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K (SEC File No. 1-32583) filed on March 6, 2013).
10.6	Third Amendment to Lease Agreement with Option to Purchase dated as of February 26, 2013, by and between Cure Land Company, LLC, as landlord, and Silver Slipper Casino Venture LLC, as tenant. (Incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K (SEC File No. 1-32583) filed on March 6, 2013).
10.7	Asset Purchase and Transition Agreement dated June 28, 2011 by and between HCC Corporation, doing business as Grand Lodge Casino, and Gaming Entertainment (Nevada) LLC. (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed with the Securities and Exchange Commission on June 30, 2011).
10.8	Casino Operations Lease dated June 28, 2011 by and between Hyatt Equities, L.L.C. and Gaming Entertainment (Nevada) LLC. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on June 30, 2011).
10.9	First Amendment to Casino Operations Lease dated April 8, 2013 by and between Hyatt Equities, L.L.C. and Gaming Entertainment (Nevada) LLC. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on April 11, 2013).
10.10	Second Amendment to Casino Operations Lease effective as of November 25, 2015, by and between Gaming Entertainment (Nevada) LLC, a Nevada limited liability company, and Hyatt Equities, L.L.C., a Delaware limited liability company (Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on December 17, 2015).
10.11	Third Amendment to Casino Operations Lease, effective August 29, 2016, between Hyatt Equities, L.L.C. and Gaming Entertainment (Nevada) LLC (Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on August 30, 2016).
10.12	Hotel Lease / Purchase Agreement dated August 15, 2013 by and between Rising Sun/Ohio County First, Inc. and Gaming Entertainment (Indiana) LLC. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K/A (SEC File No. 1-32583) filed on August 22, 2013).
10.13	First Amendment to Hotel Lease / Purchase Agreement dated March 16, 2016 by and between Rising Sun/Ohio County First, Inc. and Gaming Entertainment (Indiana) LLC. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on March 18, 2016).
10.14	Second Amendment to Hotel Lease/Purchase Agreement dated September 19, 2017, by and between Rising Sun/Ohio County First, Inc. and Gaming Entertainment (Indiana) LLC. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on 8-K (SEC File No. 1-32583) filed on September 21, 2017).
10.15	Standard Form of Agreement Between Owner and Design-Builder dated August 26, 2013 between Silver Slipper Casino Venture, LLC and WHD Silver Slipper, LLC. (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on August 30, 2013).
10.16	First Amendment to First Lien Credit Agreement dated as of August 26, 2013 by and among Full House Resorts, Inc., as borrower, the Lenders named therein and Capital One, National Association, as administrative agent for the Lenders, as L/C Issuer and as Swing Line Lender. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on August 30, 2013).
10.17	Amendment No. 1 to Second Lien Credit Agreement dated as of August 26, 2013 by and among Full House Resorts, Inc., as borrower, the Lenders named therein and ABC Funding, LLC, as administrative agent for the Lenders. (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on August 30, 2013).

10.18	Second Amendment to First Lien Credit Agreement dated as of June 30, 2014 by and among Full House Resorts, Inc., as borrower, the Lenders named therein and Capital One, National Association, as administrative agent for the Lenders, as L/C Issuer and as Swing Line Lender. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on July 22, 2014).
10.19	Amendment No. 2 to Second Lien Credit Agreement dated as of June 30, 2014 by and among Full House Resorts, Inc., as borrower, the Lenders named therein and ABC Funding, LLC, as administrative agent for the Lenders. (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on July 22, 2014).
10.20	Third Amendment to First Lien Credit Agreement dated as of January 9, 2015 and effective as of December 31, 2014 by and among Full House Resorts, Inc., as borrower, the Lenders named therein and Capital One, National Association, as administrative agent for the Lenders, as L/C Issuer and as Swing Line Lender. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on January 14, 2015).
10.21	Amendment No. 3 to Second Lien Credit Agreement dated as of January 9, 2015 and effective as of December 31, 2014 by and among Full House Resorts, Inc., as borrower, the Lenders named therein and ABC Funding, LLC, as administrative agent for the Lenders. (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on January 14, 2015).
10.22	Fourth Amendment to First Lien Credit Agreement dated as of May 31, 2015, by and among Full House Resorts, Inc., as borrower, the Lenders from time to time parties thereto and Capital One, National Association, as administrative agent for the Lenders, as L/C Issuer and as Swing Line Lender (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on June 4, 2015).
10.23	Acknowledgment of First Lien Guarantors dated May 31, 2015 by and between (i) Full House Subsidiary, Inc., Full House Subsidiary II, Inc., Gaming Entertainment (Indiana) LLC, Gaming Entertainment (Nevada) LLC, Stockman's Casino, and Silver Slipper Casino Venture LLC, and (ii) Capital One, National Association, as Administrative Agent and Collateral Trustee for the Lender Parties (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on June 4, 2015).
10.24	Acknowledgment of Second Lien Lenders dated May 31, 2015 executed by ABC Funding, LLC as administrative agent and collateral trustee for the Second Lien Lenders (defined below) listed in that certain Second Lien Credit Agreement dated as of October 1, 2012, as amended, by and among the Company, as borrower, the lenders from time to time parties thereto (the "Second Lien Lenders") and ABC Funding, LLC as administrative agent for the Second Lien Lenders (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on June 4, 2015).
10.25	Fifth Amendment to First Lien Credit Agreement dated as of August 5, 2015 and effective as of June 30, 2015 by and among Full House Resorts, Inc., as borrower, the Lenders from time to time parties thereto and Capital One, National Association, as administrative agent for the Lenders, as L/C Issuer and as Swing Line Lender (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on 8-K (SEC File No. 1-32583) filed on August 10, 2015).
10.26	Amendment No. 4 to Second Lien Agreement dated as of August 5, 2015 and effective as of June 30, 2015 by and among Full House Resorts, Inc., as borrower, the Lenders named therein and ABC Funding, LLC, as administrative agent for the Lenders (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on August 10, 2015).
10.27	Sixth Amendment to First Lien Credit Agreement dated as of March 11, 2016 by and among Full House Resorts, Inc., as borrower, the Lenders from time to time parties thereto and Capital One, National Association, as administrative agent for the Lenders, as L/C Issuer and as Swing Line Lender (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on March 15, 2016).
10.28	Amended and Restated First Lien Credit Agreement, dated as of May 13, 2016, among Full House Resorts, Inc., as borrower, the lenders from time to time parties thereto, and Capital One Bank, N.A., as administrative agent for the lenders (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K/A (SEC File No. 1-32583) filed on May 18, 2016).
10.29	Amended and Restated Second Lien Credit Agreement, dated as of May 13, 2016, among Full House Resorts, Inc., as borrower, the lenders from time to time parties thereto, and ABC Funding, LLC, as administrative agent for the lenders (Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K/A (SEC File No. 1-32583) filed on May 18, 2016).
10.30	Warrant Purchase Agreement, dated as of May 13, 2016, among Full House Resorts, Inc. and the purchasers named therein (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K/A (SEC File No. 1-32583) filed on May 18, 2016).
10.31	Joinder Agreement to the First Lien Guaranty Agreement by Robert and Louise Johnson, LLC in favor of Capital One, National Association, as administrative agent for the Lender Parties, dated as of June 30, 2015. (Incorporated by reference to Exhibit 10.3 to Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on August 10, 2015).

10.32	Joinder Agreement to the Second Lien Guaranty Agreement by and between Robert and Louise Johnson, LLC and ABC Funding, LLC, as administrative agent for the Lender Parties, dated as of June 30, 2015. (Incorporated by reference to Exhibit 10.4 to Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on August 10, 2015).
10.33	Notes Purchase Agreement, dated as of February 2, 2018, by and among Full House Resorts, Inc., Wilmington Trust, National Association, the Guarantors (as defined therein) and the Purchasers (as defined therein). (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 6, 2018).
10.34	Form of Security Agreement, dated as of February 2, 2018, by and among Full House Resorts, Inc., Wilmington Trust, National Association and the Grantors (as defined therein) (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 6, 2018).
10.35	Form of Intellectual Property Security Agreement, dated as of February 2, 2018, by and among Full House Resorts, Inc., Wilmington Trust, National Association and the Grantors (as defined therein). (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 6, 2018).
10.36	Settlement Agreement dated as of August 21, 2014 by and among Majestic Star Casino, LLC, Majestic Mississippi, LLC and Full House Resorts, Inc. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on August 27, 2014).
10.37	Settlement Agreement dated November 28, 2014 by and among Full House Resorts, Inc., Daniel R. Lee, Bradley M. Tirpak, and Craig W. Thomas. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on December 1, 2014).
10.38	First Amendment to Settlement Agreement dated as of January 28, 2015 by and among the Company, Daniel R. Lee, Bradley M. Tirpak, and Craig W. Thomas. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on January 29, 2015).
10.39+	2015 Equity Incentive Plan (Effective as of May 5, 2015) (Incorporated by reference to Attachment A to the Registrant's Proxy Statement on Schedule 14A (SEC File No. 1-32583) filed on April 3, 2015).
10.40+	2015 Equity Incentive Plan (as amended and restated by the Board effective April 11, 2017). (Incorporated by reference to Annex 2 to the Registrant's Proxy Statement on Schedule 14A (SEC File No. 1-32583) filed on April 14, 2017).
10.41+*	Form of Award Agreement pursuant to the 2015 Equity Incentive Plan.
10.42+	Full House Resorts, Inc. Annual Incentive Plan for Executives (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (SEC File No. 1-32583) filed on August 1, 2017).
10.43+	Employment Agreement dated as of November 28, 2014 by and between Full House Resorts, Inc. and Daniel R. Lee. (Incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on December 1, 2014).
10.44+	Inducement Stock Option Agreement dated November 28, 2014 by and between Full House Resorts, Inc. and Daniel R. Lee. (Incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K(SEC File No. 1-32583) filed on December 1, 2014).
10.45+	First Amendment to Employment Agreement, dated May 24, 2017, between Full House Resorts, Inc. and Daniel R. Lee. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on May 30, 2017).
10.46+	Award Agreement, dated May 24, 2017, between Full House Resorts, Inc. and Daniel R. Lee. (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on May 30, 2017).
10.47+	Employment Agreement dated as of January 30, 2015, by and between Full House Resorts, Inc. and Lewis A. Fanger. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 4, 2015).
10.48+	Inducement Stock Option Agreement, dated as of January 30, 2015, by and between Full House Resorts, Inc. and Lewis A. Fanger. (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 4, 2015).
10.49+	Employment Agreement, dated as of July 21, 2015, by and among Full House Resorts, Inc. and Elaine L. Guidroz. (Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on July 23, 2015).
10.50	Standby Purchase Agreement dated October 7, 2016 between the Company and Daniel R. Lee. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on October 7, 2016).
10.51	Registration Rights Agreement dated October 7, 2016 between the Company and Daniel R. Lee (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on October 7, 2016).

21.1*	List of Subsidiaries of Full House Resorts, Inc.
23.1*	Consent of Piercy Bowler Taylor & Kern, independent auditors to the Company.
31.1*	Certification of principal executive officer pursuant to Exchange Act Rule 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of principal financial officer pursuant to Exchange Act Rule 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of principal executive officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of principal financial officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1*	Description of Governmental Gaming Regulations.
101.INS*	XBRL Instance
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation
101.DEF*	XBRL Taxonomy Extension Definition
101.LAB*	XBRL Taxonomy Extension Labels
101.PRE*	XBRL Taxonomy Extension Presentation

* Filed herewith.

+ Executive compensation plan or arrangement.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

FULL HOUSE RESORTS, INC.

March 8, 2018 By: /s/ DANIEL R. LEE

Daniel R. Lee, Chief Executive Officer

In accordance with the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name and Capacity	Date
/s/ DANIEL R. LEE Daniel R. Lee, Chief Executive Officer and Director (Principal Executive Officer)	March 8, 2018
/s/ LEWIS A. FANGER Lewis A. Fanger, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 8, 2018
/s/ KENNETH R. ADAMS Kenneth R. Adams, Director	March 8, 2018
/s/ CARL G. BRAUNLICH Carl G. Braunlich, Director	March 8, 2018
/s/ W. H. BAIRD GARRETT W. H. Baird Garrett, Director	March 8, 2018
/s/ ELLIS LANDAU Ellis Landau, Director	March 8, 2018
/s/ KATHLEEN MARSHALL Kathleen Marshall, Director	March 8, 2018
/s/ CRAIG W. THOMAS Craig W. Thomas, Director	March 8, 2018
/s/ BRADLEY M. TIRPAK Bradley M. Tirpak, Director	March 8, 2018

Exhibit 10.41

FULL HOUSE RESORTS, INC.

AWARD AGREEMENT

To:	[Recipient Name]
From:	The Compensation Committee of the Board of Directors
CC:	Daniel Lee, President & Chief Executive Officer; Lewis Fanger, Sr. Vice President, Chief Financial Officer and Treasurer; Elaine Guidroz, Vice President, Secretary & General Counsel
Date:	[Insert Date]
Re:	Award Agreement

Congratulations, [Recipient Name] (the "Grantee")**!** At the [Date] meeting of the Compensation Committee (the "Committee") of the Board of Directors of Full House Resorts, Inc. (together with its Related Entities, the "Company"), Grantee has been granted an award (the "Award") by the Company pursuant to the Company's 2015 Equity Incentive Plan (as amended from time to time, the "2015 Plan"). This Award Agreement, including any document attached hereto (each, an "Attachment"), sets forth the entire details of the Award. Unless otherwise provided herein, terms used herein that are defined in the 2015 Plan and not defined herein shall have the meanings attributable thereto in the 2015 Plan.

For good and valuable consideration, the receipt of which is hereby acknowledged, the Company hereby grants to the Grantee, the Award described in this Award Agreement, on the terms and conditions set forth in this Award Agreement and the applicable Attachment (collectively, this "Agreement").

Number of Shares and Type of Award:

Type of Award:	Non-Qualified Stock Option
Number of Shares, if applicable:	[ ]
Applicable Attachment:	Attachment 1-B

TERMS AND CONDITIONS

In addition to the terms and conditions set forth on the applicable Attachment, the following terms and conditions apply.

1. **Compliance with the 2015 Plan.** The Award is governed by the 2015 Plan and this Agreement. If this Agreement and the 2015 Plan are inconsistent as to any aspect of the Award, this Agreement will control. If this Agreement is silent as to any aspect of the Award, the 2015 Plan will control.

