

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 4 TO  
FORM SB-2  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

FULL HOUSE RESORTS, INC.  
(NAME OF SMALL BUSINESS ISSUER IN ITS CHARTER)

<TABLE>  
<CAPTION>

DELAWARE	7011	13-3391527
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<S> (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	<C> (Primary Standard Industrial Classification Code Number)	<C> (I.R.S. Employer Identification No.)
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</TABLE>

SUITE 380  
12555 HIGH BLUFF DRIVE  
SAN DIEGO, CALIFORNIA 92310  
(619) 350-2030  
(ADDRESS AND TELEPHONE NUMBER OF PRINCIPAL  
EXECUTIVE OFFICES AND PRINCIPAL PLACE OF BUSINESS)

ROBERT L. KELLEY, PRESIDENT  
SUITE 380  
12555 HIGH BLUFF DRIVE  
SAN DIEGO, CALIFORNIA 92130  
(619) 350-2030  
(NAME, ADDRESS AND TELEPHONE NUMBER  
OF AGENT FOR SERVICE)

COPIES TO:

PAUL BERKOWITZ, ESQ.  
GREENBERG, TRAUERIG, HOFFMAN,  
LIPOFF, ROSEN & QUENTEL, P.A.  
1221 BRICKELL AVENUE  
MIAMI, FLORIDA 33131  
TELEPHONE NO.: (305) 579-0500  
FAX NO.: (305) 579-0717

APPROXIMATE DATE OF PROPOSED SALE TO THE PUBLIC:

As soon as practicable after the effective date of this Registration Statement.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

<TABLE>  
<CAPTION>

CROSS REFERENCE SHEET

FORM SB-2 ITEM NUMBER AND CAPTION

Caption in Prospectus

1. Front of Registration Statement and Outside Front Cover Page of Prospectus	Facing Page of Registration Statement; Cross Reference Sheet; Outside Front Cover Page of Prospectus
2. Inside Front and Outside Back Cover Pages of Prospectus	Inside Front and Outside Back Cover Pages of Prospectus
3. Summary Information and Risk Factors	Prospectus Summary; The Company; Risk Factors
4. Use of Proceeds	Use of Proceeds
5. Determination of Offering Price	Risk Factors; Underwriting
6. Dilution	Risk Factors; Dilution
7. Selling Security Holders	*
8. Plan of Distribution	Outside Front and Outside Back Cover Pages of Prospectus; Underwriting
9. Legal Proceedings	Business
10. Directors, Executive Officers, Promoters and Control Persons	Management
11. Security Ownership of Certain Beneficial Owners and Management	Principal Stockholders
12. Description of Securities	Description of Securities
13. Interest of Named Experts and Counsel	*
14. Disclosure of Commission Position on Indemnification for Securities Act Liabilities	*
15. Organization Within Last Five Years	Certain Transactions
16. Description of Business	Prospectus Summary; Business
17. Management's Discussion and Analysis or Plan of Operation	Management's Discussion and Analysis of Financial Condition and Results of Operations
18. Description of Property	Business
19. Certain Relationships and Related Transactions	Certain Transactions
20. Market for Common Equity and Related Stockholder Matters	Outside Front Cover Page of Prospectus; Dividend Policy; Description of Securities; Shares Eligible for Future Sale
21. Executive Compensation	Management
22. Financial Statements	Financial Statements
23. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	Change in Auditors

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\* Not applicable or answer thereto is negative

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, DATED JULY 3, 1996

PROSPECTUS

FULL HOUSE REPORTS, INC.  
925,988 SHARES OF COMMON STOCK  
ISSUABLE UPON EXERCISE OF  
778,534 OUTSTANDING REDEEMABLE  
COMMON STOCK PURCHASE WARRANTS

This Prospectus relates to the issuance by Full House Resorts, Inc. (the "Company"), of up to an aggregate of 925,988 shares of Common Stock (the "Common Stock"), par value \$.0001 per share, of the Company upon the possible future exercise of 778,534 outstanding Redeemable Common Stock Purchase Warrants (the "Warrants"). Each Warrant entitles the holder thereof to purchase 1.1894 shares of Common Stock at an exercise price of \$4.20 per share at any time through February 10, 1997. The Company may redeem the Warrants at any time prior to their expiration, upon 30 days prior written notice, at a price of \$.05 per Warrant, provided that the average closing bid price for the Common Stock is \$5.04 or higher for twenty consecutive trading days ending within a period commencing sixty days prior to the notice of redemption.

The Common Stock and the Warrants are traded in the over-the-counter market on the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") as a small-cap issue under the symbol "FHRI" for the Common Stock and "FHRIW" for the Warrants. On June 24, 1996, the closing bid prices for the Common Stock and Warrants were \$3.875 and \$.813, respectively, as reported on the NASDAQ Small Cap System.

The exercise price and other terms of the Warrants were arbitrarily determined by negotiation between the Company and Stuart, Coleman & Co., Inc. (the "Representative"), as the representative of the Underwriters of the Company's initial public offering which was consummated in August 1993, and do

not necessarily bear any relationship to the assets or book value of the Company or any other generally accepted criteria of economic valuation.

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THE COMMON STOCK OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK.

SEE "RISK FACTORS" ON PAGES 4 THROUGH 7 AND "DILUTION."  
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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>

<CAPTION>

<S>	<C>	<C>
	EXERCISE PRICE	PROCEEDS TO ISSUER (1)
Per Share	\$ 4.20	\$ 4.20
Total (2)	\$3,338,149.60	\$3,889,149.60

</TABLE>

(1) Before deduction of approximately \$40,000 in estimated expenses of the offering payable by the Company.

(2) Assumes the exercise of all 778,534 outstanding Warrants. There can be no assurance given that any or all of the Warrants will be exercised  
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This Prospectus also relates to the issuance by the Company of (a) a Unit Purchase Option issued to the Representative to purchase up to 22,500 Units (the "Representative's Unit Options"), (b) 67,500 shares of Common Stock (the "Representative's Unit Stock") and 22,500 Warrants (the "Representative's Unit Warrants") comprising the Units issuable upon exercise of the Representative's Unit Option and (c) 95,155 shares of Common Stock (the "Representative's Warrant Stock") issuable upon exercise of the Representative's Unit Warrants. The Company will receive the exercise prices of \$13.17 per Unit upon exercise of the Representative's Unit Option and \$4.20 per share upon exercise of the Representative's Unit Warrants but will not receive any proceeds from the sale of the Representative's Unit Option, the Representative's Unit Stock, the Representative's Unit Warrants or the Representative's Warrant Stock. No assurance can be given as to when, if ever, the Representative's Unit Options will be exercised

The date of this Prospectus is , 1996

#### AVAILABLE INFORMATION

The Company is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith, files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports and other information filed by the Company with the Commission can be inspected at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the regional offices of the Commission located at Room 1400, 7 World Trade Center, New York, New York 10048 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Such material may also be inspected at the Internet address of the Commission at <http://www.sec.gov>. Copies of such material can also be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates.

The Company has filed with the Commission a Registration Statement on Form SB-2 under the Securities Act of 1933, as amended, with respect to the securities being offered hereby. This Prospectus does not contain all information with respect to documents referred to herein which have been filed as exhibits to the Registration Statement and is qualified by reference to such exhibits for a complete statement of their respective terms and conditions. Information omitted from this Prospectus, but contained in the Registration Statement, may be inspected, without charge, and copies obtained, upon payment of the fees prescribed by the rules and regulations of the Commission at the public reference facilities at the addresses indicated above.

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#### SUMMARY

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION AND FINANCIAL STATEMENTS APPEARING ELSEWHERE IN THIS PROSPECTUS.

#### THE COMPANY

Full House Resorts, Inc. (together with its subsidiaries, the "Company"), operates Deadwood Gulch Resort in Deadwood, South Dakota and owns 50% of a joint venture company involved in the "Mill," a casino in North Bend, Oregon, owned by the Coquille Indian Tribe. Other joint venture companies in which the Company owns a 50% interest are developing video lottery terminal games at the Delaware State Fairgrounds in Harrington, Delaware and have rights to develop gaming commercial activities with the Nottawaseppi Huron Band of Potawatomi in Southcentral Michigan and the Torres Martinez Desert Cahuilla Indians in

California. The remaining 50% interest in the joint venture companies is owned by GTECH Corporation ("GTECH"), a wholly-owned subsidiary of GTECH Holdings Corporation, a leading supplier of computerized on-line lottery systems and services for government-authorized lotteries. The Company has determined that continued ownership of the Deadwood Gulch Resort is not consistent with its future growth plans. It has therefore listed the Resort for sale. No assurance can be given that a sale will ultimately be consummated. See "Business." The Company's executive offices and Deadwood Gulch Resort are located at Highway 85 South, Deadwood, South Dakota 57732, telephone (605) 578-1294.

THE OFFERING

<TABLE>	
<CAPTION>	
<S>	
SECURITIES OFFERED .....	925,988 SHARES OF COMMON STOCK ISSUABLE UPON THE POSSIBLE FUTURE EXERCISE OF THE WARRANTS. EACH WARRANT ENTITLES THE HOLDER THEREOF TO PURCHASE 1.1894 SHARES OF COMMON STOCK AT AN EXERCISE PRICE OF \$4.20 PER SHARE AT ANY TIME PRIOR TO FEBRUARY 10, 1997. THE WARRANTS ARE REDEEMABLE AT THE OPTION OF THE COMPANY AT ANY TIME PRIOR TO THEIR EXPIRATION, UPON 30 DAYS PRIOR WRITTEN NOTICE, AT A PRICE OF \$.05 PER WARRANT, PROVIDED THAT THE AVERAGE CLOSING BID PRICE FOR THE COMMON STOCK IS \$5.04 OR HIGHER FOR TWENTY CONSECUTIVE TRADING DAYS ENDING WITHIN A PERIOD COMMENCING SIXTY DAYS PRIOR TO THE NOTICE OF REDEMPTION. SEE "DESCRIPTION OF SECURITIES--WARRANTS".
Common Stock Outstanding Before Offering(1) .....	10,339,549 shares.
Common Stock to be Outstanding After Offering (1) (2) .....	11,265,537 shares.
Use of Proceeds .....	The proceeds to be received from the exercise of the Warrants, if any, will be used for working capital and other general corporate purposes. No assurance can be given as to the number of Warrants, if any, which will be exercised. See "Use of Proceeds."
Risk Factors .....	Investment in the Common Stock offered hereby involves a high degree of risk. This offering also involves immediate substantial dilution from the exercise price of the Warrants. See "Risk Factors" and "Dilution".
NASDAQ Symbols .....	Common Stock FHRI Warrants FHRIW
</TABLE>	

- (1) Unless otherwise indicated, no effect is given in this Prospectus to the exercise of (a) 700,000 shares underlying the Company's Series 1992-1 Convertible Preferred Stock, (b) options which have been or may subsequently be granted under the Company's 1992 Incentive Plan or the Company's 1992 Non-Employee Director Stock Plan, (c) the Representative's Unit Options, (d) the Representative's Unit Warrants or (e) 600,000 shares underlying the Company's convertible note payable to GTECH. See "Management--Incentive Plan and Nonemployee Director Stock Plan" and "Certain Transactions".
- (2) Assumes the exercise of all 778,534 Warrants, as to which no assurance can be given. See "Plan of Distribution."

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information, as of December 31, 1995 and for the years ended December 31, 1994 and 1995 set forth below is derived from the audited consolidated financial statements and should be read in conjunction with such financial statements and related notes thereto. The summary consolidated financial information as of March 31, 1996 and for the three months ended March 31, 1995 and 1996 is derived from the unaudited financial statements included in this Prospectus which, in the opinion of the Company, include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation thereof. The results of the three months ended March 31, 1996 are not necessarily indicative of the results to be expected for the full year. See "Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

<TABLE>				
<CAPTION>				
	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	-----		-----	
	1994	1995	1995	1996
	-----		-----	
<S>	<C>	<C>	<C>	<C>
STATEMENTS OF OPERATIONS DATA:				
Net revenues .....	\$ 5,692,520	\$ 5,633,146	\$ 786,932	\$1,078,593
Loss from operations .....	(603,763)	(7,315,043)	(844,468)	(661,634)
Net loss .....	(1,365,914)	(5,550,888)	(926,113)	(885,335)
Net loss applicable to common shares .....	(1,590,914)	(5,760,888)	(978,613)	(937,835)
Loss per common share .....	(.19)	(.59)	(.11)	(.09)
</TABLE>				

<TABLE>  
<CAPTION>

	AT DECEMBER 31, 1995	AT MARCH 31, 1996
<S>	<C>	<C>
BALANCE SHEET DATA:		
Working capital .....	\$ 391,116	\$ 1,921,564
Total assets .....	26,037,749	16,723,182
Long-term debt, less current portion	4,545,194	6,748,409
Stockholders' equity .....	9,452,047	8,566,712

The following pro forma consolidated balance sheet data gives effect to the sale on or prior to March 31, 1996 of 925,988 shares of Common Stock upon exercise of the Warrants and the application of the net proceeds therefrom. See "Use of Proceeds."

	AT MARCH 31, 1996
<S>	<C>
(AS ADJUSTED)	
Working capital .....	\$ 5,770,714
Total assets .....	20,572,332
Long-term debt, less current portion	6,748,409
Stockholders' equity .....	12,415,862

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RISK FACTORS

The purchase of the Common Stock offered hereby involves a high degree of risk. Prospective investors should carefully consider the following factors, together with the other information contained in this Prospectus, before making a decision to purchase the Common Stock.

1. CUMULATIVE LOSS. The Company had an accumulated deficit of \$7,847,707 as of March 31, 1996. There can be no assurance that the Company will be able to achieve profitable operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Use of Proceeds" and "Consolidated Financial Statements."

2. NEED FOR ADDITIONAL CAPITAL. The Company owns a 50% interest in joint venture companies which operate or have the right to develop gaming facilities with the Coquille Indian Tribe, the Nottawaseppi Huron Band of Potawatomi of Michigan, the Delaware State Fair, Inc. and the Torres Martinez Desert Cahuilla, Indians in Oregon, Michigan, Delaware, and California, respectively. In addition to funds currently advanced by the joint venture companies to the projects and while the amounts necessary to finance the development of these projects is subject to regulatory approvals, the joint venture companies have agreed to provide an estimated \$70 million during the next three years to finance the development of these facilities. Although the Company's agreement with GTECH Corporation, the owner of the balance of the interest in the joint venture limited liability companies, provides that the parties will attempt to obtain non-recourse financing for the projects, it may not be possible to obtain needed funds in this manner. The agreement therefore provides that each of Full House and GTECH are to provide their proportionate shares of the needed funds. In the event that Full House is unable to obtain said funds on more favorable terms, GTECH has agreed to lend to Full House its required portion of the financing at GTECH's cost of financing plus 22.5% of Full House's share of the "Profits" from the venture until the later of the repayment of the loan or one year after the project begins to receive revenues from patrons of the facilities comprising the project. In the event that GTECH loans funds to a joint venture entity, Full House has agreed to guarantee one-half of the obligations of the joint venture company to GTECH. There is no assurance that any financing required to meet these commitments will be available or, if available, that it will be available upon terms acceptable to the Company or that it would not materially dilute the ownership of any existing stockholders, including investors in this offering. See "Use of Proceeds," "Business " and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Consolidated Financial Statements."