2. **Administration; Interpretation**. The Committee shall have full power and authority to take all actions and make all determinations required or provided for under this Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the terms of this Agreement that the Committee deems necessary or appropriate in the administration of this Agreement and the 2015 Plan. All actions taken by the Committee in good faith shall be final and binding upon the Grantee. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement or the Award. The Grantee accepts the Award subject to all of the terms, provisions and restrictions of this Agreement and the 2015 Plan. The undersigned Grantee hereby accepts as binding, conclusive and final all decisions or interpretations of the Board or the Committee upon any questions arising under this Agreement or the 2015 Plan.

3. **Transferability**. Except as may be set forth in the applicable Attachment, the Award may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than in accordance with Section 6(*l*) of the 2015 Plan.

4. **Tax Consultation.**

    a. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the grant, vesting, exercise, purchase or further disposition of the Award or any Option or Shares granted thereunder. Grantee represents

that the Grantee has consulted with any tax consultants Grantee deems advisable in connection with the Award and that the Grantee is not relying on the Company for any tax advice.

b. Notwithstanding any other provision of this Agreement, to the extent that any Award granted under the 2015 Plan constitutes deferred compensation, this Agreement shall be interpreted in accordance with the requirements of Section 409(A) of the Internal Revenue Code of 1986, as amended (together with any Department of Treasury regulations and any interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A"). The Committee may, in its discretion adopt such amendment to this Agreement or adopt other policies and procedures, including amendments, policies and procedures with a retroactive effect; *provided*, that such amendments, policies and procedures shall not have a materially adverse effect on any portion of this Award that has vested at the time of such amendment or the adoption of such policies and procedures. The Committee may take any other actions, as the Committee determines are necessary or appropriate to comply with the requirements of Section 409A. Grantee represents that Grantee has consulted with any tax consultants Grantee deems advisable in connection with Section 409A.

5. Adjustments; Fractional Shares. In accordance with Sections 8, 10 and 11 of the 2015 Plan, the Grantee acknowledges that the Award is subject to modification, acceleration or termination upon certain events, including but not limited to, the termination of Grantee's Continuous Service, a Change in Control of the Company or a change in the capitalization of the Company. Notwithstanding such adjustment, no Award may be exercised that will result in the issuance of a fraction of a Share.

6. No Right to Continued Employment or Service. Nothing contained in this Agreement shall confer, or be construed to confer, upon Grantee any right with respect to the Grantee's Continuous Service, nor shall it interfere in any with Grantee's right or the right of the Company to terminate the Grantee's Continuous Service at any time. The Company's ability to terminate the employment of a Grantee who is employed at will is in no way affected by a determination that Grantee's Continuous Service has been terminated for Cause for purposes of the 2015 Plan.

7. No Effect on Compensation, Retirement or Other Benefit Plans. Nothing contained in this Agreement shall preclude the Company from adopting or continuing in effect other or additional compensation plans, agreements or arrangements, and any such plans, agreements and arrangements may be either generally applicable or applicable only in specific cases or to specific persons. Except as specifically provided in a retirement or other benefit plan of the Company, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to the level of compensation. The 2015 Plan is not a "Pension Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended (as amended, the "ERISA").

8. Unfunded Obligation. For purposes of the Award, Grantee shall have the status of a general unsecured creditor of the Company, and any amount payable to Grantee shall be an unfunded and unsecured obligation for all purposes, including Title I of the ERISA. To the extent that the Grantee or any other person acquires a right to receive payments from the Company pursuant to this Agreement, such right shall be no greater that the right of any unsecured general creditor of the Company.

9. Compliance with Securities Laws.

a. Grantee acknowledges that, to the extent applicable, this Agreement is intended to conform with (i) all provisions of the Securities Act of 1933, as amended, and the Securities and Exchange Act of 1934, (as amended, the "Exchange Act"), and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, (ii) all applicable state securities laws and regulations, and (iii) the rules and regulations of the Nasdaq Stock Market (collectively, the "Securities Laws"). Notwithstanding anything to the contrary herein, this Agreement and the Award granted hereunder, shall be administered (and exercised where applicable) only in such a manner as to conform to the Securities Laws.

b. Notwithstanding any other provision of this Agreement, if Grantee is subject to Section 16 of the Exchange Act, the Award shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act. To the extent permitted by law, this Agreement shall be deemed amended to the extent necessary to conform to any amendment of such exemptive rule.

c. If Shares issued pursuant to an Award or purchased through the exercise of an Option or a SAR have not been registered under the Securities Act or any applicable state laws on an effective registration statement at the time of

the issuance or exercise, as applicable, the Grantee shall, if required by the Company, promptly make such written representations as are deemed necessary or appropriate by the Company and/or its Counsel.

10. **Consent to Collection, Processing and Transfer of Personal Data**. By accepting the Award, the Grantee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this Section 10. The Grantee is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Grantee's ability to participate in the 2015 Plan. The Company holds certain personal information about the Grantee, including the Grantee's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to any Shares that may be awarded, canceled, purchased, vested, unvested or outstanding in the Grantee's favor, for the purpose of managing and administering the 2015 Plan ("Data"). The Company will transfer Data within the Company as necessary for the purpose of implementation, administration and management of the Grantee's participation in the 2015 Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2015 Plan. These recipients may be located in the United States, or elsewhere throughout the world. The Grantee hereby authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the 2015 Plan, including any requisite transfer of such Data as may be required for the administration of the 2015 Plan and/or the subsequent holding of Shares on the Grantee's behalf to a broker or other third party with whom the Grantee may elect to deposit any Shares acquired pursuant to the 2015 Plan.

11. **Clawback Policy**. By accepting the Award, the Grantee voluntarily acknowledges and consents to the Clawback Policy set forth in Section 6(n) of the 2015 Plan. Under the Clawback Policy, the Company may (i) cause the cancellation of any Award, (ii) require reimbursement of any award by the Grantee, and (iii) effect any other right of recoupment of equity and other compensation provided under the 2015 Plan or otherwise in accordance with any Company policies that currently exist or that may from time to time be adopted or modified in the future by the Company and/or applicable law. In addition, the Grantee may be required to repay to the Company certain previously paid compensation, whether provided under this Plan, this Award Agreement, or otherwise in accordance with any Clawback Policy.

12. **Miscellaneous.**

    a. **Severability**. If any provision in this Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or under any applicable law, rule or regulation, then such provision shall be construed or deemed amended to conform to applicable law, and if such provision cannot be so construed or deemed amended without materially altering the purpose or intent of this Agreement and the Award hereunder, such provision shall be stricken as to such jurisdiction and the remainder of this Agreement and the Award hereunder shall remain in full force and effect.

    b. **Notices**. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given: (i) to the Company when deposited in the United States certified mail, or with a reputable overnight carrier, postage prepaid, and addressed to the Secretary of the Company, at 1980 Festival Plaza Drive, Suite 680, Las Vegas, Nevada 89135; and (ii) to the Grantee when deposited in the United States certified mail, or with a reputable overnight carrier, postage prepaid, and addressed to the Grantee at the address given below Grantee's signature to this Agreement, in each case subject to the right of each party to designate a different address by notice given in accordance with this Section 12(b).

    c. **Non-waiver of Breach.** The waiver of (or failure to pursue) the other party's prompt and complete performance, or breach or violation, of any term or provision of this Agreement shall be effected solely in a writing signed by the waiving party, and shall not operate nor be construed as a waiver of any subsequent breach or violation, and shall not operate nor be construed as a bar to the exercise of such right or remedy.

    d. **Governing Law**. This Agreement shall be governed by and construed under the internal laws of the State of Delaware, without reference to the conflict of laws rules or principles thereof.

    e. **Successors and Assigns**. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of such successors and assigns of the Company. This Agreement shall be binding on Grantee, and subject to the transfer restrictions contained in Section 6(*l*) of the 2015 Plan, this Agreement shall be binding on Grantee's heirs, executors, administrators, successors and assigns.

f. **Amendments, Suspension and Termination**. This Agreement may be wholly or partially amended or otherwise modified, suspended, or terminated at any time or from time to time by the Committee, in order to comply with Securities Laws, or for any other reason pursuant to Committee's sole discretion; provided, that no such amendment, modification, suspension or termination shall have a materially adverse effect on any Award without the prior written consent of the Grantee.

g. **Headings**. Section, paragraph and other headings and captions are provided solely as a convenience to facilitate reference. Such headings and captions shall not be deemed in any way material or relevant to the construction, meaning or interpretation of this Agreement or any term or provision hereof.

h. **Entire Agreement.** This Agreement is binding upon the Grantee and the Company and upon their respective heirs, executors, administrators, successors and assigns. This Agreement, the 2015 Plan and related documents shall be governed by, interpreted and enforced in accordance with the laws of the State of Delaware, except to the extent preempted by Federal law. This Agreement contains the entire agreement and understanding between the Grantee and the Company respecting the Award.

i. **Counterparts.** This Agreement may be executed in two or more separate counterparts, each of which shall be an original, and all of which together shall constitute one and the same agreement.

13. Prospectus and Plan: Grantee acknowledges that Grantee has received a copy of the 2015 Plan and a Prospectus prior to the execution of this Agreement. As a condition to entering into this Agreement, and as a condition to the issuance of any Award, the Grantee agrees to be bound by all of the terms and conditions herein and in the 2015 Plan.

****Please sign below and return this Agreement to the General Counsel as soon as possible****

This Agreement [ ] does or [ ] does not include an Attachment.

Full House Resorts, Inc.

By:

Name:

Its:

GRANTEE ACKNOWLEDGMENT

I acknowledge the Award described herein on the terms presented and agree to be bound by this Agreement and the terms of the 2015 Plan. I represent that I am (check all that apply):

[ ] An officer of the Company or of one of its subsidiaries;

[ ] An employee of the Company or of one of its subsidiaries;

[ ] A director of the Company;

[ ] A "Consultant" as defined in the 2015 Equity Incentive Plan.

Acknowledged:

_____
Signature

_____
Printed Name

_____
Address

_____
Address

ATTACHMENT I-A

INCENTIVE STOCK OPTION AGREEMENT

FOR

_____, as Grantee

Pursuant to the Award Agreement to which this Attachment I-A, Incentive Stock Option Agreement is attached, the Company has granted to the Grantee an option to purchase the number of Options indicated in the Award Agreement, on the terms and conditions set forth in this Agreement.

1. ***Grant.*** The Company hereby grants to Grantee the option (the "Option") to purchase any part or all of the aggregate number of Shares set forth in the Award Agreement (the "Option Shares") pursuant to the 2015 Plan. This Option is granted as of _____ (the "Award Date"). This Option is intended to qualify as an "incentive stock option" defined in Section 422(b) of the Internal Revenue Code of 1986, as amended (the **"Code"**), to the extent that the aggregate Fair Market Value (determined as of the Award Date) of Option Shares that are exercisable for the first time by the Option Holder during any calendar year does not exceed $100,000. The remaining Option Shares covered by this Option, if any, shall be deemed to be non-qualified options. The Option Shares shall upon issue rank equally in all respects with all other Shares.

2. ***Exercise Price.*** The exercise price for the Option Shares shall be, except as herein provided, $_____ per Option Share, hereinafter sometimes referred to as the "Option Price," payable immediately in full upon the exercise of the Option. In no event shall the Option Price be less than 100% of the Fair Market Value of the Option Shares subject to this Option the Award Date (or 110% where the Option Holder owns more than 10% of the combined voting power of all classes of stock of the Company the Award Date).

3. ***Commencement of Exercisability***.

   (a) Except as otherwise provided in Sections 3(b), 3(c), and 3(d) hereof, the Option Shares shall become vested in the following amounts, at the following times and upon the following conditions, provided that the Continuous Service of the Grantee continues through and on the applicable Vesting Date:

Option Shares (Number or Percentage)	**Vesting Date**

There shall be no proportionate or partial vesting of Option Shares in or during the months, days or periods prior to each Vesting Date, and all vesting of Option Shares shall occur only on the applicable Vesting Date.

(b) In the event that a Change in Control of the Company occurs during the Grantee's Continuous Service, the following terms shall apply.

i. All outstanding Options under the 2015 Plan shall terminate. However, all such Options shall not terminate to the extent they are Assumed in connection with the Change in Control.

ii. In the event of a Change in Control and:

(A) For the portion of each Option that is Assumed or Replaced, then such Option (if Assumed), the replacement Option (if Replaced), or the cash incentive program (if Replaced) automatically shall become fully vested, exercisable and payable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Option Shares (or other consideration) at the time represented by such Assumed or Replaced portion of the Option, immediately upon termination of the Grantee's Continuous Service if such Continuous Service is terminated by the successor company or the Company without Cause or voluntarily by the Grantee with Good Reason within twelve (12) months after the Change in Control;

(B) For the portion of each Option that is neither Assumed nor Replaced, such portion of the Option shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Option Shares (or other consideration) at the time represented by such portion of the Option, immediately prior to the specified effective date of such Change in Control, provided that the Grantee's Continuous Service has not terminated prior to such date. The portion of the Option that is not Assumed shall terminate under subsection (A) of this Section to the extent not exercised prior to the consummation of such Change in Control; and

(C) If the Option is accelerated in connection with a Change in Control, it shall remain exercisable as an Incentive Stock Option under the Code only to the extent the $100,000 dollar limitation of Section 422(d) of the Code is not exceeded.

(c) To the extent not exercised within the time permitted by law for the exercise of Incentive Stock Options following the termination of a Grantee's Continuous Service, the Option shall convert automatically to a Non-Qualified Stock Option and thereafter shall be exercisable as such to the extent exercisable by its terms for the period specified herein.

(d) Notwithstanding any other term or provision of this Agreement, the Board or the Committee shall be authorized, in its sole discretion, based upon its review and evaluation of the performance of the Grantee and of the Company, to accelerate the vesting of any Option Shares under this Agreement, at such times and upon such terms and conditions as the Board or the Committee shall deem advisable.

(e) For purposes of this Agreement, the following terms shall have the meanings indicated:

i. ***"Non-Vested Shares"*** means any portion of the Option subject to this Agreement that has not become vested pursuant to this Section 2.

ii. ***"Vested Shares"*** means any portion of the Option subject to this Agreement that is and has become vested pursuant to this Section 2.

4. ***Expiration of the Option.*** The Option may not be exercised to any extent by anyone after _____ __, 20__, (the "Expiration Date"). Unless otherwise provided in an employment agreement the terms of which have been approved by the Administrator, in the event the Grantee's Continuous Service terminates, the Grantee may exercise the Option to the extent that the Grantee was so entitled as of the date of termination, but only within such period of time ending on the date ninety (90) days following the termination of the Grantee's Continuous Service; *provided that*, if the termination of Continuous Service is by the Company for Cause, the Option shall immediately terminate and cease to be exercisable.

5. ***Exercise of the Option.***

(a) Except as provided herein or in the 2015 Plan, during the lifetime of the Grantee, only the Grantee may exercise the Option or any portion thereof. After the death or Disability of the Grantee, any exercisable portion of the Option may be exercised pursuant to the terms of the 2015 Plan by any person empowered to do so. Any portion of the Option not exercisable at the time of the death or Disability of the Grantee shall terminate and cease to be exercisable.

(b) Any exercisable portion of the Option, or the entire Option if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 4 hereof.

(c) The Option may be exercised solely by delivery to the Secretary of the Company (or other person or entity designated by the Company) of all of the following, prior to the Expiration Date.

i. A written or electronic notice, signed by the Grantee or other person then entitled to exercise the Option and complying with the applicable rules established by the Committee stating that the Option, or a portion thereof, is exercised;

ii. Full payment of the exercise price and applicable withholding taxes in a manner permitted by Section 8(c) hereof;

iii. Any other written representations or documents as may be required in the Committee's sole discretion to effect compliance with Securities Laws; and

iv. If exercised under Section 5 hereof, the appropriate proof of the right of such person or persons to exercise the Option.

Notwithstanding any of the foregoing, the Company shall have the right to specify all conditions of the manner of exercise, which conditions may vary and be subject to change from time to time.

(d) Consideration for the exercise of the Option may consist of any one of the following, or a combination thereof:

i. Cash;

ii. Check;

iii. Surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Committee may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Option Shares as to which the Option shall be exercised;

iv. Payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction;

v. Payment through a "net exercise" such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares equal to (i) the number of Option Shares as to which the Option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Committee) less the exercise price per Option Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares); or

vi. With the consent of the Committee, such other form of legal consideration as may be acceptable to the Committee.

6. ***Conditions to the Issuance of Stock Certificates.*** The Shares deliverable upon the exercise of the Option, or any portion thereof, shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any certificates or make any book entries evidencing the Shares purchased upon exercise of the of the Option or portion thereof prior to fulfillment of the conditions set forth herein and in the 2015 Plan.

7. ***Rights with Respect to the Option.***

(a) Prior to the exercise of the Option, Grantee shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any Option Shares purchasable upon exercise of any part of the Option unless and until such Option has been exercised and Shares have been issued by the Company to the Grantee (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

(b) Except as otherwise provided in this Agreement, the Grantee shall have, with respect to all of the Shares issued by the Company to the Grantee upon exercise of the Option, all of the rights of a holder of shares of common stock of the Company, including without limitation (i) the right to vote such Shares, (ii) the right to receive dividends, if any, as may be declared on the Shares from time to time, and (iii) the rights available to all holders of shares of common stock of the Company upon any merger, consolidation, reorganization, liquidation or dissolution, stock split-up, stock dividend or recapitalization undertaken by the Company; provided, however, that all of such rights shall be subject to the terms, provisions, conditions and restrictions set forth in this Agreement (including without limitation conditions under which all such rights shall be forfeited). Any Shares issued to the Grantee as a dividend with respect to the Shares shall have the same status set forth in this Section 7 unless otherwise determined by the Committee.

(c) If at any time while this Agreement is in effect (or Options granted hereunder shall be or remain unvested while Grantee's Continuous Service continues and has not yet terminated or ceased for any reason), there shall be any increase or decrease in the number of issued and outstanding Shares of the Company resulting from a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the Shares, or similar transaction affecting the Option, then and in that event, the Board or the Committee shall make any adjustments it deems fair and appropriate, in view of such change, in the number of Options then subject to this Agreement.

(d) Notwithstanding any term or provision of this Agreement to the contrary, the existence of this Agreement, or of any outstanding Option awarded hereunder, shall not affect in any manner the right, power or authority of the Company to make, authorize or consummate: (i) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; (ii) any merger, consolidation or similar transaction by or of the Company; (iii) any offer, issue or sale by the Company of any capital stock of the Company, including any equity or debt securities, or preferred or preference stock that would rank prior to or on parity with the Shares that would be issued upon exercise of the Option and/or that would include, have or possess other rights, benefits and/or preferences superior to those that would be applicable to Shares that would be issued upon exercise of the Option, or any warrants, options or rights with respect to any of the foregoing; (iv) the dissolution or liquidation of the Company; (v) any sale, transfer or assignment of all or any part of the stock, assets or business of the Company; or (vi) any other corporate transaction, act or proceeding (whether of a similar character or otherwise).

8. ***Tax Matters.***

(a) The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Award, vesting and/or exercise of the Option, and/or with the purchase or disposition of the Shares subject to the Option.

(b) Upon exercise of the Option, Grantee shall pay to the Company, or make arrangements satisfactory to the Committee for payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to the exercise of the Option. If the Grantee shall fail to make such tax payments, or fail to make satisfactory arrangements for the payment thereof, the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind (including without limitation, the withholding of any Shares that otherwise would be issued to the Grantee under this Agreement) otherwise due to the Grantee any federal, state or local taxes of any kind required by law to be withheld with respect to the exercise of the Option.

(c) The Grantee may satisfy the withholding requirements with respect to the exercise of the Option pursuant to any one or combination of the following methods:

i. Payment in cash; or

ii. By surrender of the whole number of Option Shares sufficient to satisfy the minimum applicable tax withholding obligations incident to the exercise or vesting of the Option (reduced to the lowest whole number of Option Shares if such number of Option Shares withheld would result in withholding a fractional Share with any remaining tax withholding settled in cash).

(d) Tax consequences on the Grantee (including without limitation federal, state, local and foreign income tax consequences) with respect to the Option or the exercise thereof (including without limitation the grant, vesting and/or forfeiture thereof) are the sole responsibility of the Grantee. The Grantee shall consult with his or her own personal accountant(s) and/or tax advisor(s) regarding these matters and the Grantee's filing, withholding and payment (or tax liability) obligations.

9. ***Qualification as an Incentive Stock Option***. Grantee understands that the Option is intended to qualify as an "incentive stock option" within the meaning of section 422(b) of the Code. Grantee understands, further, that the Option Price for the Option Shares has been set by the Committee at a price that the Committee has determined to be not less than 100% (or, if Option Holder owned at the time of grant more than 10% of the voting securities of the Company, 110%) of the Fair Market Value of the Option Shares on the Award Date. The Company believes that the methodology by which the Committee valued the Option Shares at such time represented a good faith attempt, as defined in the Code, at reaching an accurate appraisal of the Fair Market Value of the Option Shares. Grantee understands and acknowledges, however, that the Company shall not be responsible for any additional tax liability incurred by Grantee in the event that the Internal Revenue Service is to determine that this Option does not qualify as

an incentive stock option, for any reason, including without limitation a determination that the Committee's valuation did not represent a good faith attempt to value the Option Shares.

ATTACHMENT I-B

NONQUALFIED STOCK OPTION AGREEMENT

[Recipient Name], as Grantee

Pursuant to the Award Agreement to which this Attachment I-B, Nonqualified Stock Option Agreement is attached, the Company has granted to the Grantee an option to purchase the number of Options indicated in the Award Agreement, on the terms and conditions set forth in this Agreement.

1. ***Grant.*** The Company hereby grants to Grantee the option (the "Option") to purchase any part or all of the aggregate number of Shares set forth in the Award Agreement (the "Option Shares") pursuant to the 2015 Plan. This Option is granted as of [INSERT DATE] (the "Award Date"). The Option Shares shall upon issue rank equally in all respects with all other Shares. The Option is not intended to qualify as an "incentive stock option" defined in Section 422(b) of the Internal Revenue Code of 1986, as amended (the **"Code"**).

2. ***Exercise Price.*** The exercise price for the Option Shares shall be, except as herein provided, [INSERT EXERCISE PRICE] per Option Share, hereinafter sometimes referred to as the "Option Price," payable immediately in full upon the exercise of the Option. In no event shall the Option Price be less than 100% of the Fair Market Value of the Option Shares subject to this Option the Award Date (or 110% where the Option Holder owns more than 10% of the combined voting power of all classes of stock of the Company the Award Date).

3. ***Commencement of Exercisability***.

    a. Except as otherwise provided in Sections 3(b), and 3(c) hereof, the Option Shares shall become vested in the following amounts, at the following times and upon the following conditions, provided that the Continuous Service of the Grantee continues through and on the applicable Vesting Date:

Option Shares (Number or Percentage)	**Vesting Date**

There shall be no proportionate or partial vesting of Option Shares in or during the months, days or periods prior to each Vesting Date, and all vesting of Option Shares shall occur only on the applicable Vesting Date.

    b. In the event that a Change in Control of the Company occurs during the Grantee's Continuous Service, the following terms shall apply.

        i. All outstanding Options under the 2015 Plan shall terminate. However, all such Options shall not terminate to the extent they are Assumed in connection with the Change in Control.

        ii. In the event of a Change in Control and:

            1. For the portion of each Option that is Assumed or Replaced, then such Option (if Assumed), the replacement Option (if Replaced), or the cash incentive program (if Replaced) automatically shall become fully vested, exercisable and payable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Option Shares (or other consideration) at the time represented by such Assumed or Replaced portion of the Option, immediately upon termination of the Grantee's Continuous Service if such Continuous Service is terminated by the successor company or the Company without Cause or voluntarily by the Grantee with Good Reason within twelve (12) months after the Change in Control; and

            2. For the portion of each Option that is neither Assumed nor Replaced, such portion of the Option shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Option Shares (or other consideration) at the time represented by such portion of the Option, immediately

prior to the specified effective date of such Change in Control, provided that the Grantee's Continuous Service has not terminated prior to such date. The portion of the Option that is not Assumed shall terminate under subsection (A) of this Section to the extent not exercised prior to the consummation of such Change in Control.

c. Notwithstanding any other term or provision of this Agreement, the Board or the Committee shall be authorized, in its sole discretion, based upon its review and evaluation of the performance of the Grantee and of the Company, to accelerate the vesting of any Option Shares under this Agreement, at such times and upon such terms and conditions as the Board or the Committee shall deem advisable.

d. For purposes of this Agreement, the following terms shall have the meanings indicated:

i. ***"Non-Vested Shares"*** means any portion of the Option subject to this Agreement that has not become vested pursuant to this Section 2.

ii. ***"Vested Shares"*** means any portion of the Option subject to this Agreement that is and has become vested pursuant to this Section 2.

4. ***Expiration of the Option.*** The Option may not be exercised to any extent by anyone after [INSERT EXPIRATION DATE], (the "Expiration Date"). Unless otherwise provided in an employment agreement the terms of which have been approved by the Administrator, in the event the Grantee's Continuous Service terminates, the Grantee may exercise the Option to the extent that the Grantee was so entitled as of the date of termination, but only within such period of time ending on the date ninety (90) days following the termination of the Grantee's Continuous Service; *provided that*, if the termination of Continuous Service is by the Company for Cause, the Option shall immediately terminate and cease to be exercisable. If, after termination, the Grantee does not exercise his or her Option within the time specified herein, the Option shall terminate without any payment to the Grantee.

5. ***Exercise of the Option.***

a. Except as provided herein or in the 2015 Plan, during the lifetime of the Grantee, only the Grantee may exercise the Option or any portion thereof. After the death or Disability of the Grantee, any exercisable portion of the Option may be exercised pursuant to the terms of the 2015 Plan by any person empowered to do so. Any portion of the Option not exercisable at the time of the death or Disability of the Grantee shall terminate and cease to be exercisable.

b. Any exercisable portion of the Option, or the entire Option if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 4 hereof.

c. The Option may be exercised solely by delivery to the Secretary of the Company (or other person or entity designated by the Company) of all of the following, prior to the Expiration Date.

i. A written or electronic notice, signed by the Grantee or other person then entitled to exercise the Option and complying with the applicable rules established by the Committee stating that the Option, or a portion thereof, is exercised;

ii. Full payment of the exercise price and applicable withholding taxes in a manner permitted by Section 8(c) hereof;

iii. Any other written representations or documents as may be required in the Committee's sole discretion to effect compliance with Securities Laws; and

iv. If exercised under Section 5 hereof, the appropriate proof of the right of such person or persons to exercise the Option.

Notwithstanding any of the foregoing, the Company shall have the right to specify all conditions of the manner of exercise, which conditions may vary and be subject to change from time to time.

d. Consideration for the exercise of the Option may consist of any one of the following, or a combination thereof:

i. Cash;

ii. Check;

iii. Surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Committee may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Option Shares as to which the Option shall be exercised;

iv. Payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction;

v. Payment through a "net exercise" such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares equal to (i) the number of Option Shares as to which the Option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Committee) less the exercise price per Option Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares); or

vi. With the consent of the Committee, such other form of legal consideration as may be acceptable to the Committee.

6. ***Conditions to the Issuance of Stock Certificates.*** The Shares deliverable upon the exercise of the Option, or any portion thereof, shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any certificates or make any book entries evidencing the Shares purchased upon exercise of the of the Option or portion thereof prior to fulfillment of the conditions set forth herein and in the 2015 Plan.

7. ***Rights with Respect to the Option.***

a. Prior to the exercise of the Option, Grantee shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any Option Shares purchasable upon exercise of any part of the Option unless and until such Option has been exercised and Shares have been issued by the Company to the Grantee (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

b. Except as otherwise provided in this Agreement, the Grantee shall have, with respect to all of the Shares issued by the Company to the Grantee upon exercise of the Option, all of the rights of a holder of shares of common stock of the Company, including without limitation (i) the right to vote such Shares, (ii) the right to receive dividends, if any, as may be declared on the Shares from time to time, and (iii) the rights available to all holders of shares of common stock of the Company upon any merger, consolidation, reorganization, liquidation or dissolution, stock split-up, stock dividend or recapitalization undertaken by the Company; provided, however, that all of such rights shall be subject to the terms, provisions, conditions and restrictions set forth in this Agreement (including without limitation conditions under which all such rights shall be forfeited). Any Shares issued to the Grantee as a dividend with respect to the Shares shall have the same status set forth in this Section 7 unless otherwise determined by the Committee.

c. If at any time while this Agreement is in effect (or Options granted hereunder shall be or remain unvested while Grantee's Continuous Service continues and has not yet terminated or ceased for any reason), there shall be any increase or decrease in the number of issued and outstanding Shares of the Company resulting from a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the Shares, or similar transaction affecting the Option, then and in that event, the Board or the Committee shall make any adjustments it deems fair and appropriate, in view of such change, in the number of Options then subject to this Agreement.

d. Notwithstanding any term or provision of this Agreement to the contrary, the existence of this Agreement, or of any outstanding Option awarded hereunder, shall not affect in any manner the right, power or authority of the Company to make, authorize or consummate: (i) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; (ii) any merger, consolidation or similar transaction by or of the Company; (iii) any offer, issue or sale by the Company of any capital stock of the Company, including any equity

or debt securities, or preferred or preference stock that would rank prior to or on parity with the Shares that would be issued upon exercise of the Option and/or that would include, have or possess other rights, benefits and/or preferences superior to those that would be applicable to Shares that would be issued upon exercise of the Option, or any warrants, options or rights with respect to any of the foregoing; (iv) the dissolution or liquidation of the Company; (v) any sale, transfer or assignment of all or any part of the stock, assets or business of the Company; or (vi) any other corporate transaction, act or proceeding (whether of a similar character or otherwise).