3. GOVERNMENT REGULATION. Certain of the gaming projects currently operated and proposed to be undertaken by the joint venture companies in which Full House has an interest are located on Indian Lands (lands over which Indian tribes exercise jurisdiction and which meet the definition of Indian Lands under the Indian Gaming Regulatory Act of 1988 ("IGRA")). Such gaming is extensively regulated by federal, state and tribal governments. In addition, the ownership and operation of a gaming business in South Dakota is subject to gaming laws established by the State of South Dakota (the "South Dakota Laws"), and regulations (the "South Dakota Regulations") promulgated by the South Dakota Commission. The Company's gaming operations and each of its officers, directors, managers and principal stockholders are subject to strict scrutiny and approval of the South Dakota Commission. The Company, through its wholly-owned subsidiary, Deadwood Gulch Resort and Gaming Corp. ("DGR"), has appropriate

licenses to operate the Deadwood Gulch Resort. The South Dakota gaming licenses are subject to renewal annually.

The failure to obtain, loss, suspension or revocation of any required license, or the failure to obtain any license for properties upon which the Company plans to conduct gaming activities in the future, would have a material and adverse affect on the Company's business. See "Business."

4. COMPETITION. Competition in the gaming industry has increased substantially in recent years. In addition, gaming has spread to numerous geographic areas in the United States and the Company expects this trend to continue. Both the gaming operations currently conducted and proposed for future

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operation by the joint venture companies and Full House's Deadwood Gulch Resort gaming operations compete with a significant number of existing and proposed gaming operations, many of which are, or will be, significantly better capitalized than the Company, have or may have significantly larger facilities and may employ personnel who have more experience in the gaming industry than those currently employed, or proposed to be employed, by the Company. See "Business--Competition."

5. DEPENDENCE ON MANAGEMENT. The Company's success is largely dependent upon the efforts of its current executive officers, Robert L. Kelley and William R. Jackson, and upon the Company's ability to attract and retain other qualified people. Because of the rapid expansion of the gaming industry throughout the United States, competition for qualified employees is intense. There is no assurance that qualified persons can be retained or readily replaced, or that the Company can add additional qualified people as required. Loss of the services of any of the Company's executive officers could materially and adversely affect the business of the Company. See "Management."

6. CONTROL BY PRINCIPAL STOCKHOLDERS AND MANAGEMENT. Approximately 36.2% of the shares of the Company's Common Stock prior to this offering are owned or controlled by the Company's officers, directors and principal stockholders. If all of the 925,988 shares were issued upon exercise of the 778,534 warrants, the Company's officers, directors and principal stockholders would own approximately 33.3% of the then outstanding shares of Common Stock of the Company. Consequently, these officers, directors and principal stockholders may be able to control substantially all of the affairs of the Company, including the election of the entire board of directors. See "Management," "Principal Stockholders" and "Description of Securities."

7. LIMITATION ON SHARE OWNERSHIP. The statutes and regulations governing gaming in the State of South Dakota and elsewhere may limit the ability of individuals and entities to acquire and retain Common Stock of the Company. Such provisions are designed to regulate ownership and control of gaming establishments within those jurisdictions. Existing statutes in South Dakota require that each officer, director or stockholder owning in excess of 5% of any corporation (or others which the Commission in the exercise of its discretion elects to review) engaged in the retail operation of a gaming establishment or the placement and operation of gaming devices be approved by the South Dakota Commission on Gaming and submit to background checks regarding financial history, criminal record and character. The effect of such provisions may be to discourage acquisition of large blocks of the Company's Common Stock and depress the price of the Company's Common Stock. See "Business--Deadwood Gulch Facility--Government Regulation."

8. NO DIVIDENDS. The Company has not paid any dividends on its Common Stock since its inception and does not expect to declare or pay any dividends in the foreseeable future. The Company intends to retain any earnings to repay its indebtedness and to finance the development and expansion of the Company's business. The declaration and payment of future dividends, if any, on the Company's Common Stock will be determined by the Company's Board of Directors in light of the conditions then existing. In addition, the Company's outstanding Series 1992-1 Preferred Stock is entitled to a \$.30 per share cumulative annual cash dividend. As of June 30, 1996, the Company had cumulative but unpaid dividends of \$840,000 on its Series 1992-1 Preferred Stock. Under the terms of the Series 1992-1 Preferred Stock, no dividends may be declared or paid on the Company's Common Stock if the Company has failed to pay any accumulated dividends on such Preferred Stock. See "Description of Securities."

9. PREFERRED STOCK. The Company's Amended Certificate of Incorporation authorizes the issuance of up to 5,000,000 shares of Preferred Stock, \$.0001 par value, in one or more series, with such designations, rights and preferences as may be determined from time to time by the Board of Directors. Accordingly, the Board of Directors is empowered, without stockholder approval, to issue Preferred Stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of the Company's Common Stock. The Preferred Stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company. There are currently 700,000 shares of Series 1992-1 Preferred Stock

outstanding and, although the Company has no existing plans to issue any additional Preferred Stock, there is no assurance that the Company will not issue additional series of Preferred Stock in the future. In addition, in the event of liquidation, dissolution or a winding-up of the Company, holders of the Company's Series 1992-1 Preferred Stock are entitled to receive the sum of \$3.00 per share, plus all cumulative but unpaid dividends, before any distribution may be made to holders of Common Stock or any Preferred Stock ranking junior to the Series 1992-1 Preferred Stock as to liquidation preferences. See "Description of Securities."

10. DILUTION. Purchasers of Common Stock in this offering will experience immediate substantial dilution of \$3.63, or 86%, in net tangible book value per share of Common Stock from the exercise price of the Warrants. Additional substantial dilution may be incurred if currently outstanding options, warrants and conversion rights are exercised in the future. See "Dilution" and "Description of Securities."

11. SHARES RESERVED FOR FUTURE ISSUANCE AND POSSIBLE MARKET SALES. In addition to the Representative's Unit Options and the Representative's Unit Warrants, as of the date of this Prospectus, the Company had outstanding options and warrants which upon exercise would require the Company to issue up to 360,000 additional shares of the Common Stock at prices ranging from \$3.6875 per share to \$3.875 per share. An additional 1,032,812 shares may be issued under the Company's employee and director benefit plans pursuant to the exercise of options or other grants which may be made in the future. Another 700,000 shares of Common Stock may be issued by the Company upon conversion of its Series 1992-1 Preferred Stock. If all shares of Common Stock subject to the foregoing warrants, options, conversion rights and stock plans were to be issued, the Company would have 13,358,349 shares of Common Stock outstanding after this Offering. The Representative's Unit Options, the Warrants and options and the Series 1992-1 Preferred Stock all contain certain anti-dilution provisions requiring adjustments to the terms thereof under certain circumstances.

Approximately 6,000,000 of the outstanding shares of the Company's Common Stock are "restricted securities" within the meaning of Rule 144 ("Rule 144") promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and under certain circumstances may be sold without registration under the Securities Act pursuant to such rule. Holders of approximately 4,400,000 shares of the Company's Common Stock and 700,000 shares of Series 1992-1 Preferred Stock, which may be converted into 700,000 shares of Common Stock, are entitled to certain demand and piggy-back registration rights. In addition, the Representative's Warrants have certain demand and piggy-back registration rights. Sales of the Company's Common Stock in the public market pursuant to Rule 144 or pursuant to applicable registration rights could have an adverse affect on prevailing market prices for the Company's Common Stock. See "Description of Securities."

12. CURRENT PROSPECTUS AND STATE "BLUE SKY" REGISTRATION REQUIRED TO EXERCISE THE WARRANTS. Holders of the Warrants offered hereby will have the right to exercise them to purchase shares of the Company's Common Stock only if a current Prospectus relating to such shares is then in effect and only if the shares are qualified for sale under the securities laws of the states in which the purchasers reside. The Company has undertaken to use its best efforts to maintain a current Prospectus under the Securities Act which will permit the purchase and sale of the Common Stock underlying such Warrants during the warrant exercise term, but there can be no assurance that the Company will be able to do so. Although the Company intends to seek to qualify the shares of Common Stock underlying the Warrants for sale in the states in which the holders may reside, no assurance can be given that qualification will occur or will remain in effect at such time as the Warrants may be exercised. The Warrants may be deprived of any value if a current Prospectus covering the shares issuable upon exercise thereof is not kept effective or if such underlying shares are not, or cannot be, qualified in the applicable states. See "Description of Securities."

## DILUTION

The net tangible book value of the Company's 10,339,549 outstanding shares of Common Stock as of March 31, 1996 was \$2,523,390, or approximately \$.24 per share. After giving effect to the issuance of 925,988 shares of Common Stock upon the assumed exercise of all the Warrants, the net tangible book value of the Common Stock at March 31, 1996 would have been \$6,372,540, or \$.57 per share, representing an increase of \$.33 per share to existing stockholders and an immediate dilution (i.e., the difference between the exercise price of the Warrants and the net tangible book value after their exercise) of \$3.63 per share to those persons who exercise the Warrants. The following table illustrates this per share dilution:

<TABLE>	
<CAPTION>	
WARRANT EXERCISE PRICE PER SHARE(1) .....	\$4.20
<S>	<C>

Net tangible book value prior to exercise of Warrants(2) .....	\$ .24
Increase per share attributable to exercise of Warrants .....	.33
	-----
Pro forma net tangible book value per share after exercise of Warrants(3)	.57
	-----
Dilution per share to persons exercising Warrants(2) (4) .....	\$3.63
	=====

</TABLE>

- (1) Before deduction of estimated expenses of this offering. See "Use of Proceeds."
- (2) Net tangible book value per share of Common Stock represents the amount of the Company's tangible assets (total assets excluding gaming agreements and good will) less the amount of its liabilities, divided by the number of shares of Common Stock deemed to be outstanding. Dilution represents the difference between the Warrant exercise price per share and net tangible book value per share immediately after the assumed exercise of all 778,534 Warrants.
- (3) After deduction of estimated expenses of this offering. See "Use of Proceeds."
- (4) In the event fewer than 778,534 Warrants are exercised, the extent of dilution will increase. No assurance can be given as to the number of Warrants, if any, which will be exercised. See "Certain Transactions" and "Description of Securities."

#### USE OF PROCEEDS

In the event all 778,534 Warrants are exercised, the Company estimates that the net proceeds therefrom (see "Plan of Distribution") after payment of estimated expenses of this offering, will approximate \$3,849,150. However, the number of Warrants exercised will depend on several factors beyond the control of the Company, including the market price of its Common Stock. Therefore, the Company cannot estimate with reasonable accuracy the number of Warrants which may be exercised and the amount of proceeds to be received therefrom. Proceeds, if any, received from exercise of the Warrants will be used for working capital and other general corporate purposes.

#### 8 PRICE RANGE OF SECURITIES

The Company's Common Stock and Warrants were first quoted and began trading on the NASDAQ Small Cap Market System on August 10, 1993. Set forth below are the high and low bid sales price of the Company's Common Stock and Warrants as reported on the NASDAQ Small Cap Market System for the periods indicated.

<TABLE>  
<CAPTION>

	HIGH	LOW
	-----	-----
<S>	<C>	<C>
COMMON STOCK		
YEAR ENDED DECEMBER 31, 1994 .....		
First Quarter .....	\$4 1/8	\$1 1/8
Second Quarter .....	7 1/8	2 1/2
Third Quarter .....	8 3/4	5 7/8
Fourth Quarter .....	7 7/8	4 7/8
YEAR ENDED DECEMBER 31, 1995 .....		
First Quarter .....	\$6 1/8	\$4 3/8
Second Quarter .....	7 7/8	5 1/8
Third Quarter .....	6 1/4	2 3/4
Fourth Quarter .....	4 7/8	2 1/2
YEAR ENDED DECEMBER 31, 1996 .....		
First Quarter .....	5 1/8	2 5/8
Second Quarter (through June 24, 1996) ....	4 3/8	3
WARRANTS		
YEAR ENDED DECEMBER 31, 1994 .....		
First Quarter .....	1 9/16	1/4
Second Quarter .....	3 1/4	1 1/8
Third Quarter .....	5 3/8	2 1/4
Fourth Quarter .....	4 3/8	1 7/8
YEAR ENDED DECEMBER 31, 1995 .....		
First Quarter .....	3 5/8	2
Second Quarter .....	4 3/8	2 1/8
Third Quarter .....	3	1 3/8
Fourth Quarter .....	2 3/16	3/4
YEAR ENDED DECEMBER 31, 1996 .....		
First Quarter .....	1 1/4	3/4
Second Quarter (through June 24, 1996) ....	1 1/4	17/32

</TABLE>

On June 24, 1996, the closing bid prices for the Common Stock and Warrants were \$3.875 and \$.813, respectively. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual



transactions.

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DIVIDEND POLICY

The Company has paid no dividends on its Common Stock or Preferred Stock since its inception. Holders of the Company's Common Stock are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor.

Holders of the Company's Series 1992-1 Preferred Stock are entitled to receive dividends, when, as and if declared by the Board of Directors out of funds legally available therefor, in the annual amount of \$.30 per share, payable in arrears semi-annually on the 15th day of December and June in each year. Dividends on the Series 1992-1 Preferred Stock commenced accruing on July 1, 1992 and are cumulative. The Company did not pay the cumulative dividends on its Preferred Stock which were payable on December 15, 1992, June 15 and December 15, 1993, June 15 and December 15, 1994, June 15 and December 15, 1995, and June 15, 1996, totaling \$840,000 and, accordingly, is in default in regard thereto.

If the Company is in default in declaring, setting apart for payment or paying dividends on the Preferred Stock, it is restricted from paying any dividend or making any other distribution or redeeming any stock ranking junior to the Preferred Stock.

The Company intends to retain future earnings, if any, to provide funds for the operation of its business, retirement of its debt and payment of preferred stock dividends and, accordingly, does not anticipate paying any cash dividends on its Common Stock in the reasonably foreseeable future.

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CAPITALIZATION

The following table sets forth the capitalization of the Company as of March 31, 1996, on a historical basis and on an as adjusted basis to give effect to the issuance and sale by the Company of 925,988 shares of Common Stock upon the assumed exercise of all Warrants:

<TABLE>  
<CAPTION>

	MARCH 31, 1996	
	HISTORICAL	ADJUSTED (1)
<S>	<C>	<C>
Current maturities of long-term debt .....	\$ 652,383	\$ 652,383
Long-term debt, less current maturities .....	\$ 6,748,409	\$ 6,748,409
Stockholders' Equity:		
Preferred Stock, \$.0001 par value; 5,000,000 shares authorized, 700,000 shares issued and outstanding .	70	70
Common Stock, \$.0001 par value; 25,000,000 shares authorized; 10,339,549 shares issued and outstanding historical, 11,265,537 shares as adjusted(2) .....	1,034	1,127
Additional paid-in capital .....	16,413,315	20,262,372
Accumulated deficit .....	(7,847,707)	(7,847,707)
Total Stockholders' Equity .....	8,566,712	12,415,862
Total Capitalization .....	\$15,315,121	\$19,164,271

</TABLE>

(1) Assumes exercise of all 778,534 Warrants and the issuance of 925,988 shares of Common Stock upon such exercise and the application of the net proceeds therefrom. See "Use of Proceeds."