8. ***Tax Matters.***

a. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Award, vesting and/or exercise of the Option, and/or with the purchase or disposition of the Shares subject to the Option.

b. Upon exercise of the Option, Grantee shall pay to the Company, or make arrangements satisfactory to the Committee for payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to the exercise of the Option. If the Grantee shall fail to make such tax payments, or fail to make satisfactory arrangements for the payment thereof, the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind (including without limitation, the withholding of any Shares that otherwise would be issued to the Grantee under this Agreement) otherwise due to the Grantee any federal, state or local taxes of any kind required by law to be withheld with respect to the exercise of the Option.

c. The Grantee may satisfy the withholding requirements with respect to the exercise of the Option pursuant to any one or combination of the following methods:

    i. Payment in cash; or

    ii. By surrender of the whole number of Option Shares sufficient to satisfy the minimum applicable tax withholding obligations incident to the exercise or vesting of the Option (reduced to the lowest whole number of Option Shares if such number of Option Shares withheld would result in withholding a fractional Share with any remaining tax withholding settled in cash).

d. Tax consequences on the Grantee (including without limitation federal, state, local and foreign income tax consequences) with respect to the Option or the exercise thereof (including without limitation the grant, vesting and/or forfeiture thereof) are the sole responsibility of the Grantee. The Grantee shall consult with his or her own personal accountant(s) and/or tax advisor(s) regarding these matters and the Grantee's filing, withholding and payment (or tax liability) obligations.

ATTACHMENT I-C

STOCK APPRECIATION RIGHTS AGREEMENT

FOR

_____, as Grantee

Pursuant to the Award Agreement to which this Attachment I-C, Stock Appreciation Rights Agreement is attached, the Company has granted to the Grantee the Stock Appreciation Rights ("SARs") indicated in the Award Agreement on the terms and conditions set forth in this Agreement.

1. ***Award of Stock Appreciation Rights.*** The Company hereby grants to the Grantee, an Award of SARs covering _____ Shares of the common stock of the Company (each a "SAR Share"), pursuant to which the Grantee shall be eligible for the payment set forth in Section 4(d) hereof. The SAR exercise price for SARs granted pursuant to this Agreement is _____ ($_____) per SAR Share (the "Base Appreciation Amount"); *provided* that the Base Appreciation Amount shall not be less than one hundred percent (100%) of the Fair Market Value per Share of the common stock of the Company on the date of the grant. Upon exercise, as further discussed in Section 4(d) below, Grantee will receive the whole number of Shares of the common stock of the Company whose value is an amount equal to the difference between the Fair Market Value of a Share of the common stock of the Company on the exercise date and the Base Appreciation Amount, multiplied by the number of SAR Shares (defined below) being exercised.

2. ***Commencement of Exercisability***.

   a. Except as otherwise provided in Sections 2(b) and 2(c) hereof, the SAR shall become vested in the following amounts, at the following times and upon the following conditions, provided that the Continuous Service of the Grantee continues through and on the applicable Vesting Date:

SAR Shares (Number or Percentage)	Vesting Date

There shall be no proportionate or partial vesting of SAR Shares in or during the months, days or periods prior to each Vesting Date, and all vesting of SAR Shares shall occur only on the applicable Vesting Date.

   b. In the event that a Change in Control of the Company occurs during the Grantee's Continuous Service, the following terms shall apply.

      i. All outstanding SARs under the 2015 Plan shall terminate. However, all such SARs shall not terminate to the extent they are Assumed in connection with the Change in Control.

      ii. In the event of a Change in Control and:

         A. For the portion of each SAR that is Assumed or Replaced, then such SAR (if Assumed), the replacement SAR (if Replaced), or the cash incentive program (if Replaced) automatically shall become fully vested, exercisable and payable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the SAR Shares (or other consideration) at the time represented by such Assumed or Replaced portion of the SAR, immediately upon termination of the Grantee's Continuous Service if such Continuous Service is terminated by the successor company or the Company without Cause or voluntarily by the Grantee with Good Reason within twelve (12) months after the Change in Control; and

         B. For the portion of each SAR that is neither Assumed nor Replaced, such portion of the SAR shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of

the SAR Shares (or other consideration) at the time represented by such portion of the SAR, immediately prior to the specified effective date of such Change in Control, provided that the Grantee's Continuous Service has not terminated prior to such date. The portion of the SAR that is not Assumed shall terminate under subsection (A) of this Section to the extent not exercised prior to the consummation of such Change in Control.

c. Notwithstanding any other term or provision of this Agreement, the Board or the Committee shall be authorized, in its sole discretion, based upon its review and evaluation of the performance of the Grantee and of the Company, to accelerate the vesting of any SAR Shares under this Agreement, at such times and upon such terms and conditions as the Board or the Committee shall deem advisable.

d. For purposes of this Agreement, the following terms shall have the meanings indicated:

i. ***"Non-Vested SAR Shares"*** means any portion of the SAR subject to this Agreement that has not become vested pursuant to this Section 2.

ii. ***"Vested SAR Shares"*** means any portion of the SAR subject to this Agreement that is and has become vested pursuant to this Section 2.

3. ***Expiration of the SAR***. The SARs issued under this Agreement may not be exercised to any extent by anyone after _____ __, 20__ (the "Expiration Date"). Unless otherwise provided in an employment agreement the terms of which have been approved by the Committee, in the event that the Grantee's Continuous Service terminates, the Grantee may exercise the SAR to the extent that Grantee was so entitled as of the date of termination, but only within such period of time ending on the date that is ninety (90) days following the termination of the Grantee's Continuous Service; *provided that*, if the termination of the Continuous Service is by the Company for Cause, the SAR shall immediately terminate and cease to be exercisable. If, after termination, the Grantee does not exercise his or her SAR within the time specified herein, the SAR shall terminate without any payment to the Grantee.

4. ***Exercise of the SAR***.

a. Except as provided herein or in the 2015 Plan, during the lifetime of the Grantee, only the Grantee may exercise the SAR or any portion thereof. After the death or Disability of the Grantee, any exercisable portion of the SAR may be exercised pursuant to the terms of the 2015 Plan by any person empowered to do so. Any portion of the SAR not exercisable at the time of the death or Disability of the Grantee shall terminate and cease to be exercisable.

b. Any exercisable portion of the SAR, or the entire SAR if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the SAR or portion thereof becomes unexercisable under Section 3 hereof.

c. The SAR may be exercised prior to the Expiration Date solely by delivery to the Secretary of the Company (or other person or entity designated by the Company) of all of the following.

i. A written or electronic notice, signed by the Grantee or other person then entitled to exercise the SAR and complying with the applicable rules established by the Committee stating that the SAR, or a portion thereof, is exercised;

ii. Full payment of the applicable withholding taxes in a manner permitted by Section 7(c) hereof;

iii. Any other written representations or documents as may be required in the Committee's sole discretion to effect compliance with Securities Laws; and

iv. If exercised under Section 4 hereof, the appropriate proof of the right of such person or persons to exercise the SAR.

Notwithstanding any of the foregoing, the Company shall have the right to specify all conditions of the manner of exercise, which conditions may vary and be subject to change from time to time.

d. After receiving the notice of exercise pursuant to Section 4(c) hereof, the Company shall cause to be issued, the whole number of Shares of the common stock of the Company whose value is an amount equal to the difference

between the Fair Market Value of a Share of the common stock of the Company on the exercise date and the Base Appreciation Amount, multiplied by the number of SAR Shares being exercised. No fractional Shares of the Company's common stock shall be issued.

5. ***Conditions to the Issuance of Stock Certificates***. The Shares of common stock of the Company deliverable upon the exercise of the SAR, or any portion thereof, shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any certificates or make any book entries evidencing such Shares upon exercise of the of the SAR or portion thereof prior to fulfillment of the conditions set forth herein and in the 2015 Plan.

6. ***Rights with Respect to the SAR.***

   a. Prior to the exercise of the SAR, Grantee shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any Shares of the common stock of the Company issued upon exercise of any part of the SAR unless and until such SAR has been exercised and Shares have been issued by the Company to the Grantee (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

   b. Except as otherwise provided in this Agreement, the Grantee shall have, with respect to all of the Shares issued by the Company to the Grantee upon exercise of the SAR, all of the rights of a holder of shares of common stock of the Company, including without limitation (i) the right to vote such Shares, (ii) the right to receive dividends, if any, as may be declared on the Shares from time to time, and (iii) the rights available to all holders of shares of common stock of the Company upon any merger, consolidation, reorganization, liquidation or dissolution, stock split-up, stock dividend or recapitalization undertaken by the Company; *provided, however*, that all of such rights shall be subject to the terms, provisions, conditions and restrictions set forth in this Agreement (including without limitation conditions under which all such rights shall be forfeited). Any Shares issued to the Grantee as a dividend with respect to the Shares shall have the same status set forth in this Section 6 unless otherwise determined by the Committee.

   c. If at any time while this Agreement is in effect (or SARs granted hereunder shall be or remain unvested while Grantee's Continuous Service continues and has not yet terminated or ceased for any reason), there shall be any increase or decrease in the number of issued and outstanding Shares of the Company resulting from a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the Shares of common stock of the Company, or similar transaction affecting the SAR Shares, then and in that event, the Board or the Committee shall make any adjustments it deems fair and appropriate, in view of such change, in the number of SAR Shares then subject to this Agreement.

   d. Notwithstanding any term or provision of this Agreement to the contrary, the existence of this Agreement, or of any outstanding SAR awarded hereunder, shall not affect in any manner the right, power or authority of the Company to make, authorize or consummate: (i) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; (ii) any merger, consolidation or similar transaction by or of the Company; (iii) any offer, issue or sale by the Company of any capital stock of the Company, including any equity or debt securities, or preferred or preference stock that would rank prior to or on parity with the Shares that would be issued upon exercise of the SAR and/or that would include, have or possess other rights, benefits and/or preferences superior to those that would be applicable to Shares that would be issued upon exercise of the SAR, or any warrants, options or rights with respect to any of the foregoing; (iv) the dissolution or liquidation of the Company; (v) any sale, transfer or assignment of all or any part of the stock, assets or business of the Company; or (vi) any other corporate transaction, act or proceeding (whether of a similar character or otherwise).

7. ***Tax Matters.***

   a. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Award, vesting and/or exercise of the SAR, and/or with the purchase or disposition of the SAR Shares.

   b. Upon exercise of the SAR, Grantee shall pay to the Company, or make arrangements satisfactory to the Committee for payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to the exercise of the SAR. If the Grantee shall fail to make such tax payments, or fail to make satisfactory arrangements for the payment thereof, the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind (including without limitation, the withholding of any Shares that otherwise would be issued

to the Grantee under this Agreement) otherwise due to the Grantee any federal, state or local taxes of any kind required by law to be withheld with respect to the exercise of the SAR.

c. The Grantee may satisfy the withholding requirements with respect to the exercise of the SAR pursuant to any one or combination of the following methods:

    i. Payment in cash; or

    ii. By surrender of the whole number of SAR Shares sufficient to satisfy the minimum applicable tax withholding obligations incident to the exercise or vesting of the SAR (reduced to the lowest whole number of SAR Shares if such number of SAR Shares withheld would result in withholding a fractional Share of the common stock of the Company with any remaining tax withholding settled in cash).

d. Tax consequences on the Grantee (including without limitation federal, state, local and foreign income tax consequences) with respect to the SAR or the exercise thereof (including without limitation the grant, vesting and/or forfeiture thereof) are the sole responsibility of the Grantee. The Grantee shall consult with his or her own personal accountant(s) and/or tax advisor(s) regarding these matters and the Grantee's filing, withholding and payment (or tax liability) obligations.

ATTACHMENT I-D

RESTRICTED STOCK AGREEMENT

FOR

_____, as Grantee

Pursuant to the Award Agreement to which this Attachment I-D, Restricted Stock Agreement is attached, the Company has granted to the Grantee an option to purchase the number of Shares of Restricted Stock indicated in the Award Agreement on the terms and conditions set forth in this Agreement.

1. ***Award of Restricted Stock.*** The Committee hereby grants, as of the Award Date (the "**Award Date**"), to (the "**Grantee**"), restricted shares of Full House Resorts, Inc., a Delaware corporation (the "Company"), common stock, par value $.0001 per share (collectively the "**Restricted Stock**"). The Restricted Stock shall be subject to the terms, provisions and restrictions set forth in this Agreement and the 2015 Plan, which is incorporated herein for all purposes.

2. ***Purchase Price.*** The purchase price of your Restricted Stock, if any, is [_____ ($_____)] per Share.

3. ***Vesting of Restricted Stock.***

   a. Except as otherwise provided in Sections 3(b) and 3(c) hereof, the shares of Restricted Stock shall become vested in the following amounts, at the following times and upon the following conditions, provided that the Continuous Service of the Grantee continues through and on the applicable Vesting Date:

Shares of Restricted Stock (Number or Percentage)	Vesting Date

   There shall be no proportionate or partial vesting of shares of Restricted Stock in or during the months, days or periods prior to each Vesting Date, and all vesting of shares of Restricted Stock shall occur only on the applicable Vesting Date.

   b. In the event that a Change in Control of the Company occurs during the Grantee's Continuous Service, the following terms shall apply.

      i. All outstanding Awards under the 2015 Plan shall terminate. However, all such Awards shall not terminate to the extent they are Assumed in connection with the Change in Control.

      ii. In the event of a Change in Control and:

         A. For the portion of this Award of Restricted Stock that is Assumed or Replaced, then this Award (if Assumed), the replacement Award (if Replaced), or the cash incentive program (if Replaced) automatically shall become fully vested, exercisable and payable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Shares (or other consideration) at the time represented by such Assumed or Replaced portion of this Award, immediately upon termination of the Grantee's Continuous Service if such Continuous Service is terminated by the successor company or the Company without Cause or voluntarily by the Grantee with Good Reason within twelve (12) months after the Change in Control; and

         B. For the portion of this Award of Restricted Stock that is neither Assumed nor Replaced, such portion of this Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Shares (or other consideration) at the time represented by such portion of this Award, immediately prior to the specified effective date of such Change in Control,

provided that the Grantee's Continuous Service has not terminated prior to such date. The portion of this Award that is not Assumed shall terminate under subsection (A) of this Section to the extent not exercised prior to the consummation of such Change in Control.

c. Notwithstanding any other term or provision of this Agreement, the Board or the Committee shall be authorized, in its sole discretion, based upon its review and evaluation of the performance of the Grantee and of the Company, to accelerate the vesting of any shares of Restricted Stock under this Agreement, at such times and upon such terms and conditions as the Board or the Committee shall deem advisable.

d. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated:

a. ***"Non-Vested Shares"*** means any portion of the Restricted Stock subject to this Agreement that has not become vested pursuant to this Section 2.

b. ***"Vested Shares"*** means any portion of the Restricted Stock subject to this Agreement that is and has become vested pursuant to this Section 2.

4. ***Exercise and Delivery of Restricted Stock.***

a. Except as provided herein or in the 2015 Plan, the Grantee may purchase the Restricted Stock on or after the date (the "**Applicable Date**") on which the shares (or a portion thereof) subject to this Restricted Stock award become Vested Shares pursuant to Section 2 hereof; *provided*, that all such purchases shall be made prior to _____ __, 20__ (the "Expiration Date").

b. Unless otherwise provided in an employment agreement the terms of which have been approved by the Committee, in the event the Grantee's Continuous Service terminates, the Grantee may purchase the Restricted Stock (to the extent that the Grantee was entitled to purchase such Restricted Stock as of the date of termination) but only within such period of time ending on the earlier of (x) the date ninety (90) days following the termination of the Grantee's Continuous Service or (y) the Expiration Date; *provided that*, if the termination of Continuous Service is by the Company for Cause, all portions of this Award that remain outstanding (whether or not vested) shall immediately terminate and cease to be exercisable. If, after termination, the Grantee does not purchase the Restricted Stock within the time specified herein, this Award shall terminate, and the Shares shall revert back to the Company without any payment to the Grantee.

c. Except as provided herein or in the 2015 Plan, during the lifetime of the Grantee, only the Grantee may purchase the Restricted Stock or any portion thereof. After the death or Disability of the Grantee, any Vested Shares may be purchased pursuant to the terms of the 2015 Plan by any person empowered to do so. At the time of the death or Disability of the Grantee the right to purchase any Non-Vested Shares shall terminate and cease to be exercisable.

d. One or more stock certificates evidencing the Restricted Stock shall be issued in the name of the Grantee but shall be held and retained by the Records Administrator of the Company until Applicable Date. All such stock certificates shall bear the following legends, along with such other legends that the Board or the Committee shall deem necessary and appropriate or which are otherwise required or indicated pursuant to any applicable stockholders agreement:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO SUBSTANTIAL VESTING AND OTHER RESTRICTIONS AS SET FORTH IN THE RESTRICTED STOCK AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH RESTRICTIONS ARE BINDING ON TRANSFEREES OF THESE SHARES, AND INCLUDE VESTING CONDITIONS WHICH MAY RESULT IN THE COMPLETE FORFEITURE OF THE SHARES.

e. The Grantee shall deposit with the Company stock powers or other instruments of transfer or assignment, duly endorsed in blank with signature(s) guaranteed, corresponding to each certificate representing shares of Restricted Stock until such shares become Vested Shares. If the Grantee shall fail to provide the Company with any such stock power or other instrument of transfer or assignment, the Grantee hereby irrevocably appoints the Secretary of the Company as his attorney-in-fact, with full power of appointment and substitution, to execute

and deliver any such power or other instrument which may be necessary to effectuate the transfer of the Restricted Stock (or assignment of distributions thereon) on the books and records of the Company.

f. On or after each Applicable Date, upon written request to the Company by the Grantee, the Company shall promptly cause a new certificate or certificates to be issued for and with respect to all shares that become Vested Shares on that Applicable Date, which certificate(s) shall be delivered to the Grantee as soon as administratively practicable after the date of receipt by the Company of the Grantee's written request. The new certificate or certificates shall continue to bear those legends and endorsements that the Company shall deem necessary or appropriate (including those relating to restrictions on transferability and/or obligations and restrictions under the Securities Laws).

g. Consideration for the purchase of Restricted Stock may consist of any one of the following, or a combination thereof:

i. Cash;

ii. Check;

iii. Surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Committee may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate purchase price of the Restricted Stock; or

iv. With the consent of the Committee, such other form of legal consideration as may be acceptable to the Committee.

5. ***Conditions to the Issuance of Stock Certificates***. The Restricted Stock deliverable hereunder shall by fully paid and nonassessable. The Company shall not be required to issue or deliver any certificates or make any book entries evidencing the Restricted Stock prior to the fulfillment of the conditions set forth herein and in the 2015 Plan.

6. ***Rights with Respect to Restricted Stock.***

a. Except as otherwise provided in this Agreement, the Grantee shall have, with respect to all of the shares of Restricted Stock, all of the rights of a holder of shares of common stock of the Company, including without limitation (i) the right to vote such Restricted Stock, (ii) the right to receive dividends, if any, as may be declared on the Restricted Stock from time to time, and (iii) the rights available to all holders of shares of common stock of the Company upon any merger, consolidation, reorganization, liquidation or dissolution, stock split-up, stock dividend or recapitalization undertaken by the Company; provided, however, that all of such rights shall be subject to the terms, provisions, conditions and restrictions set forth in this Agreement (including without limitation conditions under which all such rights shall be forfeited). Any Shares issued to the Grantee as a dividend with respect to shares of Restricted Stock shall have the same status and bear the same legend as the shares of Restricted Stock and shall be held by the Company, if the shares of Restricted Stock that such dividend is attributed to is being so held, unless otherwise determined by the Committee.

b. If at any time while this Agreement is in effect (or shares granted hereunder shall be or remain unvested while Grantee's Continuous Service continues and has not yet terminated or ceased for any reason), there shall be any increase or decrease in the number of issued and outstanding Shares of the Company resulting from a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the Shares, or similar transaction affecting the Shares, then and in that event, the Board or the Committee shall make any adjustments it deems fair and appropriate, in view of such change, in the number of shares of Restricted Stock then subject to this Agreement. If any such adjustment shall result in a fractional share, such fraction shall be disregarded.

c. Notwithstanding any term or provision of this Agreement to the contrary, the existence of this Agreement, or of any outstanding Restricted Stock awarded hereunder, shall not affect in any manner the right, power or authority of the Company to make, authorize or consummate: (i) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; (ii) any merger, consolidation or similar transaction by or of the Company; (iii) any offer, issue or sale by the Company of any capital stock of the Company, including any equity or debt securities, or preferred or preference stock that would rank prior to or on parity with the Restricted Stock and/or that would include, have or possess other rights, benefits and/or preferences superior to those that the Restricted Stock includes, has or possesses, or any warrants, options or

rights with respect to any of the foregoing; (iv) the dissolution or liquidation of the Company; (v) any sale, transfer or assignment of all or any part of the stock, assets or business of the Company; or (vi) any other corporate transaction, act or proceeding (whether of a similar character or otherwise).

7. ***Tax Matters; Section 83(b) Election.***

a. Grantee shall properly elect, within thirty (30) days of the Award Date, and prior to the delivery of any Shares, to include in gross income for federal income tax purposes an amount equal to the fair market value (as of the Award Date) of the Restricted Stock pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and shall make arrangements satisfactory to the Company to pay to the Company any federal, state or local income taxes required to be withheld with respect to the Restricted Stock. If the Grantee shall fail to make such tax payments as are required, the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind (including without limitation, the withholding of any Shares that otherwise would be issued to the Grantee under this Agreement) otherwise due to the Grantee any federal, state or local taxes of any kind required by law to be withheld with respect to the Restricted Stock.

b. If the Grantee does not properly make the election described in paragraph 5(a) above, the Grantee shall, no later than the date or dates as of which the restrictions referred to in this Agreement hereof shall lapse, pay to the Company, or make arrangements satisfactory to the Committee for payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to the Restricted Stock (including without limitation the vesting thereof), and the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind (including without limitation, the withholding of any Shares that otherwise would be distributed to the Grantee under this Agreement) otherwise due to Grantee any federal, state, or local taxes of any kind required by law to be withheld with respect to the Restricted Stock.

c. The Grantee may satisfy the withholding requirements with respect to the Restricted Stock pursuant to any one or combination of the following methods:

i. Payment in cash; or

ii. By surrender of the whole number of Shares covered by this Award sufficient to satisfy the minimum applicable tax withholding obligations incident to the exercise or vesting of this Award (reduced to the lowest whole number of Shares if such number of Shares withheld would result in withholding a fractional Share with any remaining tax withholding settled in cash).

d. Tax consequences on the Grantee (including without limitation federal, state, local and foreign income tax consequences) with respect to the Restricted Stock (including without limitation the grant, vesting and/or forfeiture thereof) are the sole responsibility of the Grantee. The Grantee shall consult with his or her own personal accountant(s) and/or tax advisor(s) regarding these matters, the making of a Section 83(b) election, and the Grantee's filing, withholding and payment (or tax liability) obligations.

ATTACHMENT I-E

FOR

_____, as Grantee

Pursuant to the Award Agreement to which this Attachment I-E, [_____] is attached, the Company has granted to the Grantee [_____] indicated in the Award Agreement on the terms and conditions set forth in this Agreement.

Dividend Equivalent Rights:

[Insert description of Dividend Equivalent Rights, if applicable.]

Performance-based Compensation:

[Insert description of Performance-based Compensation, if applicable.]

Other right or benefit under the 2015 Plan:

[Insert description of other right or benefit under the 2015 Plan, if applicable.]

Other Information:

[Insert if applicable.]

Acknowledged:

_____
Signature

_____
Printed Name

_____
Address

_____
Address

Exhibit 21.1

LIST OF SUBSIDIARIES OF FULL HOUSE RESORTS, INC.

NAME OF SUBSIDIARY	JURISDICTION OF INCORPORATION
Full House Subsidiary, Inc.	Delaware
Full House Subsidiary II, Inc.	Nevada
Stockman's Casino	Nevada
Gaming Entertainment (Indiana) LLC	Nevada
Gaming Entertainment (Nevada) LLC	Nevada
Silver Slipper Casino Venture LLC	Delaware
Gaming Entertainment (Kentucky) LLC	Nevada
Richard and Louise Johnson, LLC	Kentucky
FHR-Colorado LLC	Nevada

Exhibit 23.1

CONSENT OF PIERCY BOWLER TAYLOR & KERN CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Full House Resorts, Inc.
Las Vegas, Nevada

We consent to the incorporation by reference in Registration Statement Nos. 333-203046, 333-204312 and 333-219294 on Form S-8 and 333-220399 and 333-222390 on Form S-3, of our report dated March 8, 2018, included in this Annual Report on Form 10-K, on the consolidated financial statements of Full House Resorts, Inc. and Subsidiaries as of and for the years ended December 31, 2017 and 2016.

/s/ Piercy Bowler Taylor & Kern

Piercy Bowler Taylor & Kern
Certified Public Accountants
Las Vegas, Nevada

March 8, 2018

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO EXCHANGE ACT RULE 13A-14(A)/15(D)-14(A) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel R. Lee, certify that:

1. I have reviewed this Annual Report on Form 10-K of Full House Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2018

By: /s/ DANIEL R. LEE

Daniel R. Lee

Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO EXCHANGE ACT RULE 13A-14(A)/15(D)-14(A) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lewis A. Fanger, certify that:

1. I have reviewed this Annual Report on Form 10-K of Full House Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2018

By: /s/ LEWIS A. FANGER
Lewis A. Fanger
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Daniel R. Lee, Chief Executive Officer of Full House Resorts, Inc. (the "Company"), hereby certify, that, to my knowledge:

(1) The Annual Report on Form 10-K for the year ended December 31, 2017 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 8, 2018

By: /s/ DANIEL R. LEE
Daniel R. Lee
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Lewis A. Fanger, Chief Financial Officer of Full House Resorts, Inc. (the "Company"), hereby certify, that, to my knowledge:

(1) The Annual Report on Form 10-K for the year ended December 31, 2017 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 8, 2018

By: /s/ LEWIS A. FANGER
Lewis A. Fanger
Chief Financial Officer

Exhibit 99.1

DESCRIPTION OF GOVERNMENTAL GAMING REGULATIONS

Nevada Regulatory Matters

In order to acquire, own or lease Stockman's Casino, the Grand Lodge Casino or any other gaming operation in Nevada, we are subject to the Nevada Gaming Control Act and to the licensing and regulatory control of the Nevada Gaming Control Board, the Nevada Gaming Commission, and various local, city and county regulatory agencies.

The laws, regulations and supervisory procedures of the Nevada gaming authorities are based upon declarations of public policy which are concerned with, among other things:

- the character of persons having any direct or indirect involvement with gaming to prevent unsavory or unsuitable persons from having a direct or indirect involvement with gaming at any time or in any capacity;
- establishment and application of responsible accounting practices and procedures;
- maintenance of effective control over the financial practices and financial stability of licensees, including procedures for internal controls and the safeguarding of assets and revenues;
- recordkeeping and reporting to the Nevada gaming authorities;
- fair operation of games; and
- the raising of revenues through taxation and licensing fees.

In May 2006, we applied for registration with the Nevada Gaming Commission as a publicly traded corporation, which was granted on January 25, 2007. We must regularly submit detailed financial and operating reports to the Nevada Gaming Control Board. Certain loans, leases, sales of securities and similar financing transactions must also be reported to or approved by the Nevada Gaming Commission.

The Nevada Gaming Commission may also require anyone having a material relationship or involvement with us to be found suitable or licensed, in which case those persons are required to pay the costs and fees of the Nevada Gaming Control Board in connection with the investigation.