(2) Does not include 1,060,000 shares of Common Stock reserved at March 31, 1996, for future issuance by the Company pursuant to outstanding options, warrants (other than the shares of Common Stock issuable upon exercise of the Warrants) and conversion of the Company's Preferred Stock.

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information, as of December 31, 1995 and for the years ended December 31, 1994 and 1995 set forth below is derived from the audited consolidated financial statements and should be read in conjunction with such financial statements and related notes thereto. The summary consolidated financial information as of March 31, 1996 and for the three months ended March 31, 1995 and 1996 is derived from the unaudited financial statements included in this Prospectus which, in the opinion of the Company, include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation thereof. The results of the three months ended March 31, 1996 are not necessarily indicative of the results to be expected for the full year. See "Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

<TABLE>  
<CAPTION>

	YEAR ENDED DECEMBER 31,			
	HISTORICAL		THREE MONTHS ENDED MARCH 31,	
	1994	1995	1995	1996
<S>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:				
Net operating revenues .....	\$ 5,692,520	\$ 5,633,146	\$ 786,932	\$1,078,593
Loss from operations .....	(603,763)	(7,315,043)	(844,468)	(661,634)
Net loss .....	(1,365,914)	(5,550,888)	(926,113)	(885,335)
Net loss applicable to common shares	(1,590,914)	(5,760,888)	(978,613)	(937,835)
Loss per common share .....	(0.19)	(0.59)	(.11)	(.09)

<TABLE>  
<CAPTION>

	AT MARCH 31, 1996		
	HISTORICAL	HISTORICAL	PRO FORMA
	DECEMBER 31, 1995		AS ADJUSTED(1)
<S>	<C>	<C>	<C>
BALANCE SHEET DATA:			
Working capital .....	\$ 391,116	\$ 1,921,564	\$ 5,770,714
Total assets .....	26,037,749	16,723,182	20,572,332
Long-term debt, less current portion	4,545,194	6,748,409	6,748,409
Stockholders' equity .....	9,452,047	8,566,712	12,415,862

(1) Gives effect to the sale on or prior to March 31, 1996 of 925,988 shares of Common Stock upon exercise of the Warrants and the application of the net proceeds therefrom. See "Use of Proceeds."

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## RECENT DEVELOPMENTS

Effective December 29, 1995, Full House entered into a series of agreements with GTECH Corporation. Pursuant to the agreements, limited liability joint venture companies were formed which are equally owned by GTECH and Full House. The rights of Full House to agreements with various Indian tribes and the Delaware State Fair were contributed to the joint ventures. See "Results of Operations" and "Liquidity."

On April 9, 1996, the Company signed a non-binding letter of intent for the purchase of the Deadwood Gulch Resort by RGB Deadwood Gulch L.L.C. Although negotiations for the sale of the Resort to RGB Deadwood Gulch L.L.C. terminated on May 15, 1996, the Company is still actively marketing the Resort for sale. The Company determined that continued ownership of the Resort is not consistent with its future plans which anticipate focusing on gaming facilities in areas of higher population density and locations at which applicable regulations permit high stakes and expanded types of gaming. Any sale will be subject to approval by the Company's stockholders and a finding by the South Dakota Commission on Gaming that the purchaser is suitable to obtain a gaming license in South Dakota. There can be no assurance that a sale will ultimately be consummated.

## RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1996 COMPARED TO THREE MONTHS ENDED MARCH 31, 1995

Revenues for the three months ended March 31, 1996 increased \$304,365 to \$1,130,730, as compared with revenues of \$826,365 for the three months ended

March 31, 1995. The increase was due to income from joint ventures of \$172,168 and Resort revenues of \$132,197.

JOINT VENTURES. During 1995, four limited liability joint venture companies were formed by Full House and GTECH to pursue gaming opportunities and to which Full House transferred three of its present gaming ventures. Excluded were the Deadwood Gulch Resort and an additional venture where assignment was not completed pending further discussions with the tribe and with the holder of a 15% interest in that gaming contract. If assignment is not completed, Full House will assign its rights to revenues and GTECH will bear an appropriate portion of the expenses. Full House and GTECH each have a 50% interest in each limited liability company. Full House's share of the income generated by those companies was \$172,168 for the three months ended March 31, 1996.

CASINO OPERATIONS. Revenues increased \$20,015 or 7.2% for the three months ended March 31, 1996 over the same period in 1995. Departmental expenses decreased \$24,764 or 8.7% for the three months ended March 31, 1996 from 1995. As a result of the increase in revenues and decrease in expenses, departmental profit increased by \$44,779 as compared to the same period in 1995. Management attributes the improvements to an aggressive promotion of tour bus business.

HOTEL/RV RESORT. Hotel occupancy increased 30.1% for the three months ended March 31, 1996, and the average daily rate decreased by 13.0% to \$35.77. As a result, revenues for the period increased \$23,286 or 12.7% for the Hotel. Hotel/RV Resort departmental profit increased \$10,248 or 15.7%. Management attributes the improvements to an aggressive promotion of tour bus business.

RETAIL. Revenues increased by \$32,483 or 16.7% for the three months ended March 31, 1996 from 1995. Departmental profit of \$14,529 for the three months ended March 31, 1996 was only slightly higher than the prior year period based upon the fact that the increased sales were primarily of low margin goods.

FOOD AND BEVERAGE. Revenues for the three months ended March 31, 1996 were \$178,626 (which includes \$48,808 of promotional allowances), an increase of \$59,119 or 49.5% revenues of \$119,507

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(which included \$36,548 of promotional allowances for the three months ended March 31, 1995). The departmental loss after subtracting promotional allowances decreased \$21,641 over 1995. Management attributes the improvement to better cost of sales management and the development of a new menu, repositioning the restaurant in the market.

GULCHES OF FUN FAMILY CENTER. Revenues for the three months ended March 31, 1996 decreased \$2,706 from 1995 and departmental loss decreased \$3,844 from the comparable period in 1995.

SALES AND MARKETING EXPENSES. Sales and marketing expenses increased \$15,493 for the three months ended March 31, 1996 as compared to the prior year period due to an aggressive tour bus program.

GENERAL AND ADMINISTRATIVE EXPENSES--RESORT. Expenses decreased \$32,168 for the three months ended March 31, 1996 from the comparable period in 1995.

NON-RESORT GENERAL AND ADMINISTRATION EXPENSES. Non-Resort expenses for the three months ended March 31, 1996 totaled \$362,342, a decrease of \$131,774 over the prior year period. In 1996, the Company continued to incur costs related to the investigation, due diligence and pre-development of various ongoing opportunities for expansion of its business and the increase in the Company's corporate structure necessary to administer the Company's expansion.

DEPRECIATION. Depreciation and amortization decreased \$32,005 for the three months ended March 31, 1996 over the comparable period in 1995. This decrease is due to suspension of depreciation of the Resort offset by the amortization of goodwill.

IMPAIRMENT OF LONG LIVED ASSETS. In January 1996, the Company announced its intent to dispose of the Deadwood Gulch Resort. The Company adopted the provisions of SFAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF, during the fourth quarter of the year ended December 31, 1995. Under SFAS No. 121, the Company reviews the carrying values of its long-lived and identifiable assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Based upon available information which indicates additional loss may be incurred upon disposition, the Company further reduced the carrying value of the Deadwood Gulch Resort in 1996 by \$250,000. Pursuant to SFAS No. 121, the Company has suspended recording depreciation of the assets of Deadwood Gulch Resort.

INTEREST EXPENSE AND DEBT ISSUE COSTS. Interest expense and debt issue costs increased by \$163,325 during the three months ended March 31, 1996 primarily due to refinancing the first mortgage on the Deadwood Gulch Resort.

INTEREST AND OTHER INCOME. Interest and other income increased to \$27,414 during the three months ended March 31, 1996 as compared to the comparable

period in 1995 due to interest earned on cash deposits as a result of payments received as a result of the transactions with GTECH.

YEAR ENDED DECEMBER 31, 1995 COMPARED TO YEAR ENDED DECEMBER 31, 1994

Revenues for the year ended December 31, 1995 decreased \$59,374 to \$5,633,146, as compared with revenues of \$5,692,520 for the year ended December 31, 1994. The decrease was offset by income from joint ventures of \$160,224.

JOINT VENTURES. During 1995, four limited liability joint venture companies were formed by Full House and GTECH to pursue gaming opportunities and to which Full House transferred three of its present gaming ventures. Excluded were the Deadwood Gulch Resort and an additional venture where assignment was not completed pending further discussions with the tribe and with the holder of a 15% interest in that gaming contract. If assignment is not completed, Full House will assign its rights to

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revenues only and GTECH will bear an appropriate portion of the expenses. Full House and GTECH each have a 50% interest in each limited liability company. Full House's share of the income generated by those companies was \$160,224.

CASINO OPERATIONS. Revenues decreased \$218,951 or 13.1% for the year ended December 31, 1995 over the same period in 1994. Departmental expenses decreased \$3,292 or .3% for the year ended December 31, 1995 from 1994. As a result of the decrease in revenues, departmental profit decreased by \$215,659 or 34.8% as compared to the same period in 1994. Management attributes the decrease in revenues to the decline in gaming activity in the entire Deadwood market as reported by the South Dakota Commission on Gaming.

HOTEL/RV RESORT. Although hotel occupancy declined 10.7% for the year ended December 31, 1995, the average daily rate increased 8.6% to \$56.85. As a result, revenues for the period decreased \$57,891 or 4.2% for the Hotel. Revenues at the RV Resort increased \$18,211 for the year ended December 31, 1995 from \$90,553 for the same period in 1994. The combination of these factors resulted in an increase in Hotel/RV Resort departmental profit of \$25,305 or 3.0%. Management attributes the decline in revenues of the Hotel to a decline in tourism due to snowfall levels of approximately 60% of normal in the Black Hills during the first and second quarters of 1995, compared to snowfall of 175% of normal in 1994.

RETAIL. Revenues declined by \$7,697 or .6% for the year ended December 31, 1995 from 1994 due to the poor 1995 winter skiing and snowmobiling conditions. Departmental profit increased \$22,543 for the year ended December 31, 1995 from 1994. Management attributes the increase in departmental profit to more aggressive pricing, as well as increased productivity.

FOOD AND BEVERAGE. Revenues for 1995 were \$727,865 (which includes \$176,742 of promotional allowances), a decrease of \$16,844 or 2.3% from 1994 revenues of \$744,709 (which included \$166,632 of promotional allowances). The departmental loss after subtracting promotional allowances decreased \$21,128 over 1994. Management attributes the improvement to better cost of sales management and the development of a new menu, repositioning the restaurant in the market.

GULCHES OF FUN FAMILY CENTER. Although revenues for the year ended December 31, 1995 increased \$65,983 from 1994, departmental profit decreased \$90,581 from 1994. The summer season of 1995 was one of the three wettest in the recent history of the Black Hills and management attributes the decrease in departmental profit to adverse weather conditions during peak operating times for the outdoor activities.

GENERAL AND ADMINISTRATIVE EXPENSES--RESORT. Expenses increased \$33,833 for the year ended December 31, 1995 from 1994. Resort general and administrative expenses reflect increased property taxes and insurance as a result of the completion of the Gulches of Fun family center and the RV Resort. All other Resort specific general and administrative expenses declined as compared to the prior periods.

NON-RESORT GENERAL AND ADMINISTRATION EXPENSES. Non-Resort expenses for the year ended December 31, 1995 totaled \$1,820,733, an increase of \$756,011 over the prior year. In 1995, the Company continued to incur costs related to the investigation, due diligence and pre-development of various ongoing opportunities for expansion of its business and the increase in the Company's corporate structure necessary to administer the Company's expansion.

DEPRECIATION. Depreciation and amortization increased \$735,235 for the year ended December 31, 1995 over 1994. This increase is primarily due to the amortization of goodwill in 1995 which totaled \$615,307.

ABANDONED PROJECT COST. On June 28, 1995, the Governor of the State of Michigan determined to prohibit off-reservation gaming in the State of Michigan. As a result, the Company recognized a loss of \$1,867,730 relating to costs associated with its proposed gaming project in Detroit, Michigan.

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IMPAIRMENT OF LONG LIVED ASSETS. In January, 1996, the Company announced its intent to dispose of the Deadwood Gulch Resort. The Company adopted the provisions of SFAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF, during the fourth quarter of the year ended December 31, 1995. Under SFAS No. 121, the Company reviews the carrying values of its long-lived and identifiable intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Based upon available information which indicates a loss may be incurred upon disposition, the Company reduced the carrying value of the Deadwood Gulch Resort in 1995 and recognized an impairment loss of \$3,100,000.

INTEREST EXPENSE AND DEBT ISSUE COSTS. Interest expense and debt issue costs increased by \$187,061 due to refinancing the first mortgage on the Deadwood Gulch Resort, use of the Company's line of credit and the \$4,000,000 loan from GTECH (which was repaid in 1996). This increase was offset by reduced levels of debt issue costs in 1995 versus 1994.

INTEREST AND OTHER INCOME. Interest and other income increased to \$828,302 in 1995 as compared to \$57,645 in 1994, principally as a result of \$804,390 of interest income relating to Full House's advances in connection with certain gaming agreements.

INCOME TAX BENEFIT. The income tax benefit increased to \$1,944,710 in 1995 from \$2,000 in 1994. This tax benefit is a result of the Company's 1995 net loss of \$5,550,888.

YEAR ENDED DECEMBER 31, 1994 COMPARED TO YEAR ENDED DECEMBER 31, 1993

Revenues for the year ended December 31, 1994 increased 28.7% to \$5,895,268 as compared with revenues of \$4,581,781 for the year ended December 31, 1993.

Revenues from Casino Operations increased 4.9% from \$1,594,527 in 1993 to \$1,672,559 in 1994; Hotel/RV Resort revenues increased 10.5% from \$1,325,087 in 1993 to \$1,464,108 in 1994; revenues from Retail increased 32.2% from \$950,839 in 1993 to \$1,256,982 in 1994; and Food and Beverage revenues increased 4.7% from \$711,328 in 1993 to \$744,709 in 1994. The operations for the Gulches of Fun family fun center contributed \$756,910 in 1994.

CASINO OPERATIONS. Revenues increased 4.9% in 1994 over 1993. As a result of departmental expenses increasing 21% over 1993, department profit decreased \$104,898 as compared to 1993. The terminated Route Operation Agreement with the Lucky 8 Gaming Hall contributed \$84,255 in revenues during 1993.

Management attributes the increase in revenues in 1994 to the opening of two new casinos at the Gulches of Fun family fun center in 1994. At December 31, 1994, there were 117 slots and four blackjack tables at the fun center. Competition, however, has increased both within the Deadwood market and countrywide and the fact that gaming is no longer a new attraction for the typical visitor to Deadwood. Three new casinos opened in downtown Deadwood in September, 1993 at the Four Aces facility. They have conducted an aggressive marketing program of giveaways and deeply discounted food and beverage prices to establish themselves in the market. Other downtown casinos have responded with promotional programs to protect their market share as the overall market has not expanded. The Company has also increased its promotional allowances and has been able to maintain its market share.

The increase in the departmental expense is a result of adding the two new casinos at the Gulches of Fun family fun center. These new operations, due to their distance from the existing casinos, South Dakota regulations, and the table games played, requires additional staffing.