Any person who acquires more than 5% of any class of our voting securities must report the acquisition to the Nevada Gaming Commission. Any person who becomes a beneficial owner of 10% or more of our voting securities is required to apply for a finding of suitability. The Nevada Gaming Commission may also, in its discretion, require any other holders of our debt or equity securities to file applications to be found suitable to own the debt or equity securities. If the Nevada Gaming Commission determines that a person is unsuitable to own such security, then pursuant to the regulations of the Nevada Gaming Commission, we may be sanctioned, including the loss of our approvals, if, without the prior approval of the Nevada Gaming Commission, we:

- pay to the unsuitable person any dividends, interest or any distribution whatsoever;
- recognize any voting right by such unsuitable person in connection with such securities;
- pay the unsuitable person remuneration in any form; or
- make any payment to the unsuitable person by way of principal, redemption, conversion exchange, liquidation or similar transaction.

Under certain circumstances, an "institutional investor," as such term is defined in the regulations of the Nevada Gaming Commission, which acquires more than 10%, but not more than 25% of our voting securities, may apply to the Nevada Gaming Commission for a waiver of such finding of suitability requirements, provided the institutional investor holds the voting securities for investment purposes only.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Nevada Gaming Commission may be found unsuitable based solely on such failure or refusal.

We are required to maintain a current stock ledger in Nevada which may be examined by the Nevada Gaming Commission at any time, and to file with the Nevada Gaming Commission, at least annually, a list of our stockholders. The Nevada Gaming Commission has the power to require our stock certificates to bear a legend indicating that the securities are subject to the Nevada Gaming Control Act and the regulations of the Nevada Gaming Commission.

As a licensee or registrant, we may not make certain public offerings of our securities without the prior approval of the Nevada Gaming Commission. Such approval, if given, does not constitute a recommendation or approval of the investment merits of the securities subject to the offering. We have received a waiver of the prior approval requirement with respect to public offerings of securities subject to certain conditions. Also, changes in control through merger, consolidation, acquisition of assets, management or consulting agreements or any form of takeover cannot occur without prior investigation by the Nevada Gaming Control Board and approval by the Nevada Gaming Commission.

The Nevada legislature has declared that some repurchases of voting securities, corporate acquisitions opposed by management, and corporate defense tactics affecting Nevada gaming licensees, and registered companies that are affiliated with those operations, may be harmful to stable and productive corporate gaming. The Nevada Gaming Commission has established a regulatory scheme to reduce the potentially adverse effects of these business practices upon Nevada's gaming industry and to further Nevada's policy to:

- assure the financial stability of corporate gaming licensees and their affiliates;
- preserve the beneficial aspects of conducting business in the corporate form; and
- promote a neutral environment for the orderly governance of corporate affairs.

Because we are a registered company, approvals may be required from the Nevada Gaming Commission before we can make exceptional repurchases of voting securities above their current market price and before a corporate acquisition opposed by management can be consummated. The Nevada Gaming Control Act also requires prior approval of a plan of recapitalization proposed by a registered company's Board in response to a tender offer made directly to its stockholders for the purpose of acquiring control.

Licensee fees and taxes, computed in various ways depending on the type of gaming or activity involved, are payable to the State of Nevada and to the counties and cities in which the Nevada licensee's respective operations are conducted. Depending upon the particular fee or tax involved, these fees and taxes are payable monthly, quarterly or annually and are based upon either:

- a percentage of the gross revenues received;
- the number of gaming devices operated; or
- the number of table games operated.

A live entertainment tax is also paid on admission charges where entertainment is furnished. Nevada licensees that hold a license as an operator of a slot route, a manufacturer or a distributor also pay certain fees and taxes to the State of Nevada.

Any person who is licensed, required to be licensed, registered, required to be registered, or who is under common control with those persons, collectively, "licensees," and who proposes to become involved in a gaming venture outside of Nevada, is required to deposit with the Nevada Gaming Control Board, and thereafter maintain, a revolving fund in the amount of $10,000 to pay the expenses of investigation by the Nevada Gaming Control Board of the licensee's participation in foreign gaming. We currently comply with this requirement. The revolving fund is subject to increase or decrease at the discretion of the Nevada Gaming Commission. Licensees are required to comply with the reporting requirements imposed by the Nevada Gaming Control Act. A licensee is also subject to disciplinary action by the Nevada Gaming Commission if it:

- knowingly violates any laws of the foreign jurisdiction pertaining to the foreign gaming operation;
- fails to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations;
- engages in any activity or enters into any association that is unsuitable because it poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect, discredit or disrepute upon the State of Nevada or gaming in Nevada, or is contrary to the gaming policies of Nevada;
- engages in activities or enters into associations that are harmful to the State of Nevada or its ability to collect gaming taxes and fees; or
- employs, contracts with or associates with a person in the foreign operation who has been denied a license or a finding of suitability in Nevada on the ground of unsuitability.

Indiana Regulatory Matters

We own and operate a wholly-owned subsidiary, Gaming Entertainment (Indiana) LLC, which acquired and operates Rising Star Casino Resort in Rising Sun, Indiana. The ownership and operation of casino facilities in Indiana are subject to extensive state and local regulation, including primarily the licensing and regulatory control of the Indiana Gaming Commission ("IGC").

The Indiana Riverboat Gaming Act, as amended (the "Indiana Act"), allows up to thirteen commercial (non-tribal) casinos in the State of Indiana. Specifically, the IGC has awarded: (i) owner's licenses for the operation of five riverboat casinos in counties contiguous to Lake Michigan in northern Indiana, as well as five riverboat casinos in counties contiguous to the Ohio River in southern Indiana; (ii) one operating agent contract permitting a private company to operate a land based casino in French Lick, Indiana; and (iii) two gambling game licenses for the operation of slots-only casinos at Indiana's two pari-mutuel horse racing tracks ("racinos").

In 2015, Indiana enacted legislation that will allow both racinos to begin offering live table games after March 1, 2021. The 2015 legislation also authorized an increase of each racino's maximum size to 2,200 gambling games (beginning on January 1, 2021), while imposing a cap on the size of all other casino properties that is equal to the greatest number of gambling games offered by the applicable casino property since January 1, 2007. The 2015 legislation permits riverboat owners to relocate the owner's gaming operation from a riverboat facility to an inland facility, provided such inland facility is, among other things, located on a parcel that is adjacent to the dock site of the licensed owner's riverboat. Any such inland casino is subject to the same gambling game cap applicable to the riverboat. Since passage of the 2015 legislation, the IGC has demonstrated a willingness to consider and approve requests to relocate certain gaming devices to off-riverboat locations that are adjacent to still-functioning riverboat casinos, thus enabling partial land-based gaming without relocating the entire gaming facility to land.

The Indiana Act strictly regulates the facilities, persons, associations and practices related to gaming operations pursuant to the police powers of Indiana, including comprehensive law enforcement provisions. The Indiana Act vests the IGC with the power and duties of administering, regulating and enforcing the system of casino gaming in Indiana. The IGC's jurisdiction extends to every person, association, corporation, partnership, owner, and trust involved in casino gaming operations in Indiana and grants the IGC with authority to request specific information from all such persons or entities.

An Indiana owner's license entitles the licensee to own and operate one riverboat and gaming equipment as part of a gaming operation. The Indiana Act allows a person to hold up to 100% of up to two separate owner's licenses. Each owner's license is subject to renewal on an annual basis upon a determination by the IGC that the licensee continues to be eligible for an owner's license pursuant to the Indiana Act and the rules and regulations adopted thereunder. A licensee may not lease, hypothecate, borrow money against or lend money against an owner's riverboat gaming license. An ownership interest in an owner's license may only be transferred in accordance with the regulations promulgated under the Indiana Act. Gaming Entertainment (Indiana) LLC applied for and, on March 15, 2011, was granted the transfer of a riverboat owner's license. Thereafter, Gaming Entertainment (Indiana) LLC has renewed its license annually on September 15 of each year.

The Indiana Act requires that a licensed owner undergo a complete re-investigation every three years. If for any reason the license is terminated, the assets of the riverboat gaming operation cannot be disposed of without the approval of the IGC. The IGC also requires a comprehensive disclosure of financial and operating information by licensees, by their principal officers and by their parent corporations.

If an institutional investor acquires a beneficial ownership interest of 5% or more of any class of voting securities of a publicly traded corporation, the investor is required to notify the IGC and may be subject to a finding of suitability. Institutional investors who acquire a beneficial ownership interest of 15% or more of any class of voting securities are subject to a full investigation and finding of suitability. In addition, the IGC may require an institutional investor that acquires 15% or more of certain non-voting equity units to apply for a finding of suitability. Any person who is not an institutional investor that acquires beneficial ownership of 5% or more of any class of voting securities of a licensee is required to apply for a finding of suitability.

The Indiana Act prohibits contributions to a candidate for a state, legislative, or local office, to a candidate's committee or to a regular party by: (i) the holder of a riverboat owner's license; (ii) a person holding at least 1% interest in a riverboat licensee; (iii) an officer of a riverboat licensee; (iv) an officer of a person that holds at least 1% interest in a riverboat licensee; or (v) a political action committee of a riverboat licensee. The prohibition on political contributions is applicable while a riverboat owner holds the license and for a period of three years following the expiration or termination of such license.

In 2009, the Indiana General Assembly enacted legislation requiring all casino operators to submit for approval by the IGC a written power of attorney identifying a person who would serve as a trustee to temporarily operate the casino in certain rare

circumstances, such as: the revocation or non-renewal of any owner's license; the denial of an owner's license to a proposed transferee and the person attempting to sell the riverboat is unable or unwilling to retain ownership or control; the involuntary bankruptcy of the licensed owner; or a licensed owner agrees in writing to relinquish control of the riverboat. During any time period that the trustee is operating the casino, the trustee has exclusive and broad authority over the casino gambling operations. The IGC most recently approved Gaming Entertainment (Indiana) LLC's power of attorney renewal on September 29, 2017.

The IGC requires licensees to maintain a cash reserve equal to a licensee's average payout for a three-day period based on the riverboat's performance during the prior calendar quarter. The cash reserve can consist of cash on hand, cash maintained in Indiana bank accounts and cash equivalents not otherwise committed or obligated. The IGC also prohibits distributions, other than distributions for the payment of state or federal taxes, by a licensee to its partners, shareholders, itself or any affiliated entity if the distribution would impair the financial viability of the riverboat gaming operation.

The Indiana Act does not limit the maximum bet or loss per patron. Each licensee sets minimum and maximum wagers on its own games. Players must use chips or tokens as, according to the Indiana Act, wagering may not be conducted with money or other negotiable currency. No person under the age of 21 is permitted to wager, and wagers may only be taken from persons present at a licensed riverboat.

Contracts to which Gaming Entertainment (Indiana) LLC is a party are subject to disclosure and approval processes imposed by Indiana regulations. A riverboat owner licensee may not enter into or perform any contract or transaction in which it transfers or receives consideration which is not commercially reasonable or which does not reflect the fair market value of the goods or services rendered or received. All contracts are subject to disapproval and/or cancellation by the IGC.

Through the establishment of purchasing goals for licensees, the IGC encourages minority business enterprises and women business enterprises to participate in the gaming industry. The goals must be derived from the statistical analysis of utilization studies of licensee contracts for goods and services. Any failure by a licensee to meet these goals will be scrutinized heavily by the IGC and the Indiana Act authorizes the IGC to suspend, limit, or revoke an owner's gaming license, or to impose a fine, if the licensee does not demonstrate compliance within ninety days of a finding of noncompliance.

Pursuant to a 2013 amendment to the graduated wagering tax portion of the Indiana Act, riverboat licensees that receive Adjusted Gross Receipts ("AGR") under $75 million in a given year are subject to a graduated wagering tax with a starting tax rate of 5% for the first $25 million of AGR and a top rate of 40% for AGR in excess of $600 million. "AGR" is the total of all cash and property received from gaming less cash paid out as winnings and uncollectible gaming receivables (not to exceed 2%). The 2013 legislation also permitted all Indiana casinos to begin deducting from AGR certain amounts attributable to "qualified wagering incentives." Such qualified wagering incentives (commonly referred to as "free play") are defined as wagers made by patrons using non-cash vouchers, coupons, electronic credits or electronic promotions offered by a licensee. For the state fiscal years ending after June 30, 2013 and before July 1, 2015, the maximum amount of permitted qualified wagering deductions was $5 million per casino. In 2015, that maximum deduction was increased to $7 million for fiscal years following June 30, 2015.

In addition to wagering taxes, an admissions tax of $3 per admission is currently assessed for all casinos other than the casino operating in French Lick, the two racinos, and the land-based casino operating in Evansville, Indiana. Pursuant to legislation passed in 2017, as soon as the operator of the Evansville casino relocated its riverboat casino to a land-based facility, it began paying a "supplemental wagering tax" equal to three percent (3%) of AGR in lieu of continuing to pay admissions tax. Pursuant to the same 2017 legislation, all other casinos for whom the admissions tax has been applicable will begin paying a supplemental wagering tax on July 1, 2018. The supplemental wagering tax will replace the admissions tax for these casinos. The Supplemental wagering tax rate will vary by location based on a statutory formula but shall be capped at four percent (4%) of AGR until June 30, 2019, and three and five tenths percent (3.5%) of AGR thereafter. The Indiana Act provides for the suspension or revocation of a license if the wagering taxes, admissions taxes, and/or supplemental wagering taxes are not timely submitted.

Pursuant to a development agreement between the Company and the City of Rising Sun, Indiana, we are required to pay annually 1.55% of AGR if $150 million or less, or 1.6% of AGR if greater than $150 million, to the Rising Sun Regional Foundation.

Real property taxes are imposed on riverboats at rates determined by local taxing authorities. Income to us from Rising Star Casino Resort is also subject to the Indiana adjusted gross income tax and certain court decisions have resulted in gaming taxes not being deductible in the computation of Indiana income taxes. Sales on a riverboat and at its related amenities, other than gaming revenues, are subject to applicable use, excise and retail taxes. The Indiana Act requires a riverboat licensee to directly reimburse the IGC for the costs of gaming enforcement agents which are required to be present while gaming is conducted.

A licensee may enter into debt transactions of $1 million or greater only with the prior approval of the IGC. Such approval is subject to compliance with requisite procedures and a showing that each person with whom the licensee enters into a debt

transaction would be suitable for licensure under the Indiana Act. Unless waived, approval of debt transactions requires consideration by the IGC at two business meetings. The IGC, by resolution, has authorized its executive director, subject to subsequent ratification by the IGC, to approve debt transactions. Such approval may occur following appropriate review of the transaction along with concurrence by at least two people among: (i) the executive director, (ii) IGC's Chairman, and (iii) the IGC member who is a certified public accountant.