HOTEL/RV RESORT. Hotel occupancy increased from 70% in 1993 to 71% in 1994 and the average daily rate increased from \$50.59 to \$52.34, resulting in a slight increase in revenues. Hotel expenses

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increased from 36.6% of sales in 1993 to 38.4% of sales in 1994. Hotel profits net of promotional allowances increased from \$813,765 in 1993 to \$824,512 in 1994.

Operations commenced for the RV Resort and Campground in the later part of the second quarter of 1994. The revenues for 1994 were \$90,553. The RV Resort and Campground expenses were \$93,639, resulting in a RV Resort and Campground loss of \$3,086. The facility was closed for the season on October 1, 1994.

RV Resort and Campground payroll expenses were higher than normal as part of the initial start up of the operation in 1994. The Company expects that this expense will decline as a percentage of revenues and revenues will increase in 1995 with the Campground in operation for the full season.

RETAIL. Revenues increased 32.2% in 1994 as compared to 1993 and departmental profits increased from \$65,099 in 1993 to \$135,791 in 1994. This was partially attributable to the completion of the highway construction at the entrance to the Resort which restricted access and depressed sales through September 1993.

FOOD AND BEVERAGE. Revenues increased by 4.7% in 1994 as compared to 1993. Cost of sales and other departmental expenses increased in 1994 resulting in a reduction in departmental profit (net of promotional allowances) from \$28,663 in 1993 to a loss of \$48,689 in 1994. Management is focusing its attention in this area to revise the menu, increase marketing efforts and reduce costs.

GULCHES OF FUN FAMILY FUN CENTER. Partial operations commenced for the Gulches of Fun family fun center in the later part of the second quarter of 1994. The entire facility opened to the public on July 1, 1994. The Gulches of Fun family fun center contains two new casinos with state of the art design and equipment in conjunction with family oriented activities of miniature golf, go kart track, batting cages, bumper boat pond, kiddie playland, redemption and arcade games and family oriented food and beverage services.

Revenues for 1994 were \$756,910 and the departmental expenses were \$476,330, resulting in a departmental profit of \$280,580.

SALES AND MARKETING EXPENSES. Sales and marketing expense remained constant at 4% of revenues for both 1994 and 1993. Due to the Company's plan for an extensive marketing program to promote its new facilities of the RV Park and Campground and Gulches of Fun family center, the Company expects that expenditures for sales and marketing will remain at approximately the same percentage of revenues in the coming year.

GENERAL AND ADMINISTRATIVE EXPENSE--RESORT. The Resort general and administrative expenses were approximately \$596,242 for 1994, a decrease of \$15,290, or 2.5%, over 1993 despite the increase in total revenues at the Resort of 29.4% over 1993.

DEPRECIATION. Depreciation and Amortization increased \$139,599 over 1993. This increase is primarily due to the addition of the Gulches of Fun family fun center and the RV Resort and Campground.

NON-RESORT GENERAL AND ADMINISTRATIVE EXPENSES. The Non-Resort expenses were \$1,064,722 for 1994, an increase of \$955,972 over 1993.

In 1994, the Company incurred costs related to the investigation, due diligence and pre-development of various ongoing opportunities for corporate expansion and the expansion of the Company's corporate structure necessary to administer the Company's expansion. The major categories and approximate expense levels for 1994 were legal and consulting fees of \$472,764, travel of \$176,540, salary and benefits of \$204,173, investor relations of \$99,802, independent accounting fees of \$59,136 and other of \$52,307. Additionally, the Company has capitalized outside professional fees of approximately \$426,664 during 1994, associated primarily with the Native American and merger opportunities.

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NON-OPERATING INCOME AND EXPENSE. Non-operating Expense increased by \$495,787 over 1993. This increase is due to debt issue costs of \$647,349 in the first quarter of 1994 primarily related to restructuring a major portion of the Company's mortgage debt and for costs incurred with Allen E. Paulson's providing an \$8 million line of credit to the Company from the Bank of America.

#### LIQUIDITY AND CAPITAL RESOURCES

For the three-month period ended March 31, 1996, cash flow used in operating activities was \$606,067. Cash flow from investing activities was \$11,094,272. The major item impacting this positive flow of cash from investing activities was the receipt by the Company from GTECH and the joint venture companies of approximately \$11,174,000. Cash flow used in financing activities was \$8,186,662. The repayment of debt of \$11,186,662 was offset by the \$3,000,000 proceeds from the issuance of a convertible note to GTECH. As a result of the above, the Company's net cash and cash equivalents increased by \$2,301,543 to \$2,883,072.

For the year ended December 31, 1995, cash flow from operating activities was negative in the amount of \$1,209,016. Included was the net loss of \$5,550,888, more fully explained above, reduced by depreciation and amortization of \$1,240,446, write-off of abandoned project costs of \$1,867,730, recognition of impairment in long-lived assets of \$3,100,000 and the net other changes of approximately \$78,406, offset by a decrease in deferred tax liability of \$1,944,710. Cash flow from investing activities was negative in the amount of \$11,130,555 as a result of an increase in investments in gaming and merger opportunities. Cash flows from financing activities were the result of borrowings from GTECH Corporation, refinancing of the resort in Deadwood and the Bank of America line totaling \$14,306,285 reduced by repayment of debt and payment of debt issue costs of \$1,787,925. As a result of the above factors, there was a net increase in cash and cash equivalents of \$196,859.

On March 24, 1994, Allen E. Paulson purchased 1,000,000 shares of Full House's common stock for \$800,000. Full House also issued 500,000 shares of its Common Stock to Mr. Paulson in exchange for his agreement to individually provide or to take such actions as were required for a financial institution to provide a commercial line of credit to Full House in the minimum amount of \$8

million. Full House valued the shares of stock at \$.80 per share based upon the size of the transaction, the fact that the shares were not registered and are not subject to registration rights. In addition, a large block of shares was repurchased by the Company from a then principal stockholder at a price per share and time sequence reasonably close to the transaction with Mr. Paulson. The 500,000 shares issued to Mr. Paulson as compensation for securing the \$8 million financing were charged as a period cost in Full House's results of operation for 1994. On June 7, 1994, Bank of America, as a result of the joint and several guarantees of the full amount of the loan by Mr. Paulson and the other directors of Full House, provided Full House with a line of credit in the amount of \$8 million at the "reference rate" of Bank of America, N.A. As of December 31, 1995, a balance of \$6,206,286 was outstanding under the line of credit. The outstanding balance was repaid with funds received as part of the agreement with GTECH Corporation discussed below. As of June 15, 1996, no amounts were outstanding under this line of credit. All amounts outstanding under this line of credit bear interest at the bank's "reference rate" and are due and payable upon demand or, if no demand is made, on July 1, 1996. Full House believes that it would have been unable to obtain this line of credit without the actions of Mr. Paulson, as its financial condition would not have supported such an extension of credit.

On March 23, 1995, LAI Associates, Inc., a corporation wholly-owned by Lee Iacocca, merged with a subsidiary of Full House and became a wholly-owned subsidiary of Full House. The Company issued 1,250,000 shares of Common Stock to Mr. Iacocca. In exchange, the Company received LAI's interest in its agreements with the Organized Tribes (55%), Nottawaseppi Huron Band of Potawatomi (55%), Torres Martinez Desert Cahuilla Indians (50%) and Delaware State Fair (50%) projects. The remainder of the interests in these projects was acquired through the Omega merger described below. Subsequently, Full House returned to Mr. Iacocca a 25% interest in a total of 21 acres of land in Branson, Missouri, and a 50% interest in certain royalties receivable. In exchange, Mr. Iacocca returned 193,529 shares of Common Stock to Full House in March, 1996. See "Legal Proceedings."

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On November 20, 1995, Full House merged a wholly-owned subsidiary into Omega Properties Inc. (30% owned by William P. McComas, a director/stockholder of the Company). In exchange, the shareholders of Omega received an aggregate of 500,000 shares of Full House Common Stock and a promissory note of Full House in the principal amount of \$375,000. The principal amount of this promissory note accrues interest, payable quarterly, at a rate equal to the "prime" rate and such principal amount, together with all accrued interest, is due and payable in full upon demand by the holder(s) of this note, but in no event before August 31, 1996. William P. McComas received the note and Mr. Fugazy, the other stockholder of Omega, received the shares in exchange for their interests as shareholders of Omega. As a result of such merger, Full House obtained the remaining 45% interests in the agreements with the Organized Tribes and the Nottawaseppi Huron Band of Potawatomi and the remaining 50% interests in the agreements with the Torres Martinez Desert Cahuilla Indians and the Delaware State Fair.

Full House entered into a series of agreements with GTECH Corporation, a wholly-owned subsidiary of GTECH Holdings Corporation, a leading supplier of computerized on-line lottery systems and services for government-authorized lotteries, to jointly pursue existing (except the Deadwood Gulch Resort and certain other specified projects) and future gaming opportunities. Although the agreements were dated as of December 29, 1995, the parties agreed to share equally in the equity investment, financing responsibility and in revenues and expenses of each project commencing April 1, 1995. Pursuant to the agreements, joint venture corporations equally owned by GTECH and Full House have been formed. Full House has contributed its rights to the North Bend, Oregon facility and the rights to develop the Torres Martinez and Delaware State Fair Projects to the joint venture companies. Full House has agreed, subject to further discussion with the Nottawaseppi Huron Band of Potawatomi and with the holder of a 15% interest in that gaming contract, to assign to a joint venture company its rights to develop a project with such Tribe. If the assignment is not completed, Full House will assign its rights to revenues and GTECH will bear an appropriate portion of the expenses related thereto. See "Business."

In payment for its interest in the joint venture companies, GTECH contributed cash and other intangible assets to the companies and committed to loan the joint venture entities up to \$16.4 million to complete the North Bend, Oregon and Delaware facilities. Full House has agreed to guarantee one-half of the obligations of the joint venture companies to GTECH under these loans and at June 1, 1996 had guaranteed to GTECH one-half of \$10.4 million of such loans to the North Bend, Oregon joint venture company. Upon completion of the Delaware project, currently anticipated in August 1996, Full House will execute a guarantee to GTECH of one-half of the amounts loaned to the joint venture company by GTECH. The amount of the guarantee is currently estimated to be approximately \$4.5 million. The guarantees provide for full subrogation of Full House to GTECH's rights and prohibit acceleration of the underlying indebtedness so long as Full House makes the defaulted payments. The terms of the loans vary by project, but in those instances in which the joint venture companies loan funds to others involved in the project (e.g., North Bend, Oregon), the loans to the joint venture companies are intended to be a mirror image of the loans

between the joint ventures and the third parties.

GTECH will also provide project management, technology and other expertise to analyze and develop/manage the implementation of opportunities developed by the joint venture entities. GTECH has also loaned Full House \$3 million, which loan is convertible, subject to regulatory approval into 600,000 shares of Full House's Common Stock. In addition, Full House has been reimbursed by one of the joint venture companies for certain advances and expenditures made by Full House relating to the gaming development agreements. As part of this transaction, certain directors of Full House and Lee Iacocca have granted to GTECH an option to purchase their shares should they propose to transfer the same.

The agreement between Full House and GTECH provides that the joint venture partners will provide the funds needed to finance the development of the joint venture projects. While the amounts necessary to finance the development of the projects are subject to regulatory approval and adjustment

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as the projects are more fully developed, the Company estimates that the amount to be provided by the joint venture companies will be approximately \$70 million during the next three years. Although the agreement between Full House and GTECH establishes a performance for obtaining non-recourse financing for the projects undertaken in the joint venture companies, it may not be possible to obtain needed funds in this manner. In the event that Full House is unable to obtain the required funds on more favorable terms, GTECH has agreed to lend to Full House its required portion of the financing at GTECH's cost of financing plus 22.5% of Full House's share of the "Profits" from the venture until the later of repayment of the loan or one year after the project begins to receive revenues from patrons of the facilities comprising the project. In the event that GTECH loans funds to a joint venture entity, Full House has agreed to guarantee one-half of the obligations of the joint venture company to GTECH.

Full House borrowed \$4 million from GTECH during 1995. Such amounts were repaid on January 26, 1996 with funds received as a part of the agreement with GTECH. See "Business--GTECH Relationship." Interest expense on this indebtedness was \$270,517.

As a result of its agreements with GTECH, receipt by Full House of revenues from the operations of projects (other than the Deadwood Gulch Resort) is governed by the terms of the joint venture agreements applicable to such projects. These contracts provide that net cash flow (after certain deductions) is to be distributed monthly to Full House and GTECH. While Full House does not believe that this arrangement will adversely impact its liquidity, no assurances of the same can be given based upon the lack of operating experience with this structure.

On July 19, 1995, an addendum to the agreement with the Coquille Indian Tribe was executed. Pending regulatory approval, the addendum will reduce the obligation of the Full House-GTECH joint venture company to provide financing to \$10.4 million, extend the date when repayments begin and modify the method of computing participating rents (from net revenues to modified gross revenues) and loan repayments. Lease and debt payments commenced on August 19, 1995, and September 19, 1995, respectively. As of March 31, 1996, the Full House-GTECH joint venture company had advanced approximately \$10.7 million for the project of which approximately \$.5 million had been repaid.

Pursuant to a September 16, 1994 agreement with the Organized Tribes in the State of Michigan, Full House obtained the rights to pursue off-reservation gaming and related non-gaming activities. On June 28, 1995, the Governor of the State of Michigan determined to prohibit off-reservation gaming in the State of Michigan. As a result of this action and after reimbursement of certain costs incurred by Full House from GTECH, Full House has written off project costs of \$1,867,730.

On May 31, 1995, DGR borrowed \$5 million, secured by its real property. The proceeds from the loan were used to repay its obligation to H. Joe Frazier, a stockholder and a then director of the Company, and to repay a portion of the revolving note payable to Bank of America. The note bears interest at 10.25% through May, 1996, and at prime plus 2 1/4 % for the period June 1, 1996 through May 1, 2002. Payments are due in monthly installments of principal and interest based on a ten-year amortization with the remaining balance due on May 31, 2002. A portion of the loan has been guaranteed by Messrs. Frazier, McComas and Paulson. The agreements executed by DGR in connection with the note limit payments by DGR to Full House. The agreements include financial covenants which require maintenance of minimum tangible net worth and debt service coverage ratios. The Company was not in compliance with these covenants at December 31, 1995. However, the lender has waived these defaults through the year ended December 31, 1996. The Company prepaid \$751,827 of this indebtedness in March, 1996.

The 800,000 Warrants and 80,000 units (the "Representative's Units") issued to the representative of the underwriters in Full House's 1993 public offering became exercisable on August 10, 1994. Each Warrant may be exercised for 1.1894 shares of Common Stock at a price of \$4.20 per share. As of June 15, 1996, 778,534 Warrants to purchase 925,988 shares were outstanding. Full House may, in



accordance with the Warrant Agreement, call the Warrants. Each Representative's Unit (each consisting of three shares of Common Stock and the right to buy one additional share) may be exercised at a price

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of \$13.17 per Unit. The Warrants can be exercised until February 10, 1997. As of June 15, 1996, a total of 57,500 Representative's Units had been exercised, leaving a balance of 22,500 which may be exercised. As a result of such exercises, 57,500 warrants, which were included in the Representative's Units, are now outstanding.

As of June 30, 1996, Full House had cumulative undeclared and unpaid dividends in the amount of \$840,000 on the 700,000 outstanding shares of its 1992-1 Preferred Stock. Such dividends are cumulative whether or not declared, and are currently in arrears.

Full House had a working capital of \$1,921,564 as of March 31, 1996.

Additional financing will be required for the Company to effect its business strategy and no assurance can be given that such financing will be available upon commercially reasonable terms.

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## BUSINESS

### RECENT DEVELOPMENTS

The Company has determined that continued ownership of a resort in a mountain area with limited-stakes gaming is not consistent with maximization of the business opportunities available to the Company. It has therefore determined to focus its gaming activities in areas of higher population density and locations at which applicable regulations permit high-stakes and expanded types of gaming. On April 9, 1996, the Company signed a non-binding letter of intent for the purchase of the Deadwood Gulch Resort by RGB Deadwood Gulch L.L.C. Although negotiations for the sale of the Resort to RGB Deadwood Gulch L.L.C. terminated on May 15, 1996, the Company is still actively marketing the Resort for sale. The Deadwood Gulch Resort was specifically excluded from the projects to be undertaken jointly with GTECH. From the time of acquisition by the Company through the end of the first quarter of 1996, the Resort has a cumulative operating deficit of approximately \$3.80 million. In addition, through such date, the Company has recognized an impairment loss of \$3.35 million. Any sale will be subject to approval by the Company's stockholders and a finding by the South Dakota Commission on Gaming that the purchaser is suitable to obtain a gaming license in South Dakota. There can be no assurance that a sale will ultimately be consummated. The Company intends to continue to operate the Resort in accordance with past practice while attempting to consummate a sale.

### BACKGROUND

Full House was incorporated in the State of Delaware as Hour Corp. on January 5, 1987 and changed its name to D.H.Z. Capital Corp. on June 1, 1987. On July 17, 1992, Full House entered into a Letter of Intent with Deadwood Hotel Joint Venture, a South Dakota joint venture ("DHJV") and the owner of the Deadwood Gulch Resort, regarding the recapitalization of Full House and the acquisition of DHJV. On September 2, 1992, the Company's name was changed to Full House and the Company completed a 1 for 200 reverse stock split of its then outstanding 99,930,000 shares of common stock, resulting in 499,650 shares outstanding. At the same time, Full House's authorized capitalization was changed to 25,000,000 shares of \$.0001 par value common stock (the "Common Stock") and 5,000,000 shares of \$.0001 par value preferred stock (the "Preferred Stock").

On November 20, 1992, Full House, through the issuance of 4,901,850 shares of Common Stock and 1,000,000 shares of Series 1992-1 Preferred Stock, acquired Deadwood Gulch Resort and Gaming Corp., which, as a result of a restructuring among the joint venturers of DHJV, had become the owner of the assets of the joint venture. On August 17, 1993, Full House completed a registered public offering of units, each consisting of three shares of its Common Stock and a warrant (the "Warrant") entitling the holder to purchase, for \$5.00, one additional share of Common Stock during the period between August 10, 1994 and August 9, 1996 for gross proceeds of \$8,000,000. The net proceeds to Full House after payment of costs and expenses were \$6,742,781.

In connection with the public offering, Full House entered into an Agreement to Provide and Accept Commitment to Restructure First and Second Mortgage Loans ("Mortgage Restructuring Agreement"). In accordance with such Agreement and upon the closing of the public offering and receipt of the proceeds, two notes were issued in the amounts of \$2,500,000 and \$1,250,000. The notes required the payment of interest only at the rate of 12% for one year from the date of funding, payable monthly in arrears. Although the majority of the funds needed were obtained from offering proceeds, an \$8,000,000 line of credit provided to Full House through an agreement with Allen E. Paulson (the Chairman of the Board of Directors of Full House) enabled Full House to repay the \$2,500,000 note on March 14, 1994. In August, 1994, Full House began monthly payments of principal and interest on the other note which was held by H. Joe Frazier, a director of Full House until January, 1996. The entire principal balance was repaid on May

Full House has been actively engaged in the process of identifying business opportunities in the gaming industry to expand its base and has determined that opportunities exist through the establishment of agreements with Indian Tribes.

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In addition to recognizing the need to expand its gaming operations, Full House had previously determined to expand into other activities not directly dependent upon gaming. On May 6, 1995, Full House entered into a letter of intent with Branson W.R. Productions, Inc. ("Branson W.R.") to merge Branson W.R. with Full House or a wholly-owned subsidiary of Full House (the "Branson Transaction"). However, after commencing its due diligence investigation, Full House determined not to proceed with the Branson Transaction.

Although the Branson Transaction was not completed, during the course of the negotiations in May 1994, Lee Iacocca, one of the principals of Branson W.R., brought to the attention of Full House management certain opportunities to enter into gaming agreements. Specifically, Mr. Iacocca advised Full House of his negotiations, together with Omega Properties, Inc. ("Omega"), with certain Indian Tribes (the "Organized Tribes") regarding the development of a gaming operation in the Detroit, Michigan metropolitan area. Mr. Iacocca also advised Full House of the ongoing discussions with a second Indian Tribe in Michigan (the Nottawaseppi Huron Band of Potawatomi), a tribe in southern California (the Torres Martinez Desert Cahuilla) and a project at the Delaware State Fairgrounds. In each case, the other parties had entered into discussions with Mr. Iacocca based upon their perception of his integrity and ability to facilitate completion of the proposed transactions. Mr. Iacocca had conducted these negotiations through LAI Associates, Inc. ("LAI"), a corporation owned by him.

In addition, LAI owned a 25% interest in a total of 21 acres in Branson, Missouri, consisting of a 1.75 acre parcel ("Parcel 15"), a 7.76 acre site ("Parcel 16") and an 11.51 acre site ("Parcel BB") (collectively, the "Branson Real Estate") and a 50% interest in royalties receivable pursuant to an agreement (the "Royalty Agreement") which provided for receipt by LAI of \$100 per apartment unit (2,353 units) and \$250 per residential ownership unit (951 units) sold after October 25, 1993 in Branson Hills, a mixed use planned community located in Taney County, Missouri.

Following extensive discussions with the principals of LAI and Omega, Full House determined that a merger transaction involving Full House, LAI and Omega would provide Full House with the advantages of both the real estate development opportunities in Branson and the opportunity to develop the gaming and commercial nongaming activities, the rights to which were held by LAI and Omega. During these negotiations, the parties agreed that the shareholders of LAI would receive 1,250,000 shares of Full House Common Stock and that the shareholders of Omega would receive 500,000 shares and a promissory note of Full House in the principal amount of \$375,000. This decision was based upon Full House's determination that access to these four projects was only available through a merger with LAI and Omega.

Full House further concluded that a merger would facilitate access to additional projects into which it desired to expand as a result of an association with both Mr. Iacocca and John Fugazy, who, together with William P. McComas, a director and stockholder of Full House, owned the outstanding shares of Omega. Thus, Full House determined that an arrangement pursuant to which Messrs. Iacocca and Fugazy would receive shares of Full House Common Stock was an appropriate means of both acquiring the rights of Omega and LAI to the subject projects, but also provided the possibility of promoting their continuing association with Full House by aligning their interests with those of the other stockholders of Full House. There is, however, no agreement requiring continuing efforts by Messrs. Iacocca or Fugazy and there can be no assurance that they will perform any further activities on behalf of Full House. As Omega and LAI were then engaged in active negotiations of these opportunities, Full House does not believe that the rights to these projects could have been obtained by utilizing current employees or other agents available to it.

Accordingly, on August 18, 1994, pursuant to a May 1994 letter of intent, Full House entered into a Merger Agreement (the "Merger Agreement") with Full House Subsidiary, Inc. ("FHS"), LAI and Omega Properties, Inc. (30% owned by William P. McComas, a director and stockholder of Full House) whereby these entities were to merge with FHS, a newly formed subsidiary of Full House. In exchange, the entities were to receive 1,750,000 shares of common stock of Full House and a note from Full House for \$375,000. Also on August 18, 1994, Full House entered into a Purchase Agreement with

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Mr. McComas, to purchase a portion of the assets originally included in the May 1994 letter of intent in exchange for a \$625,000 note from Full House.

Subsequently, the parties determined that it was in their best interests to proceed with the merger with LAI prior to consummating the merger with Omega. On March 23, 1995, the parties amended the Merger Agreement and the Merger between LAI and FHS was consummated on the same date.

Swan Valuation Group, Inc., an independent organization, valued 100% interests in Parcel 15 at \$270,000, Parcel 16 at \$1,090,000 and Parcel BB at \$1,510,000 and a 100% interest in the Royalty Agreement at \$210,000. Based upon these appraisals, Full House valued the 25% interest of LAI in the Branson Real Estate at \$717,500 and the 50% interest of LAI in the Royalty Agreements at \$105,000. Swan Valuation Group was selected by Full House based upon its experience in real estate appraisals in the Branson, Missouri area and was utilized to assist the Board of Directors of Full House in determining the total value of all of the assets of LAI. The appraisal of the real property is based upon a sales comparison approach and assumes completion of certain roads and utilities to the Hotel Site which was expected in 1997. The value of the Royalty Agreement was based upon a sell-out period of 25 to 26 years for the real estate units, a 15% discount rate and the full performance of the applicable contract by all parties.

The balance of the value of the Full House Common Stock issued in connection with the LAI Merger was allocated to LAI's interest in the agreements with the Organized Tribes (55%), the Nottawaseppi Huron Band of Potawatomi (55%), the Torres Martinez Desert Cahuilla Indians (50%) and the Delaware State Fair, Inc. (50%) described below. (The balance of the interests in these agreements was owned by Omega.) Based on the Company's analyses of estimated fair values of such agreements, primarily developed through discounted cash flow projections of the proposed projects, \$3,111,571 of the purchase price was allocated to gaming agreements. Although certain of these agreements were not executed until after the LAI Merger, negotiations were under way and agreement in principle had been reached prior to the Merger. Full House management does not believe that it would have been able to enter into such agreements in the absence of its relationship with LAI. Other assets consist of the royalty interest discussed above and the value that the Company perceives to be obtained through the association of Lee Iacocca with the Company as a major stockholder. The remainder of the purchase price of \$1,534,064 was allocated to these other assets. Prior to the merger with Full House, Omega owned a 45% interest in the transactions with the Organized Tribes and the Nottawaseppi Huron Band of Potawatomi and a 50% interest in the transactions with the Torres Martinez Desert Cahuilla Indians and the Delaware State Fair, Inc.

On March 23, 1995, the date of the Merger between FHS and LAI, Full House Common Stock was trading on the NASDAQ Small-Cap Market at \$5-3/8. Although Full House valued the shares at \$4.25 each based upon its valuation of the assets received by Full House in the LAI Merger as described above, the shares are "restricted securities" as such term is defined in Rule 144 under the Securities Act of 1933, as amended, and, based upon the fact that "restricted securities," as a general rule, must be held for at least two years prior to sale and then may be sold only in limited quantities, Full House believes that the valuation bears an appropriate relationship to the market price of freely trading shares.

The parties again amended the Merger Agreement as of June 30, 1995 to provide that, rather than Omega merging into FHS, the subsidiary of Full House into which LAI was merged, a new wholly-owned subsidiary of Full House, Full House Joint Venture Subsidiary, Inc. ("Full House Sub"), would be merged into Omega. The merger was effected on November 20, 1995. In exchange, the shareholders of Omega received an aggregate of 500,000 shares of Full House Common Stock and a promissory note of Full House in the principal amount of \$375,000. The principal amount of this promissory note accrues interest, payable quarterly, at a rate equal to the "prime" rate and such principal amount, together with all accrued interest, is due and payable in full upon demand by the holder(s) of this note, but in no event before August 31, 1996. William P. McComas received the note and the other stockholder of Omega received the shares in exchange for their interests as shareholders of Omega. As a result of such

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merger, Full House obtained the remaining 45% interests in the agreements with the Organized Tribes and the Nottawaseppi Huron Band of Potawatomi and the remaining 50% interests in the agreements with the Torres Martinez Desert Cahuilla Indians and the Delaware State Fair.

In determining the consideration paid as part of the LAI and Omega Mergers, Full House evaluated all of the potential benefits to be obtained and risks associated with successful completion of such transaction, including the value of the association of Lee Iacocca as a major stockholder. Therefore, the Merger Agreement did not assign a specific value to each gaming project and provide for a reduction in price if the need for approvals or other obstacles prevent the completion of the project. Management of Full House believes that the consideration paid as part of the Merger was fair.

The Omega transactions was accounted for as a purchase valued at \$2,561,007. The purchase price has been allocated to the following assets and liabilities, based on their estimated relative fair values: cash \$3,913; gaming agreements \$2,575,367; other assets \$578; and accrued expenses \$(18,851). The gaming agreements were valued, as of March 23, 1995, by discounting to then present value the estimated future after tax cash flow for the proposed ventures and by applying a further discount based upon the expected likelihood of successfully developing the projects. In making this determination, Full House estimated the cash needs, the income and the cash flow related to its agreements with the

Organized Tribes (the "Organized Tribes Agreement") and the Nottawaseppi Huron Band of Potawatomi (the "Nottawaseppi Agreement"). Through the use of these forecasts and an after-tax discount rate, Full House valued the Organized Tribes Agreement and the Nottawaseppi Agreement at \$28 million and \$37 million, respectively. The after-tax discount rate used was 13.8 percent. This rate was derived through use of the capital asset pricing model and/or the weighted average cost of capital model. Full House further reduced the above valuations by applying a "success factor" to account for the possibility that performance under the Organized Tribes Agreement and the Nottawaseppi Agreement would not occur on schedule due to the failure to receive or delays in the receipt of certain approvals. Although the actions of the Governor of Michigan with respect to off reservation gaming have resulted in Full House writing off the value of the agreement with the Organized Tribes. Full House believes that the increase in the value of the agreement, together with the value of the other agreements discussed above, supports the amount attributed to the gaming agreements.

On June 30, 1995, the date of the last amendment to the Merger Agreement, Full House Common Stock was trading on the Nasdaq Small-Cap Market at \$6 per share. Full House has valued the shares of Full House Common Stock delivered to the Omega shareholders at \$4.25 each. Although Full House reached this valuation based upon its valuation of the assets to be received by Full House in the Omega Merger, Full House believes that the valuation bears an appropriate relationship to the market value of freely trading shares based upon the fact that the shares will be "restricted securities" as such term is defined in Rule 144, which shares, as a general rule, must first be held for at least two years after their issuance before sales are permitted and then may be sold only in limited quantities and further based on the number of shares issued in the transaction.

In late 1995, Full House was named as a defendant in a lawsuit in Taney County, Missouri, as a result of its acquisition (through the merger of its wholly-owned subsidiary with LAI) of an interest in the Branson Real Estate and Royalties. After negotiations with Mr. Iacocca, in March 1996 Mr. Iacocca accepted the reconveyance of the interests in the Branson Real Estate and Royalties in exchange for 193,529 shares of Common Stock to Full House which the Company believes had a value equal to the appraised value of the surrendered interests in the Real Estate and Royalty Agreement. Such action was intended to minimize the Company's exposure to the litigation.

Full House's executive offices are located at Suite 380, 12555 High Bluff Drive, San Diego, California 92130, telephone (619) 350-2030.