The Indiana Act provides that the sale of alcoholic beverages at riverboat casinos is subject to licensing, control and regulation pursuant to Title 7.1 of the Indiana Code and the rules adopted by the Indiana Alcohol and Tobacco Commission.

Mississippi Regulatory Matters

Our ownership and operation of the Silver Slipper Casino and Hotel is subject to the Mississippi Gaming Control Act ("Mississippi Act") and to the licensing and regulatory control of the Mississippi Gaming Commission, the Mississippi Department of Revenue and various local, city and county regulatory agencies.

The Mississippi Act, the Mississippi Gaming Commission regulations and supervisory procedures of the Mississippi Gaming Commission are based upon declarations of public policy concerned with, among other things:

- the character of persons having any direct or indirect involvement with gaming to prevent unsavory or unsuitable persons from having a direct or indirect involvement with gaming at any time or in any capacity;
- establishment and application of responsible accounting practices and procedures;
- maintenance of effective control over the financial practices and financial stability of licensees, including procedures for internal controls and the safeguarding of assets and revenues;
- recordkeeping and reporting to the Mississippi gaming authorities;
- the prevention of cheating and fraudulent practices;
- providing a source of state and local revenues through taxation and licensing fees; and
- ensuring that gaming licensees, to the extent practicable, employ Mississippi residents.

The Mississippi Act provides for legalized gaming in each of the fourteen counties that border the Gulf Coast or the Mississippi River; however, gaming is legal only if the voters in the county have not voted to prohibit gaming in that county. Voters have approved gaming in nine of the fourteen counties and currently occurs in seven counties. The Mississippi Act originally required gaming vessels to be located on the Mississippi River or on navigable waters in eligible counties along the Mississippi River, or in the waters lying south of the counties along the Mississippi Gulf Coast. However, the Mississippi Act was amended to permit licensees in the three counties along the Gulf Coast to establish casino structures that are located in whole or part on shore and land-based casino operations, provided the land-based gaming areas do not extend more than 800 feet beyond the nineteen-year mean high water line, (except in Harrison County where the 800-foot limit can be extended as far as the greater of 800 feet beyond the 19-year mean high water line or the southern boundary of Highway 90). Due to another change in the interpretation of the Mississippi Act, the Mississippi Gaming Commission has also permitted licensees in approved Mississippi River counties to conduct gaming operations on permanent structures, provided that the majority of the gaming floor in any such structure is located on the river side of the "bank full" line of the Mississippi River.

There are no limitations on the number of gaming licenses that may be granted. Further, the Mississippi Act provides for 24-hour gaming operations and does not limit the maximum bet or loss per patron or the percentage of space that may be utilized for gaming.

Our wholly-owned subsidiary, Silver Slipper Casino Venture LLC is licensed as the operator of the Silver Slipper Casino and Hotel. A Mississippi gaming licensee must maintain a gaming license from the Mississippi Gaming Commission, subject to certain conditions, including continued compliance with all applicable state laws and regulations. If we fail to satisfy the requirements of the Mississippi Act and regulations, we and Silver Slipper Casino Venture LLC cannot own or operate gaming facilities in Mississippi. Gaming licenses are issued for a three-year period, are not transferable, and must be renewed periodically thereafter. There is no assurance that a new license can be obtained at the end of each three-year period of a license. Silver Slipper Casino and Hotel was most recently granted a renewal of its license by the Mississippi Gaming Commission on June 18, 2015, effective July 20, 2015. The license expires on July 19, 2018.

The Mississippi Act and the Mississippi Gaming Commission regulations require that certain of our officers and directors and certain key employees of Silver Slipper Hotel and Casino be found suitable or approved by the Mississippi Gaming Commission. A finding of suitability is comparable to licensing, and both require submission of detailed personal and financial information followed by a thorough investigation. We believe that we have obtained, applied for or are in the process of applying for all necessary findings of suitability, although the Mississippi Gaming Commission, in its discretion, may require any individual who

has a material relationship to, or material involvement with, a licensee to determine whether the individual is suitable to be associated with a gaming licensee.

As the sole member of Silver Slipper Casino Venture LLC, we applied for registration with the Mississippi Gaming Commission as a publicly traded corporation, which was granted on September 20, 2012. As a registered, publicly-traded corporation, we are required periodically to submit financial and operating reports, and any other information that the Mississippi Gaming Commission may require. Certain loans, leases, sales of securities and similar financing transactions must also be reported to or approved by the Mississippi Gaming Commission.

Any person who acquires more than 5% of any class of our voting securities must report the acquisition to the Mississippi Gaming Commission and may be required to file an application for a finding of suitability. If a security holder who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information, including a list of its beneficial owners. The Mississippi Gaming Commission may require us to disclose the identities of the holders of our debt or other securities, and, in its discretion, require such holders to file applications, be investigated and be found suitable to own our debt or equity securities. Although the Mississippi Gaming Commission generally does not require the individual holders of such securities to be investigated and found suitable, it retains the right to do so for any reason deemed necessary by the Mississippi Gaming Commission.

If the Mississippi Gaming Commission determines that a person is unsuitable to hold, directly or indirectly, voting securities of a registered publicly traded corporation, any beneficial ownership of such securities by the unsuitable person beyond such period of time as may be prescribed by the Mississippi Gaming Commission is a misdemeanor. We are subject to disciplinary action if, after we receive notice that a person is unsuitable to be a security holder or to have any other relationship with us, we:

- pay that person any dividend or interest upon our voting securities;
- recognize the exercise, directly or indirectly of any voting right conferred through securities held by that person;
- pay the unsuitable person any remuneration in any form for services rendered or otherwise, except in certain limited and specific circumstances; or
- fail to pursue all lawful efforts to require the unsuitable person to divest himself of the securities including, if necessary, the immediate purchase of the securities for cash at fair market value.

Under certain circumstances, an "institutional investor," as such term is defined in the regulations of the Mississippi Gaming Commission, which acquires more than 10%, but not more than 15% of our voting securities, may apply to the Mississippi Gaming Commission for a waiver of such finding of suitability requirements, provided the institutional investor holds the voting securities for investment purposes only.

No person may receive any percentage of gaming revenue from a Mississippi gaming licensee without first obtaining the necessary licensing and approvals from the Mississippi Gaming Commission. The Mississippi Gaming Commission may also require anyone having a material relationship or involvement with us to be found suitable or licensed, in which case those persons are required to pay the costs and fees of the Mississippi Gaming Commission in connection with the investigation. Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Mississippi Gaming Commission may be found unsuitable based solely on such failure or refusal.

We are required to maintain a current stock ledger in Mississippi, which may be examined by the Mississippi Gaming Commission at any time, and to file with the Mississippi Gaming Commission, at least annually, a list of our stockholders. The Mississippi Gaming Commission has the power to require our stock certificates to bear a legend indicating that the securities are subject to the Mississippi Gaming Control Act and the regulations of the Mississippi Gaming Commission. We obtained a waiver of this requirement on September 20, 2012.

Substantially all material loans, leases, sales of securities and similar financing transactions by a registered corporation or a Mississippi gaming licensee must be reported to and approved by the Mississippi Gaming Commission. Changes in control through merger, consolidation, acquisition of assets, management or consulting agreements or any form of takeover cannot occur without prior investigation and approval by the Mississippi Gaming Commission. We may not make certain public offerings of our securities without the prior approval of the Mississippi Gaming Commission. Such approval, if given, does not constitute a recommendation or approval of the investment merits of the securities subject to the offering. We have received a waiver of the prior approval requirement with respect to public offerings of securities subject to certain conditions.

The Mississippi legislature has declared that some repurchases of voting securities, corporate acquisitions opposed by management, and corporate defense tactics affecting Mississippi gaming licensees, and registered companies that are affiliated with those operations, may be harmful to stable and productive corporate gaming. The Mississippi Gaming Commission has

established a regulatory scheme to reduce the potentially adverse effects of these business practices upon Mississippi's gaming industry and to further Mississippi's policy to:

- assure the financial stability of corporate gaming licensees and their affiliates;
- preserve the beneficial aspects of conducting business in the corporate form; and
- promote a neutral environment for the orderly governance of corporate affairs.

Because we are a registered company, approvals may be required from the Mississippi Gaming Commission before we can make exceptional repurchases of voting securities above their current market price and before a corporate acquisition opposed by management can be consummated. The Mississippi Gaming Control Act also requires prior approval of a plan of recapitalization proposed by a registered company's Board in response to a tender offer made directly to its stockholders for the purpose of acquiring control.

A Mississippi licensee may not guarantee a security issued by an affiliated company pursuant to a public offering, or pledge its assets to secure payment or performance of the obligations evidenced by a security issued by an affiliated company, without the prior approval of the Mississippi Gaming Commission. We have obtained waivers from the Mississippi Gaming Commission for such guarantees, pledges and restrictions in connection with public offerings of our securities, subject to certain restrictions. A pledge of the stock of a Mississippi licensee and the foreclosure of such a pledge are ineffective without the prior approval of the Mississippi Gaming Commission.

All legal gaming conducted in the state is subject to taxation. Gaming fees and tax calculations are generally based upon a percentage of the gross revenue and the number of gaming devices and table games operated by the casino. The license fee payable to the State of Mississippi is based upon gross revenue (generally defined as gaming receipts less payout to customers as winnings) and equals 4% of gross revenue of $50,000 or less per calendar month, 6% of gross revenue in excess of $50,000 but less than $134,000 per calendar month, and 8% of gross revenue in excess of $134,000 per calendar month. Each licensee must pay an annual license fee of $5,000. Each licensee must pay an annual fee based on the number of games, both electronic gaming devices and table games, it operates at its establishment. Licensees operating thirty-five (35) games pay a fee of $81,200 for the first 35 games, plus $100 for each game over 35. Licensees located within certain municipalities or counties may be required to pay fees to those municipalities or counties based on the licensees' gross revenues. These fees are paid in the same manner as the state gross revenue fees. The fees payable to the county in which Silver Slipper Hotel and Casino operates is an amount not to exceed four percent (4%) of all gross revenue and an annual license fee of $100 per gaming device.

The Gaming Commission imposes a flat annual fee on each casino operator licensee, payable quarterly, covering all investigative fees for that year associated with an operator licensee, any entity registered as a holding company or publicly traded corporation of that licensee, and any person required to be found suitable in connection with that licensee or any holding company or publicly-traded corporation of that licensee. The annual fee is based on the average number of gaming devices operated by the licensee during a twelve-month period, as reported to the Mississippi Gaming Commission. The investigative fee is $325,000 for licensees with 1,500 or more gaming devices, $250,000 for licensees with 1,000 to 1,499 gaming devices, and $150,000 for licensees with less than 1,000 gaming devices. The fee is payable in four equal quarterly installments.

Neither we nor Silver Slipper Casino Venture LLC may engage in gaming activities outside of Mississippi without approval of, or a waiver of such approval by, the Mississippi Gaming Commission. We have approval from the Mississippi Gaming Commission for foreign gaming operations in that such approval for foreign gaming operations is automatically granted under the Mississippi regulations in connection with foreign operations conducted within the 50 states or any territory of the United States, or on board any cruise ship embarking from a port located therein. However, the Mississippi Gaming Commission requires a formal foreign gaming waiver for involvement in internet gaming.

A violation of the Mississippi gaming laws could result in a fine; revocation or suspension of, or a limitation or condition on, the gaming license, and criminal action. Disciplinary action in any jurisdiction may lead to disciplinary action in Mississippi, including, but not limited to, the revocation or suspension of the Silver Slipper Casino Venture, LLC gaming license.

Colorado Regulatory Matters

The Colorado Limited Gaming Control Commission (the “Colorado Commission”) approved all our necessary licenses on February 18, 2016 to acquire the operating assets and assume certain liabilities of Bronco Billy’s Casino and Hotel in Cripple Creek, Colorado (“Bronco Billy’s Acquisition”), which closed on May 13, 2016. The license approvals included (i) an Operator’s license for Full House Resorts, Inc., (ii) Retailer’s Licenses for our wholly-owned subsidiary, FHR Colorado, LLC, (iii) an Associated Business license for Full House Subsidiary, Inc., (iv) a Manufacturer/Distributor’s License for FHR Colorado, LLC (v) a finding of suitability for key personnel for Dan Lee (President/CEO- FHR), Lewis Fanger (CFO- FHR) and Elaine Guidroz

(Secretary & General Counsel, Vice President of Human Resources, Compliance Officer - FHR), and (vi) a finding of associated person suitability for Ken Adams, Carl Braunlich, Baird Garrett, Ellis Landau, Kathleen Marshall, Craig Thomas and Bradley Tirpak (Directors of FHR). Accordingly, the following is a summary of relevant Colorado regulatory matters that govern our Colorado gaming operations.

Under the Colorado Limited Gaming Act of 1991 (the "Colorado Act"), the ownership and operation of limited-stakes gaming facilities in Colorado are subject to the Colorado Gaming Regulations (the "Colorado Regulations") and final authority of the Colorado Limited Gaming Control Commission (the "Colorado Commission"). The Colorado Act also created the Colorado Division of Gaming (the "Division of Gaming") within the Colorado Department of Revenue to license, supervise and enforce the conduct of limited stakes gaming.

No person may offer limited gaming to the public unless such person holds a valid retail gaming license, which must be renewed every two years. Our licenses were renewed on February 15, 2018. The Colorado Act requires that licensees file applications for renewal with the Colorado Commission not less than 120 days prior to their expiration.

The Colorado Act includes a clear public policy statement for limited stakes gaming, as follows:

- the success of limited stakes gaming is dependent upon public confidence and trust that licensed limited stakes gaming is conducted honestly and competitively, the rights of the creditors of licensees are protected and gaming is free from criminal and corruptive elements;
- public confidence and trust can be maintained only by strict regulation of all persons, locations, practices, associations and activities related to the operation of licensed gaming establishments and the manufacture or distribution of gaming devices and equipment;
- all establishments where limited gaming is conducted and where gambling devices are operated, and all manufacturers, sellers and distributors of certain gambling devices and equipment, must therefore be licensed, controlled and assisted to protect the public health, safety, good order and the general welfare of the inhabitants of the state to foster the stability and success of limited stakes gaming and to preserve the economy, policies and free competition in Colorado; and
- no applicant for a license or other affirmative Colorado Commission approval has any right to a license or to the granting of the approval sought; any license issued or other Colorado Commission approval granted pursuant to the Colorado Act is a revocable privilege, and no holder acquires any vested rights therein.