#### GTECH RELATIONSHIP.

Full House entered into a series of agreements with GTECH Corporation, a wholly-owned subsidiary of GTECH Holdings Corporation, a leading supplier of computerized on-line lottery systems

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and services for government-authorized lotteries, to jointly pursue all existing (except the Deadwood Gulch Resort) and future gaming opportunities. Although the agreements were dated as of December 29, 1995, the parties agreed to share equally in the equity investment, financing responsibility and in revenues and expenses of each project commencing April 1, 1995. The shares of GTECH Holdings Corporation are listed on the New York Stock Exchange and according to its published financial statements, GTECH Holding Corporation had a net worth of \$297 million as of February 24, 1996. Pursuant to the agreements, joint venture corporations equally owned by GTECH and Full House have been formed. Full House has contributed its rights (as described below) to the North Bend, Oregon facility and the rights to develop the Torres Martinez and Delaware State Fair Projects to the joint venture companies. Full House has agreed, subject to further discussions with the Nottawaseppi Huron Band of Potawatomi and with Green Acres Casino Management, Inc., the holder of a 15% interest in that gaming contract, to assign to a joint venture company its rights to develop a project with such Tribe. If the assignment is not completed, Full House will assign its rights to revenues and GTECH will share equally in the revenues and related expenses with Full House.

In payment for its interest in the joint venture companies, GTECH has contributed cash and other intangible assets to the companies and committed to loan the joint venture entities up to \$16.4 million to complete the North Bend, Oregon and Delaware facilities. Full House has agreed to guarantee one-half of the obligations of the joint venture companies to GTECH under these loans and at June 1, 1996 had guaranteed to GTECH one-half of \$10.4 million of such loans to the North Bend, Oregon joint venture company. GTECH has also agreed to make loans to Full House for its portion of the financing of projects if Full House is unable to otherwise obtain financing. GTECH will also provide project management, technology and other expertise to analyze and develop/manage the implementation of opportunities developed by the joint venture entities. GTECH has also loaned Full House \$3 million, which loan is convertible, subject to regulatory approval into 600,000 shares of Full House's Common Stock. In addition, Full House has been reimbursed by one of the joint venture companies for certain advances and expenditures made by Full House relating to the gaming development agreements. As part of this transaction, the directors of Full House and Lee Iacocca have granted to GTECH an option to purchase their shares should they propose to transfer the same.

Set forth below is a brief description of each of the gaming opportunities which have been or will be transferred to the limited liability companies which are equally owned by Full House and GTECH.

#### NORTH BEND, OREGON FACILITY.

On May 19, 1995, the first phase of the facility known as the "Mill" was opened with 250 video lottery terminals (366 as of December 31, 1995), six blackjack tables, three poker tables, a gift shop and a snack bar on Tribal Trust Lands of the Coquille Indian Tribe in North Bend, Oregon. A Full House--GTECH joint venture entity leases approximately 12.5 acres of Tribal Trust Lands from an entity owned by the Coquille Indian Tribe on which the Mill is located and subleases a portion of the land on which the casino is located back to the same entity. The master lease expires in 2019 and the sublease expires in 1999 with options to renew.

On July 19, 1995, an addendum to the agreement with the Coquille Indian Tribe was signed by Full House and GTECH. The addendum will reduce the obligations of the joint venture entity to provide financing to \$10.4 million, extend the date when repayments begin and modify the method of computing participating rents and loan repayments. Lease and debt payments commenced on August 19, 1995 and September 19, 1995, respectively. As of December 31, 1995, approximately \$10.5 million had been advanced for the project. The indebtedness is to be repaid over a seven-year period and the right of recovery is limited to revenues and personal property at the facility. As of December 31, 1995, the Tribe had repaid \$330,921 of this indebtedness.

The Mill is located in North Bend, Oregon on the Port of Coos Bay. The Coos County population in 1994, which includes the Bay area, was 62,800. The Bay area's economy is primarily based on forestry and fishing. Oregon's Coos Bay area is located on the Pacific Coast midway between San Francisco,

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California and Seattle, Washington. The communities of Coos Bay, North Bend and Charleston are approximately 115 miles from Eugene, Oregon's second largest city. The North Bend Municipal Airport is Southwestern Oregon's regional air terminal that provides commercial air service to and from Portland.

The Mill Casino is one of six Indian casinos presently operating in Oregon. The closest competing casino is located approximately 90 miles from North Bend and operates 230 devices, a card room, bingo and keno. The other casinos are located approximately 140, 160, 265 and 435 miles from North Bend. The two facilities which are 140 and 160 miles from North Bend are located closer to Portland, Oregon. Full House believes that there are three other Indian Casinos presently being contemplated in Oregon.

#### DELAWARE STATE FAIR.

On January 31, 1996, a company 50% owned by each of Full House and GTECH entered into agreements with the Delaware State Fair, Inc. and Harrington Raceway, Inc. to develop video lottery terminals at the Delaware State Fairgrounds in Harrington, Delaware. Legislation enacted by the Delaware State Legislature permits the installation of video lottery, coin-operated slot machines at existing pari-mutuel track facilities in Delaware. Owned by the Delaware State Fair, Inc. and located near Dover, Delaware and Baltimore, Maryland, the Harrington Raceway has been in continuous existence since 1945 and is the home of the Delaware State Fair. Under the agreements, the joint venture company will advance a total of up to \$9 million (including \$150,000 previously advanced) to be used for improvements. The gaming facility will contain 500 gaming devices.

#### ORGANIZED TRIBES.

Pursuant to a September 16, 1994, an agreement with the Organized Tribes in the State of Michigan, Full House obtained the right to pursue off-reservation gaming and related non-gaming activities. On June 28, 1995, the Governor of the State of Michigan determined to prohibit off-reservation gaming in the State of Michigan. As a result of this action and reimbursement of certain costs to Full House by GTECH, Full House wrote off project costs of \$1,867,730 in 1995.

#### NOTTAWASEPPI HURON BAND OF POTAWATOMI.

Full House entered into a series of agreements in January, 1995, with the Nottawaseppi Huron Band of Potawatomi, another Michigan Indian Tribe, to develop gaming and non-gaming commercial opportunities for that Tribe and to construct and manage Class II and Class III gaming facilities. The Tribe's state reservation lands are located in Southcentral Michigan. If developed, the facility will target the Ft. Wayne, Indiana and Lansing and Detroit, Michigan metropolitan areas. The Tribe recently received federal recognition as a tribe from the Bureau of Indian Affairs. The Tribe intends to apply to have its existing State reservation land as well as additional land in its ancestral territory taken into trust by the Bureau of Indian Affairs. The agreements give Green House Management, Inc., an entity 85% owned by Full House, the exclusive right to provide financing and casino management expertise to the Tribe in

exchange for a defined percentage of net profits and certain other considerations from any future gaming or related activities of the Tribe. The agreements and commencement of gaming are subject to all applicable federal and state approvals. Although there can be no assurance that all approvals will be obtained, unlike the Detroit project with the Organized Tribes, which required special approvals, there are existing Indian casinos located on Tribal Trust Lands already operating in Michigan. Full House believes that the recent prohibition of off-reservation gaming in Michigan enhances the potential of this relationship. No recognized tribe has reservation lands located within the targeted area. As noted above, subject to further discussions, Full House has agreed to assign the rights to these agreements to a Full House-GTECH joint venture company. In the absence of assignment, Full House will assign its rights to revenues and GTECH will share equally in the revenues and related expenses with Full House.

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TORRES MARTINEZ.

On April 21, 1995, Full House entered into a Gaming and Development Agreement with the Torres Martinez Desert Cahuilla Indians. The agreement grants Full House certain rights to develop, manage and operate gaming activities for the Tribe and the right to receive 40% of the net revenues from gaming activities subject to the obligation of Full House to pay the costs of the same. For all non-gaming activities, Full House is to provide 50% of the financing for development and will receive 50% of the net revenues from said activities, subject to the obligation of Full House to lend funds to the Tribe prior to commencement of gaming operations. On April 23, 1995, Full House and the Tribe entered into a Gaming Management Agreement further defining Full House's and the Tribe's rights and obligations under the Gaming and Development Agreement. As noted above, the rights to these agreements have been assigned to a Full House-GTECH joint venture company.

DEADWOOD GULCH RESORT.

Full House operates Deadwood Gulch Resort in Deadwood, South Dakota. The Deadwood Gulch Resort consists of a 56-acre complex which includes a 97-room hotel with three small casinos, a freestanding restaurant and saloon, a freestanding conference center, a convenience store/gas mart, a recreational vehicle park and campground and the Gulches of Fun family center (which was completed in July 1994). DGR's hotel casinos occupy 1,575 square feet and the Gulches of Fun occupies 2,400 square feet. Full House currently operates 95 slot machines, two blackjack tables and three video lottery devices within the resort complex.

DESCRIPTION OF RESORT. Deadwood is located in western South Dakota, approximately 50 miles northwest of Rapid City and had a population of 1,800 in 1990. Deadwood originated in the 1870's with the discovery of gold nearby and was the home of numerous gambling establishments, saloons and brothels, serving the gold miners and prospectors. Statehood in 1889 brought constitutional prohibitions against gambling. South Dakota amended its constitution to permit limited gambling exclusively in Deadwood, commencing on November 1, 1989.

Full House's management estimates that a large proportion of its customers at Deadwood Gulch Resort are derived from the tourists, primarily families, who visit Deadwood, South Dakota. Many of these tourists are attracted to the Black Hills area of South Dakota and the Mount Rushmore National Memorial. Since the Deadwood Gulch Resort significantly relies on the tourist trade, business at Deadwood Gulch Resort has tended to be seasonal. Approximately 58% of the operating revenues (net of promotional allowances) for the year ended December 31, 1995 were received in the four-month period from June through September. While business probably will remain somewhat seasonal, Deadwood Gulch Resort has attempted to market itself as a year-round destination resort by attracting tourists who use the Black Hills for winter recreation such as skiing and snowmobiling. Deadwood Gulch Resort is principally marketed through printed brochures and advertising, billboards, radio, television and direct mail promotions within a 600 mile market radius of Deadwood, South Dakota, including the States of South Dakota, North Dakota, Wyoming, Colorado, and Iowa, and the Province of Saskatchewan, Canada. In addition, Deadwood Gulch Resort promotes group travel, including charter bus tours and gaming junkets, utilizing independent travel agents, and trade and travel advertising. Deadwood Gulch Resort also promotes periodic gaming tournaments and features entertainment during selected periods.

The initial Phase 1 facilities, including the hotel/casino, restaurant/saloon, convenience store/gas mart, and outdoor pool/recreation area, opened for business beginning in late July, 1990. An 8,000 square foot freestanding conference center facility, adjacent to the existing complex, was completed in September, 1991. The complex has parking available for 267 cars, and 6 recreational vehicles or buses.

Construction of Phase 2 of the Resort Complex, a Recreational Vehicle Campground, was completed in July 1994. There are currently 92 RV sites of which 90 are full service and an additional 30 tent sites. Although Phase 3 had originally been designated to be a convention center hotel, as a result

of a 1993 general election repealing legislation which would have permitted an increase in gaming devices at the new hotel, Full House developed the Gulches of Fun family center in 1994. The project includes an 18-hole miniature golf course, a go-kart track, bumper boat pond, batting cages, kiddie playland and rides and arcade and redemption games.

The following table sets forth the percent of total operating revenues (net of promotional allowances) generated by the Deadwood Gulch Resort Casino, Hotel/RV, Retail, Food and Beverage and Gulches of Fun operations for the indicated periods.

<TABLE>  
<CAPTION>

	PERCENT OF TOTAL OPERATING REVENUES			
	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	1994	1995	1995	1996
<S>	<C>	<C>	<C>	<C>
REVENUE SOURCE				
Casino .....	29%	27%	35%	33%
Hotel/RV .....	26	26	23	23
Retail .....	22	22	25	25
Food and beverage ....	10	10	11	14
Gulches of Fun .....	13	15	6	5
	100%	100%	100%	100%

</TABLE>

Since the commencement of the Resort's gaming operations, most of its gaming revenues have been derived from its operation of slot machines. For the years ended December 31, 1994 and 1995, 92% and 95%, respectively, of Full House's gaming revenue was from slot machines. The remainder was from blackjack.

The following table sets forth the average hotel occupancy rate for Deadwood Gulch Resort for the indicated periods.

<TABLE>  
<CAPTION>

	AVERAGE HOTEL OCCUPANCY RATE			
	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	1994	1995	1995	1996
<S>	<C>	<C>	<C>	<C>
	71%	63%	49%	63.6%

</TABLE>

The following table sets forth the average daily hotel room rate for Deadwood Gulch Resort for the indicated periods.

<TABLE>  
<CAPTION>

	AVERAGE DAILY HOTEL ROOM RATE			
	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	1994	1995	1995	1996
<S>	<C>	<C>	<C>	<C>
	\$52.34	\$56.85	\$40.56	\$35.77

</TABLE>

COMPETITION. Gaming operations at the Deadwood Gulch Resort are in competition with a significant number of existing and proposed gaming operations in South Dakota and Colorado, many of which are, or will be, owned or operated by organizations which are significantly better capitalized than Full House, which have or may have significantly larger facilities, and which may employ personnel who have more experience in the gaming industry than those currently employed, or proposed to be employed, by Full House. In addition, the Resort is in competition with other businesses which provide opportunities for gambling, such as racetracks and lotteries, or which provide entertainment which may divert the spending of discretionary income from gaming activities. Furthermore, the gaming industry is expanding rapidly, with more establishments competing for a customer base which may not be expanding as rapidly, if at all.

Gaming may be legally conducted in accordance with the South Dakota Gaming Act by licensed operators in the City of Deadwood, South Dakota, and may also be conducted by American Indian Tribes located in South Dakota under the Federal

Indian Gaming Regulatory Act of 1988. As of December 31, 1995 there were 89 licensed gaming establishments in Deadwood which operated

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approximately 2,220 slot machines and 69 table games, including poker and blackjack. The revenues derived from the Resort's gaming operations accounted for approximately 3.7% and 3.1% of all gaming revenues in Deadwood, South Dakota for 1994 and 1995, respectively. Factors which affect gaming competition in Deadwood are location in relation to Deadwood's historic main street, proximity to motel rooms and parking, and the ability to serve alcoholic beverages. Six gaming locations in Deadwood offer a full range of alcoholic beverages, including Deadwood Gulch Resort. Gaming in Deadwood is conducted primarily in establishments along a four block long area on historic main street. Deadwood Gulch Resort is approximately one mile south of this highly concentrated area, which may limit the pedestrian traffic which passes Deadwood Gulch Resort. Full House's principal competitors in Deadwood are the Mineral Palace, First Gold Hotel, the Franklin Hotel, the Bullock Hotel, the Gold Dust Casino, the Silverado Casino and the Four Aces Casino. In addition, a well known actor and others have commenced construction of a large, upscale resort near the north entrance to Deadwood. Additional groups of investors have also proposed other resorts for the north entrance to Deadwood. No construction has commenced on these projects. Such resorts, if completed, may have significantly larger facilities, including hotel and meeting rooms, entertainment facilities, and more gaming devices than Deadwood Gulch Resort and would likely offer significant direct competition for Deadwood Gulch Resort.

While Deadwood Gulch Resort may also be in competition with gaming operations conducted by American Indian Tribes at or near Watertown, Flandreau, Fort Randall, Pine Ridge and Lower Brule, South Dakota, all of these locations are 250 miles or more from Deadwood, except for Pine Ridge, which is approximately 100 miles from Deadwood. Although all operations in Deadwood, and three of the four American Indian operations currently are subject to \$5.00 bet limits by law, the Sisseton Wahpeton Sioux Tribe at Watertown, South Dakota, 400 miles from Deadwood, is permitted to have up to \$100 bet limits. In addition, there are three other Indian tribes with reservations located within 100, 150 and 200 miles, respectively, from Deadwood, that could establish gaming operations in the future.

Deadwood Gulch Resort is also in competition with establishments throughout the State of South Dakota holding beer and wine licenses or liquor licenses, which may operate up to 10 "video lottery" gaming devices per establishment. The video lottery devices allow customers to play electronic versions of blackjack, poker, keno and bingo. Full House believes that there are approximately 8,000 such video lottery devices installed in the State of South Dakota. Full House currently operates three video lottery devices.

ROUTE OPERATION AGREEMENT. Beginning with the opening of the Gulches of Fun family center in July of 1994 and continuing through June 30, 1995, the Company had a route operation agreement to place 60 of the Company's gaming devices, under two retail licenses, in its Gulches of Fun family center. Under the Agreement, the Company paid the operator a net fee of \$5,000 per month and bore all expenses related to the operation of the gaming devices. For the period from opening of the family center through December 31, 1994, this route operation agreement generated \$560,365 in gaming revenues. For the period January 1 through June 30, 1995, the route operation agreement generated \$212,194 in gaming revenues. On July 1, 1995, the Company transferred one of its retail gaming licenses from its convenience store/gas mart to its Gulches of Fun family center and terminated the route operation agreement with the prior operator. Also on July 1, 1995 the Company entered into a route operation agreement with a new operator to place eight of the Company's gaming devices in its convenience store/gas mart and pay him 5% of the net profit from the machines.

Full House intends to seek additional such route operation agreements in the future. However, there can be no assurance that Full House will be successful in obtaining any such additional route operation agreements on terms acceptable to Full House.

FUEL SUPPLY AGREEMENT. DGR purchases its requirements of various fuels for use and sale at its gas mart. The current term of the agreement is through June, 1996, and is renewable thereafter from year to year, provided that DGR may cancel the agreement at the end of any such year by giving at least 30 days prior written notice. In addition, the supplier may cancel the agreement at any time on 10

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days prior written notice. DGR pays \$.01 per gallon above the supplier's Rapid City, South Dakota posted Conoco prices, plus the then current published freight charges from Rapid City to Deadwood. DGR has agreed to comply with the brand and image/signage standards established for Conoco-branded retail outlets.

#### GOVERNMENT REGULATION.

The ownership and operation of a gaming business by Full House, wherever conducted in the United States, will be subject to extensive and complex governmental regulation and control under federal, state and/or local laws and



regulations.

INDIAN GAMING. Gaming on Indian Lands (lands over which Indian tribes exercise jurisdiction and which meet the definition of Indian Lands under the Indian Gaming Regulatory Act of 1988 ("IGRA")) is extensively regulated by federal, state and tribal governments. The current regulatory environment regarding Indian gaming is evolving rapidly. Changes in federal, state or tribal law or regulations may limit or otherwise affect Indian gaming or may be applied retroactively and could therefore have a material, adverse effect on the Company or its operations.

The terms and conditions of management contracts and collateral agreements, and the operation of casinos on Indian Land, are subject to IGRA, which is implemented by the National Indian Gaming Commission (the "Gaming Commission"), and also are subject to the provisions of statutes relating to contracts with Indian tribes, which are overseen by the Secretary of the U.S. Department of the Interior (the "Secretary"). IGRA is subject to interpretation by the Secretary and the Gaming Commission and may be subject to judicial and legislative clarification or amendment. Under IGRA, the Gaming Commission has the power to inspect and examine certain Indian gaming facilities, to conduct background checks on persons associated with Indian gaming, to inspect, copy and audit all records of Indian gaming facilities, and to hold hearings, issue subpoenas, take depositions, and adopt regulations in furtherance of its responsibilities. IGRA authorizes the Gaming Commission to impose civil penalties for violations of the IGRA or the regulations promulgated thereunder (the "Regulations"), including fines, and to temporarily or permanently close gaming facilities for violations of the law or the Regulations. The Department of Justice may also impose federal criminal sanctions for illegal gaming on Indian Lands and for theft from Indian gaming facilities.

IGRA also requires that the Gaming Commission review tribal gaming ordinances and approve such ordinances only if they meet certain requirements relating to the ownership, security, personnel background, recordkeeping, and auditing of the tribe's gaming enterprises; the use of the revenues from such gaming; and the protection of the environment and the public health and safety.

IGRA also regulates Indian gaming management contracts, requiring the Gaming Commission to approve management contracts and collateral agreements, which include agreements such as promissory notes, loan agreements and security agreements. A management contract can be approved only after determination that the contract provides for: (i) adequate accounting procedures and verifiable financial reports, which must be furnished to the tribe; (ii) tribal access to the daily operations of the gaming enterprise, including the right to verify daily gross revenues and income; (iii) minimum guaranteed payments to the tribe, which must have priority over the retirement of development and constructions costs; (iv) a ceiling on the repayment of such development and constructions costs; and (v) a contract term not exceeding five years and a management fee not exceeding 30% of profits if the Chairman of the Gaming Commission determines that the fee is reasonable considering the circumstances; provided that the Gaming Commission may approve up to a seven year term and a management fee not to exceed 40% of net revenues if the Gaming Commission is satisfied that the capital investment required or the income projections for the particular gaming activity justify the larger profit allocation and longer term.

Under IGRA, the Company must provide the Gaming Commission with background information on each person with management responsibility for a management contract, each director of the

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Company and the ten persons who have the greatest direct or indirect financial interest in a management contract to which the Company is a party (an "Interested Party"), including a complete financial statement and a description of such person's gaming experience. Such a person must also agree to respond to questions from the Gaming Commission.

The Gaming Commission will not approve a management company and may void an existing management contract if a director, key employee or an Interested Party of the management company is (i) an elected member of the Indian tribal government that owns the facility being managed; (ii) has been or is convicted of a felony or misdemeanor gaming offense; (iii) has knowingly and wilfully provided materially false information to the Gaming Commission or a tribe; (iv) has refused to respond to questions from the Gaming Commission; or (v) is a person whose prior history, reputation and associations pose a threat to the public interest or to effective gaming regulation and control, or create or enhance the chance of unsuitable, unfair or illegal activities in gaming or the business and financial arrangements incidental thereto. In addition, the Gaming Commission will not approve a management contract if the management company or any of its agents has attempted to unduly influence any decision or process of tribal government relating to gaming, or if the management company has materially breached the terms of the management contract, or the tribe's gaming ordinance, or, if a trustee, exercising the skill and diligence to which a trustee is commonly held, would not approve such management contract.

IGRA divides games that may be played on Indian Land into three categories. Class I Gaming includes traditional Indian games and private social games and is

not regulated under IGRA. Class II Gaming includes bingo, pull tabs, lotto, punch boards, tip jars, instant bingo, and other games similar to bingo, if those games are played at a location where bingo is played. Class III Gaming includes all other commercial forms of gaming, such as video casino games (e.g., video slots, video blackjack); so-called "table games" (e.g., blackjack, craps, roulette); and other commercial gaming (e.g., sports betting and parimutuel wagering).

Class II Gaming is permitted on Indian Land if conducted in accordance with a tribal ordinance which has been approved by the Gaming Commission and the state in which the Indian Land is located permits such gaming for any purpose. Class II Gaming also must comply with several other requirements, including a requirement that key management officials and employees be licensed by the tribe.

Class III Gaming is permitted on Indian Land if the conditions applicable to Class II Gaming are met and, in addition, if the gaming is conducted in compliance with the terms of a written agreement between the tribe and the host state. IGRA requires states to negotiate in good faith with Indian tribes that seek to enter into tribal-state compacts, and grants Indian tribes the right to seek a federal court order to compel such negotiations. The negotiation and adoption of tribal-state compacts is susceptible to daily legal and political developments that may impact the Company's future revenues and securities prices. The Company cannot predict which additional states, if any, will approve casino gaming on Indian Land, the timing of any such approval, the types of gaming permitted by each tribal-state compact, any limits on the number of gaming machines allowed per facility or whether states will attempt to renegotiate or take other steps that may affect existing compacts.

Under IGRA, Indian tribal governments have primary regulatory authority over gaming on Indian Land within the tribe's jurisdiction unless a tribal-state compact has delegated this authority. Therefore, persons engaged in gaming activities, including the Company, are subject to the provisions of tribal ordinances and regulations on gaming.

The Gaming Commission has determined that provisions of IGRA relating to management agreements do not govern the current operations of Full House in North Bend, Oregon.

Tribal-State Compacts have been the subject of litigation in several states, including California. Among the issues being litigated is the constitutionality of the provision of IGRA that entitles tribes to

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sue in federal court to force states to negotiate Tribal-State Compacts. On March 27, 1996, the United States Supreme Court ruled that the portion of IGRA permitting tribes to sue states for failing to negotiate in good faith over compacts was unconstitutional. In addition, several bills have been introduced in Congress which would amend IGRA. If IGRA were amended, the amendment could change the governmental structure and requirements within which Indian tribes may conduct gaming.

SOUTH DAKOTA. The ownership and operation of a gaming business in South Dakota is subject to gaming laws established by the State of South Dakota (the "South Dakota Laws"), and regulations (the "South Dakota Regulations") promulgated by the South Dakota Commission on Gaming (the "South Dakota Commission") established by the South Dakota Laws. Except for gaming which may be conducted on American Indian Lands, and except for any establishment holding a beer and wine license or liquor license in South Dakota which may operate up to 10 video lottery machines, gaming in South Dakota can be legally conducted only in the City of Deadwood.

The South Dakota Laws require that each retailer who maintains gaming at his place of business, each operator of gaming devices, and each route operator (including any corporation or other entity) must have a gaming license in order to conduct gaming operations in Deadwood. The South Dakota Laws also require that key employees of the licensee, and support persons who are directly engaged in the gaming operation, such as dealers, be licensed through the South Dakota Commission. A license will be approved only if the applicant and the location where gaming is to be conducted, after an in-depth investigation, are found suitable by the South Dakota Commission. Under the South Dakota Laws, each licensee, and any officer, director or shareholder owning in excess of 5% of any corporation (or others which the Commission, in the exercise of its discretion, elects to review) engaged in the retail operation of the gaming establishment (i) is required to be of good character, honesty and integrity, (ii) shall not have been convicted of a felony or found to have violated the South Dakota Law and Regulations, and (iii) may not be viewed as posing a threat to public interest or the conduct of gaming by reason of any prior activities, criminal record, reputation, habits or associations. All such licenses must be renewed annually.

The South Dakota Laws specify that no one person may hold a financial interest in more than three retail licenses. However, one person may operate under an unlimited number of additional gaming licenses pursuant to Route Operation Agreements, if approved by the South Dakota Commission. Each retail

licensee is limited to 30 gaming devices (for example, 25 slot machines, three blackjack and two poker tables). Full House has three retail licenses covering its operations in the two hotel casinos and in the Gulches of Fun family center. Full House has leased the Casino space in the convenience store to Richard Cleveland, who has obtained a retail license in his name which permits him to conduct gaming on these premises. Full House has entered into a Route Operation Agreement with Mr. Cleveland whereby Full House furnishes the gaming equipment and employees and conducts the gaming operations. See "--Route Operation Agreement."

Gaming in Deadwood is limited under the South Dakota Regulations to slot machines, and with respect to card games, to blackjack and poker. Currently, each wager on any game is limited (in the case of poker per betting round) to \$5.00. The \$5.00 limit will stay in effect until at least December, 1997. The South Dakota Laws prohibit the extension of credit to another person for participation in gaming.

The South Dakota Commission is vested with broad enforcement powers, and upon an opportunity for hearing, may suspend or revoke any gaming license for cause, including a violation of the South Dakota Laws or South Dakota Regulations, or conviction of a crime of moral turpitude or a felony. In addition, the South Dakota Commission can fine any licensee who operates a retail gaming establishment up to \$12,500, any key employee licensee up to \$5,000, and any support licensee up to \$2,500, for violations. The South Dakota Commission may inspect all premises where gaming is conducted or gaming equipment is located, without notice to the interested parties. The South Dakota Commission may also seize and remove gaming equipment or supplies without notice for purposes of inspection, as well as inspect or remove papers, books or records at any time. A suspension of all gaming activities is within the discretion of the South Dakota Commission after a disaster, such as a

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flood, fire or earthquake, or in the event of war or national emergency. Moreover, a retail operating licensee must report to the South Dakota Commission at least quarterly the full name and address of every person who has a right to share in the revenue of licensed games or to whom any interest or share in the profits of a licensed game has been pledged or deposited as security.

Each retail gaming licensee who operates a gaming establishment must pay an annual license fee of \$100 and an annual license stamp fee of \$2,000 upon each slot machine or card game located on a licensed premise. In addition, each operator who places slot machines upon his own business premises or engages in the business of placing and operating slot machines or gaming within Deadwood must pay an annual license fee of \$200. South Dakota also imposes an 8% gaming tax on adjusted gross gaming receipts (gross receipts less payouts to customers as winnings) subject to change by the South Dakota Commission. However, if the South Dakota Commission proposes to change the tax, the rate may not be decreased to less than 5% or increased to more than 15%. The gaming taxes are in lieu of any sales, use or amusement tax which might otherwise be imposed on gaming activity.

#### EMPLOYEES

As of June 9, 1996, the Company and its subsidiaries had approximately 60 full-time employees, three of which are executive officers of the Company, and 109 part-time employees. The Company's management believes that its relationship with its employees is good. None of the Company's employees are currently represented by a labor union, although such representation could occur in the future.

#### FACILITIES

A Full House--GTECH joint venture company leases approximately 12.5 acres of Tribal Trust Lands from an entity owned by the Coquille Indian Tribe on which the Mill is located. The joint venture company subleases the land on which the casino is located back to the same entity. The master lease expires in 2019 and the sublease expires in 1999 with options to renew. Pursuant to a July 19, 1995 addendum, the joint venture company receives 13% of "Gross Gaming Revenues" (as defined) of the casino. Payments commenced August 19, 1995.

Full House currently owns approximately 56 acres of property and the improvements thereon, consisting primarily of Deadwood Gulch Resort.

Litigation has been filed against Full House relating to ownership and access pertaining to a portion (approximately 1,200 square feet) of the Deadwood Gulch Resort hotel and parking lot property. Neighboring landowners (the "Katons") allege trespass among other claims, as a result of the construction of the Resort parking lot. Other adjoining landowners to the rear of the Resort have also filed a lawsuit, alleging that the Resort has blocked their right of way across the creek to their property, insofar as their current access is across an alleged portion of the Katons' property. Although Full House is unable to predict the outcome of this matter, it does not believe that any reasonably foreseeable adverse decision by a court regarding such potential claim would materially affect the present and proposed operations of Deadwood Gulch Resort. Management is unable to determine the outcome of this litigation, but does not

believe the outcome will have a material adverse effect on Full House's financial condition.