Limited-stakes gaming became lawful in the cities of Central City, Black Hawk and Cripple Creek when the state constitution was amended, effective October 1, 1991 ("Colorado Amendment"). Currently, "limited-stakes gaming" means a maximum single bet of $100 on slot machines, blackjack, poker, craps and roulette, and it is permitted 24 hours a day.

Limited-stakes gaming is confined to the commercial districts of these cities as defined by Central City ordinance on October 7, 1981, by Black Hawk ordinance on May 4, 1978, and by Cripple Creek ordinance on December 3, 1973. Additionally, the Colorado Amendment restricts limited-stakes gaming to structures which conform to the architectural styles and designs which were common to the areas prior to World War I and that conform to the requirements of applicable city ordinances regardless of the age of the structures. Under the Colorado Amendment, no more than 35% of the square footage of any building and no more than 50% of any one floor of any building may be used for limited-stakes gaming. Persons under the age of 21 cannot participate in limited-stakes gaming. Under Colorado state law, smoking is not permitted in any indoor area, including limited gaming facilities and any other facilities in which any gaming or gambling activity is conducted.

The Colorado Commission has delegated authority to the Division of Gaming to issue certain types of licenses and approve certain changes in ownership. With limited exceptions applicable to licensees which are publicly traded entities, no person may sell, lease, purchase, convey or acquire any interest in a retail gaming, manufacturer or distributor, associated equipment supplier, or operator license or business without the prior approval of the Colorado Commission or the Division of Gaming.

As a general rule, the Colorado Act prohibits any person from having an "ownership interest" in more than three retail gaming licenses in Colorado. The Colorado Commission has ruled that a person does not have an ownership interest in a retail gaming licensee for purposes of the multiple license prohibition if any of the following apply:

- A person has less than a 5% ownership interest in an institutional investor that has an ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- A person has a 5% or more ownership interest in an institutional investor, but the institutional investor has less than a 5% ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;

- An institutional investor has less than a 5% ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- An institutional investor possesses voting securities in a fiduciary capacity for another person and does not exercise voting control over 5% or more of the outstanding voting securities of a publicly traded licensee or of a publicly traded company affiliated with a licensee;
- A registered broker or dealer retains possession of voting securities of a publicly traded licensee or of a publicly traded company affiliated with a licensee for its customers and not for its own account, and exercises voting rights for less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee;
- A registered broker or dealer acts as a market maker for the stock of a publicly traded licensee or of a publicly traded company affiliated with a licensee and exercises voting rights in less than 5% of the outstanding voting securities of the publicly traded licensee or publicly traded company affiliated with a licensee;
- An underwriter is holding securities of a publicly traded licensee or publicly traded company affiliated with a licensee as part of an underwriting for no more than 90 days after the beginning of such underwriting if it exercises voting rights of less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee;
- A book entry transfer facility holds voting securities for third parties, if it exercises voting rights with respect to less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee; or
- A person's sole ownership interest is less than 5% of the outstanding voting securities of the publicly traded licensee or publicly traded company affiliated with a licensee.

Colorado law also imposes certain requirements/restrictions on manufacturer or distributors of slot machines, associated equipment, or related gaming equipment. For example, unless a manufacturer or distributor notifies the Division of Gaming within ten days, they may not knowingly (i) have an interest in any casino operator, (ii) allow any of its officers or any other person with a substantial interest in such business to have such an interest, (iii) employ any person that is employed by a casino operator, or (iv) allow any casino operator or person with a substantial interest therein to have an interest in a manufacturer's or distributor's business.

The Colorado Constitution provides for a tax on the total amount wagered, less all payouts to players, which is known as the adjusted gross proceeds ("AGP"). For poker, the tax is calculated based on the sums wagered which are retained by the licensee as compensation, consistent with the minimum and maximum amounts established by the Colorado Commission. The Constitution sets a maximum tax rate of 40%, and voter approval of a constitutional amendment would be required to increase this maximum rate.

The Colorado Commission votes annually on the structure of the gaming taxes. Currently, the tax structure is tiered with a graduated rate of between .25% and 20% of AGP. Specifically, the rate tiers are:

- 0.25% up to and including $2 million of AGP;
- 2.0% on amounts from $2 million to $5 million;
- 9.0% on amounts from $5 million to $8 million;
- 11.0% on amounts from $8 million to $10 million;
- 16.0% on amounts from $10 million to $13 million; and
- 20.0% on amounts over $13 million.

These rates have been effective since July 1, 2012, and have been retained by an annual vote of the Colorado Commission. Most recently, the Colorado Commission voted on June 15, 2017 to maintain the current tax structure, which will remain valid until June 30, 2018.

At the June 15th meeting, the Colorado Commission also implemented a three-year pilot program to allow casinos to receive a quarterly tax rebate equal to the amount of tax paid on free play coupons for the preceding quarter. Casinos are eligible for this rebate if the gaming tax revenue paid to the State, less any rebates, is equal to or greater than the gaming tax revenue paid to the State on a trailing 12 month basis. If eligible, the casino will receive a credit against the following month's tax payment (for example, if eligible for September 30, 2017 tax rebate, the casino would receive a credit on their October 2017 tax statement). If certain criteria are met after the first three years, the rebate program will become permanent, effective June 30, 2020.

In the City of Cripple Creek, pursuant to Article 5 of the municipal code, the City Clerk is authorized to calculate, collect, and enforce a gaming device fee, which may be amended from time to time by the City Council. For purposes of Article 5, a

gaming device means “any slot machine, poker table and/or blackjack table. The term gaming device shall include each table manned by a single dealer for the games of blackjack and/or poker and shall include each slot machine.”

Currently, this gaming device fee is paid quarterly, in advance, on the first day of the month for each quarter. The fee amount depends on a number of factors, including when the device is placed into service, and the total number of gaming devices the licensee has in operation. For example, each gaming licensee shall pay $300 per gaming device for its first three (3) months of operation, and each new gaming device added shall have a gaming device fee of $300, regardless of the day the device is placed into service. Subsequently, the gaming device fee is charged per device, at the following rates:

- First fifty (50) gaming devices - $50 for the first quarter, $100 for the second quarter, $225 for the third quarter, and $225 for the fourth quarter.
- Each device in excess of fifty (50) - $300 per quarter.

The Colorado Commission has enacted Rule 4.5, which imposes requirements on publicly traded corporations holding gaming licenses in Colorado and on gaming licenses owned directly or indirectly by a publicly traded corporation, whether through a subsidiary or intermediary company. Such requirements automatically apply to any ownership interest held by a publicly traded corporation, holding company or intermediary company thereof, where the ownership interest directly or indirectly is, or will be upon approval of the Colorado Commission, 5% or more of the entire licensee. However, the Colorado Commission also has the discretion to require that any publicly traded corporation, subsidiary, intermediary, or holding company that it determines has the actual ability to exercise influence over a licensee, regardless of ownership percentage, comply with the disclosure regulations and requirements contained in Rule 4.5.

Under Rule 4.5:

- Gaming licensees, affiliated companies and controlling persons commencing a public offering of voting securities must notify the Colorado Commission no later than 10 business days after the initial filing of a registration statement with the Securities and Exchange Commission;
- Licensed publicly traded corporations are required to send proxy statements to the Division of Gaming within five days after their distribution.
- Licensees must include provisions in their charter documents which (i) restrict the rights of the licensees to issue voting interests or securities except in accordance with the Colorado Act and the Colorado Regulations, (ii) limit the rights of persons to transfer voting interests or securities of licensees except in accordance with the Colorado Act and the Colorado Regulations, and (iii) provide that holders of voting interests or securities of licensees found unsuitable by the Colorado Commission may, within 60 days of such finding of unsuitability, be required to sell their interests or securities back to the issuer at the lesser of the cash equivalent of the holders' investment or the market price as of the date of the finding of unsuitability, or (iv) alternatively, the holders may, within 60 days after the finding of unsuitability, transfer the voting interests or securities to a suitable person, as determined by the Colorado Commission. Until the voting interests or securities are held by suitable persons, the issuer may not pay dividends or interest, the securities may not be voted and may not be included in the voting or securities of the issuer, and the issuer may not pay any remuneration in any form to the holders of the securities.
- Persons who acquire direct or indirect beneficial ownership of (i) 5% or more of any class of voting securities of a publicly traded corporation, or (ii) 5% or more of the beneficial interest in a gaming licensee directly or indirectly through any class of voting securities of any holding company or intermediary company of a licensee (“qualifying persons”) must (i) notify the Division of Gaming within 10 days of such acquisition, (ii) submit all requested information to the Division of Gaming and/or Colorado Commission, and (iii) are subject to a finding of suitability as required by the Division of Gaming or the Colorado Commission, and (iv) unless the “qualifying person” is an institutional investor who owns at least 10% of the company, they must apply to the Colorado Commission for a finding of suitability within 45 days after acquiring such securities.
- Licensees must notify any “qualifying persons” of the above requirements, and regardless of whether they have been notified, qualifying persons are responsible for complying with these requirements.
- Institutional investors, who individually, or in association with others, directly or indirectly acquires the beneficial ownership of 15% or more of any class of voting securities must apply to the Colorado Commission for a finding of suitability within 45 days after acquiring such interests.
- Any persons found unsuitable by the Colorado Commission must be removed from any position as an officer, director or employee of a licensee, or from a holding or intermediary company, and are prohibited from holding any beneficial ownership of the voting securities of any such entities. Should a licensee or its affiliates (i) pay dividends or distributions to, (ii) recognize the voting rights of, or (iii) pay a salary or any remuneration to, a person deemed unsuitable by the Colorado Commission, they will be subject to discipline and/or sanctions.

Licensees or their affiliated entities also may be sanctioned for failing to pursue efforts to require unsuitable persons to relinquish their interest.

- The Colorado Commission may determine that anyone with a material relationship to, or material involvement with, a licensee or an affiliated company must apply for a finding of suitability or must apply for a key employee license. The Colorado Regulations also provide for exemption from the requirements for a finding of suitability when the Colorado Commission finds such action to be consistent with the purposes of the Colorado Act.

Additionally, the Colorado Regulations require that every officer, director and stockholder of private corporations or equivalent office or ownership holders for non-corporate applicants, and every officer, director or stockholder holding either a 5% or greater interest or controlling interest of a publicly traded corporation or owners of an applicant or licensee, shall be a person of good moral character and submit to, and pay for, a full background investigation conducted by the Division of Gaming and the Colorado Commission. The Colorado Commission may require any person having an interest in a license to undergo a full background investigation and pay the cost of investigation in the same manner as an applicant.

Licensees are required to provide information and file periodic reports with the Division of Gaming, including identifying (i) those who have a 5% or greater ownership, financial or equity interest in the licensee, (ii) those who have the ability to control or exercise significant influence over the licensee, (iii) those who loan money or other things of value to a licensee, and (iv) those who have the right to share in revenue derived from limited gaming, or to whom any interest or share in profits of limited gaming has been pledged as security for a debt or performance of an act. Additional reporting requirements include (i) notifying the Division of Gaming if any licensee, including its parent company or subsidiary, applies for, or holds a license to conduct foreign gaming operations, and (ii) reporting any criminal convictions or charges against all persons licensed by the Colorado Commission and any associated person of a licensee.

The Colorado Commission and Division of Gaming also may require information regarding every person who is a party to a "gaming contract," defined as an agreement where a person does business with, or that is conducted on the premises of, a licensed entity, or a lease with a licensee (or applicant). In that event, such person must promptly provide the Colorado Commission or the Division of Gaming requested information, which may include a financial history, description of financial holdings, real and personal property ownership, interests in other companies, criminal history, personal history and associations, character, reputation in the community and all other information which might be relevant to a determination of whether a person would be suitable to be licensed by the Colorado Commission. Failure to provide all information requested constitutes sufficient grounds for the Colorado Commission or the Division of Gaming to require a licensee or applicant to terminate its gaming contract or lease with any person who failed to provide the information requested. The Colorado Commission or the Division of Gaming may also require that the gaming contract be amended prior to approval of an application or commencement of the contract.

The Colorado Commission and the Division of Gaming have interpreted the Colorado Regulations to permit the Colorado Commission to investigate and find suitable persons or entities providing financing to or acquiring securities from us. As previously noted, any person or entity that is required to provide information, submit an application, or be found suitable, must pay all application and investigation fees and costs. Although the Colorado Regulations do not require prior approval for the execution of credit facilities or issuance of debt securities, the Colorado Commission reserves the right to approve, require changes to or require the termination of any financing, including, but not limited to, situations where a person or entity is required to be found suitable and is not found suitable. In any event, note holders, lenders and others providing financing will not be able to exercise certain rights and remedies without the prior approval of the Colorado Commission or the Division of Gaming. Information regarding lenders and holders of securities will be periodically reported to the Colorado Commission or the Division of Gaming.

The sale of alcoholic beverages in gaming establishments is subject to strict licensing, control and regulation by State and local authorities. There are various classes of retail liquor licenses which may be issued under the Colorado Liquor Code. A retail gaming tavern licensee may sell malt, vinous or spirituous liquors only by the individual drink for consumption on the premises. An application for an alcoholic beverage license in Colorado requires notice, posting and a public hearing before the local liquor licensing authority prior to approval. The Colorado Department of Revenue's Liquor Enforcement Division must also approve the application on behalf of the state. Each Bronco Billy's location has been approved for and holds a retail gaming tavern liquor license for its casino, hotel and restaurant operations.

All persons who directly or indirectly hold a 10% or greater interest in, or 10% or more of the issued and outstanding capital stock of, a licensee must file applications and may possibly be investigated by state and local liquor authorities. The Colorado liquor authorities also may investigate persons who, directly or indirectly, loan money to or have any financial interest in liquor licensees. In addition, there are restrictions on stockholders, directors and officers of liquor licensees preventing such persons from being a stockholder, director, officer or otherwise interested in certain persons who lend money to liquor licensees and from making loans to other liquor licensees. Persons directly or indirectly interested in any of our Colorado gaming properties may be limited with regard to certain other types of liquor licenses in which they may have an interest, and specifically cannot

have an interest in a retail liquor store license. No person can hold more than three retail gaming tavern liquor licenses. In addition, the remedies of certain lenders may be limited by applicable liquor laws and regulations. Alcoholic beverage licenses are revocable and nontransferable. State and local licensing authorities have full power to limit, condition, suspend for as long as six months or revoke any such licenses for violations of the liquor and regulatory requirements, which could have a material adverse effect upon our operations.