In addition, Full House was made aware, in November 1993, of claimed easements over a portion of its RV Resort and Campground property with respect to access to property at higher elevations. Management is in the process of negotiating the scope of the easement and does not believe that there will be any material financial expense or other material adverse impact on Full House as a result of these claims.

Full House acquired a 25% interest in commercial acreage located in Branson, Missouri as part of the LAI merger. Full House has conveyed this property interest back to LAI's former shareholder who has returned 193,529 of the Full House Common Shares delivered to him as part of the merger consideration.

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#### LEGAL PROCEEDINGS

In October 1995, litigation was filed against Full House relating to ownership and access pertaining to a portion (approximately 1,200 square feet) of the Deadwood Gulch Resort hotel and parking lot property. The Katons, who are neighboring landowners, allege trespass as a result of the construction of the Resort parking lot. Other adjoining landowners to the rear of the Resort also filed a lawsuit, alleging that the Resort has blocked their right of way across the creek to their property, insofar as their current access is across an alleged portion of the Katons' property and seeking removal of the structures (sidewalk and trash dumpster) blocking the alleged easement as well as damages for any harm suffered by the plaintiffs as a result of blocking the easement. Katon, et al v. Deadwood Gulch Resort and Gaming Corp., Eighth Judicial Circuit, Lawrence County, South Dakota and Sowers, et al v. Deadwood Gulch Resort and Gaming Corp., Eighth Judicial Circuit, Lawrence County, South Dakota. Management is unable to determine the outcome of this litigation, but does not believe the outcome will have a material adverse effect on Full House's financial condition.

In October 1994, Full House filed an action for declaratory relief in Mississippi, seeking a determination by the court that no relationship exists between it and Lone Star Casino Corporation regarding the potential acquisition of a riverboat casino on the Mississippi gulf coast ( Full House Resorts, Inc. v. Lone Star Casino Corporation v. Allen E. Paulson, Second Judicial District of the Chancery Court of Harrison County, Mississippi). Lone Star has filed a counterclaim alleging breaches of fiduciary duty, breach of contract, conspiracy to breach contract and to breach fiduciary duty and common law fraud. Both Full House and Mr. Paulson have been granted summary judgment on Lone Star's breach of contract claim and all claims arising therefrom. The Company's motion for summary judgment on Lone Star's remaining claims against it has also been granted. Lone Star recently appealed those judgments. An action filed by Lone Star in Texas in December 1994 raising similar issues has been dismissed. Management is unable to determine the outcome of this litigation, but does not believe the outcome will have a material adverse effect on Full House's financial condition.

In late 1995, Branson Hills Associates, L.P. (the "Plaintiff") filed a lawsuit in the Circuit Court of Taney County, Missouri, naming Lee Iacocca, William P. McComas, Ron Richey, and the Company and certain of its subsidiaries as defendants (collectively, the "Defendants") although no defendants were served until March 1996. The suit involves a claim that Messrs. Iacocca and McComas failed to use their best efforts to find a developer and financing for the Plaintiff in connection with the development of properties owned by the Plaintiff. The Plaintiff seeks rescission of the contract granting certain property rights to Iacocca and McComas in consideration of said best efforts, and further seeks damages for fraud and breach of contract arising out of Mr. McComas's loaning of funds to Plaintiff when alternative financing could not be arranged. Mr. Richey and the Company are further named in a count of conspiracy. A portion of the property rights involved in the lawsuit were briefly held by the Company subsequent to the merger involving LAI as described above, and have since been returned to Mr. Iacocca. The Company no longer holds any interest in such property. See "Business--Background." All Defendants have responded to the claims and vigorously dispute liability. Management is unable to determine the outcome of this litigation, but does not believe the outcome will have a material adverse effect on Full House's financial condition or results of operations.

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#### MANAGEMENT

#### DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Names, ages and positions of all directors and executive officers of the Company as of May 31, 1996 are listed below, followed by a brief account of their business experience during the past five years.

<TABLE>

<CAPTION>

NAME	AGE	POSITION
------	-----	----------

-----

<S>	<C>	<C>
Allen E. Paulson .. 73		Chairman and Chief Executive Officer
William P. McComas 69		Director
Ronald K. Richey .. 69		Director
Robert L. Kelley .. 63		President and Chief Operating Officer
William R. Jackson 46		Executive Vice President--Corporate Finance
Megan G. McIntosh . 40		Secretary

</TABLE>

ALLEN E. PAULSON has been the Chairman and Chief Executive Officer and Chairman of the Board of Directors of the Company since August 20, 1994. Mr. Paulson was the Chairman and Chief Executive Officer of Gulfstream Aerospace Corporation until his retirement in 1992 and he is currently the Chairman Emeritus on the Board of Directors. Mr. Paulson owns five automobile dealerships in Beverly Hills, California. He is also a thoroughbred breeder and is the owner of the Del Mar Country Club in Rancho Santa Fe, California which includes both a golf course and club house and lots for residential development surrounding the country club. Mr. Paulson also serves on the Boards of Directors of DIAL Corporation and CardioDynamics International Corporation.

WILLIAM P. MCCOMAS has been a Director of Full House since November, 1992. He has been President of McComas Properties, Inc., a California real estate development company since January 1984. Mr. McComas and companies controlled by him have developed several hotels and resorts, including Marina Bay Resort, Fort Lauderdale, Florida; Ocean Colony Hotel and Resort, Half Moon Bay, California; Residence Inn by Marriott, Somers Point, New Jersey; and five Holiday Inns located in Des Moines, Iowa; San Angelo, Texas; Suffern, New York; Niagara Falls, New York; and Fort Myers, Florida.

RONALD K. RICHEY has been a director of the Company since April 9, 1996. He has been Chairman of Torchmark Corporation, an insurance holding company since August 1986 and has been the Chief Executive Officer of that company since December 1984. From December 1984 through August 1986, Mr. Richey was President of Torchmark Corporation. Mr. Richey is an attorney and a member of the Oklahoma Bar Association.

ROBERT L. KELLEY has been the President and Chief Operating Officer of the Company since August 10, 1994. Mr. Kelley was the Executive Vice President in charge of casino operations for Lone Star Casino Corporation from May, 1993 until beginning employment with Full House. Mr. Kelley was a partner in a consulting partnership that evaluated hotel casinos from April, 1990 until May, 1991. Prior to that, Mr. Kelley had over 20 years experience as a senior executive of Las Vegas hotel casinos including the Las Vegas Hilton, Flamingo Hilton and Tropicana Hotel and Casino.

WILLIAM R. JACKSON has been Executive Vice President--Corporate Finance of Full House since June, 1994. Mr. Jackson was the Chief Financial Officer of Westinghouse Communities, Inc. for over 6 years. Mr. Jackson received a Bachelor of Business Administration Degree in Accounting from Stetson University in Deland, Florida. He is a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.

MEGAN G. MCINTOSH has been employed by Full House since December 1, 1994 and has been the Secretary of Full House since November 20, 1995. From April 1991 until she joined Full House, Ms. McIntosh was an administrative assistant for a civil engineering firm located in California. Prior to that time, Ms. McIntosh was an administrative assistant for a real estate development firm located in Southern California.

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EXECUTIVE COMPENSATION

The following table sets forth the aggregate compensation paid to the Chief Executive Officer of Full House for services in all capacities to Full House and its subsidiaries during the fiscal year ended December 31, 1995 (no executive officer received over \$100,000 in annual salary and bonus in 1995):

SUMMARY COMPENSATION TABLE

<TABLE>  
<CAPTION>

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION		LONG-TERM
		SALARY	OTHER ANNUAL COMPENSATION	COMPENSATION
		-----		-----
				NAME OF SECURITIES UNDERLYING OPTIONS
		-----		-----
<S>	<C>	<C>	<C>	<C>
ROBERT L. KELLEY, President and Chief Operating Officer	1995	\$150,000	-0-	150,000

</TABLE>

EMPLOYMENT AGREEMENTS

The Company and Robert L. Kelley entered into a letter agreement on July 29, 1994, providing for Mr. Kelley's employment as President and Chief Operating Officer at a base salary of \$150,000 per year, commencing on August 10, 1994. Mr. Kelley was further granted options to purchase a total of 150,000 shares of the Company's common stock, of which 100,000 shares vested in 50,000 share increments on August 10, 1995 and April 9, 1996. The balance of the options will vest on August 10, 1996. On November 20, 1995, the exercise price of the options was reduced to \$3.875 per share.

STOCK OPTIONS

No options were granted to the Named Executive Officer in 1995.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR  
AND FISCAL YEAR-END OPTION/SAR VALUES

The following table sets forth certain information concerning exercises of stock options by the Named Executive Officer during the 1995 fiscal year and the fiscal year-end value of the unexercised stock options held by the Named Executive Officers.

<TABLE>  
<CAPTION>

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED(1)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT 1995 FISCAL YEAR END		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT 1995 FISCAL YEAR-END(2)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
-	-	-	-	-	-	-
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ROBERT L. KELLEY	-0-	\$ -0-	50,000	100,000	-0-	-0-

</TABLE>

(1) REPRESENTS DIFFERENCE BETWEEN EXERCISE PRICE AND MARKET PRICE OF FULL HOUSE COMMON STOCK ON DATE OF EXERCISE.

(2) THE MARKET VALUE OF THE SHARES OF COMMON STOCK UNDERLYING THE OPTIONS HELD BY MR. KELLEY WAS LESS THAN THE EXERCISE PRICE OF THE OPTIONS AT DECEMBER 31, 1995.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

THE BOARD OF DIRECTORS DID NOT HAVE A STANDING COMPENSATION COMMITTEE DURING 1995. THEREFORE, THE ENTIRE BOARD OF DIRECTORS PARTICIPATED IN DELIBERATIONS CONCERNING EXECUTIVE COMPENSATION.

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PRINCIPAL STOCKHOLDERS

THE FOLLOWING TABLE SETS FORTH, AS OF JUNE 15, 1996, INFORMATION WITH RESPECT TO THE BENEFICIAL OWNERSHIP OF THE COMMON STOCK BY (I) EACH PERSON KNOWN BY FULL HOUSE TO BENEFICIALLY OWN MORE THAN 5% OF THE OUTSTANDING SHARES OF COMMON STOCK, (II) EACH DIRECTOR OF FULL HOUSE, (III) THE EXECUTIVE OFFICER NAMED IN THE SUMMARY COMPENSATION TABLE, AND (IV) ALL DIRECTORS AND EXECUTIVE OFFICERS OF FULL HOUSE AS A GROUP.

<TABLE>  
<CAPTION>

NAME AND ADDRESS OF BENEFICIAL OWNER	SHARES OF COMMON STOCK OWNED(1)	PERCENTAGE OF COMMON STOCK OUTSTANDING(2)
<S>	<C>	<C>
Lee Iacocca 1440 South Sepulveda Boulevard Los Angeles, California 90025	1,056,471(3)	10.0%
William P. McComas 1 Marina Bay Drive Ft. Lauderdale, Florida 33312	1,615,037(3)(4)	14.8%
Allen E. Paulson 515 South Mapleton Drive Los Angeles, California 90024	2,210,000(3)(5)	21.0%
Ronald K. Richey 2001 Third Avenue South Birmingham, Alabama 35233	17,200	0.2%
Robert L. Kelley 109 Quail Run Road Henderson, Nevada 89014	150,000(6)	1.4%
GTECH Corporation 50 Technology Way		

West Greenwich, Rhode Island 02817	600,000 (7)	5.7%
All Officers and Directors		
as a Group (6 Persons)	4,034,371 (8)	36.4%

</TABLE>

- -----

- (1) Shares are considered beneficially owned, for purposes of this table only, if held by the person indicated as beneficial owner, or if such person, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares the power to vote, to direct the voting of and/or dispose of or to direct the disposition of, such security, or if the person has a right to acquire beneficial ownership within 60 days, unless otherwise indicated in these footnotes.
- (2) Based on 10,533,078 shares of Common Stock outstanding. Any securities outstanding which are subject to presently exercisable options or warrants are deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of the class owned by any other person.
- (3) Pursuant to an Option Agreement dated December 29, 1995, Messrs. Iacocca, McComas and Paulson have granted an option to GTECH Corporation to purchase their shares of Common Stock should they propose to transfer the same.
- (4) Includes 350,000 shares of Common Stock into which 350,000 shares of Series 1992-1 Preferred Stock (50% of such class) presently may be converted.
- (5) Includes 1,200,000 shares held by the Allen E. Paulson Living Trust of which Mr. Paulson is the trustee.
- (6) Includes options to purchase 150,000 shares of Common Stock 100,000 of which became exercisable in 50,000 share increments on August 10, 1995 and April 9, 1996 and an additional 50,000 shares which will become exercisable on August 10, 1996.
- (7) Represents 600,000 shares of Common Stock issuable upon conversion of a \$3,000,000 convertible note. The right to convert exists, from time to time, prior to January 25, 1998 and is subject to applicable regulatory approval.
- (8) Includes (i) 350,000 shares of Common Stock into which 350,000 shares of Series 1992-1 Preferred Stock (50% of such class) presently may be converted and (ii) 190,000 shares of Common Stock which may be purchased upon exercise of currently exercisable options.

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#### CERTAIN TRANSACTIONS

During the fiscal years ended December 31, 1994 and 1995, the Company paid \$149,921 and \$61,655, respectively, in interest costs to H. Joe Frazier in connection with loans to the Company provided by Mr. Frazier in March 1993. The loan was repaid in full in May 1995 as discussed in the next paragraph. Mr. Frazier resigned as a director of the Company in January, 1996.

On May 31, 1995, DGR borrowed \$5 million from Miller & Schroeder Investment Corporation, secured by a mortgage on its real property. The proceeds of the loan were used to repay its obligation to H. Joe Frazier, a stockholder and a then director of the Company (\$1,237,789.43), to repay a portion of the revolving note payable to Bank of America (\$3,525,676.57) which was also guaranteed by the directors of the Company and the balance was used to pay costs associated with the loan. Allen E. Paulson, William P. McComas and H. Joe Frazier, severally, guaranteed 8.33% of the loan from Miller & Schroeder under an arrangement which provides that the amount guaranteed by them is proportionately reduced as the loan is repaid. In March, 1996, as partial consideration for the lender waiving certain covenant violations by DGR, the Company issued a guaranty of \$1,420,000 of DGR's indebtedness under this loan.

On March 24, 1994, Allen E. Paulson purchased 1,000,000 shares of Full House's common stock for \$800,000. Full House also issued 500,000 shares of its Common Stock to Mr. Paulson in exchange for his agreement to individually provide or to take such actions as were required for a financial institution to provide a commercial line of credit to Full House in the minimum amount of \$8 million. Full House valued the shares of stock at \$.80 per share based upon the size of the transaction, the fact that the shares were not registered and are not subject to registration rights. On March 14, 1994, 1,025,635 shares of Common Stock and 300,000 shares of Preferred Stock were repurchased by the Company from Eugene Gatti, for \$1,903,000. The 500,000 shares issued to Mr. Paulson as compensation for securing the \$8 million financing were charged as a period cost in Full House's results of operation for 1994. On June 7, 1994, Bank of America, as a result of the joint and several guarantees of the full amount of the loan by Messrs. Paulson, Frazier and McComas, provided Full House with a line of credit in the amount of \$8 million at the "reference rate" of Bank of America, N.A. As of December 31, 1995, a balance of \$6,206,286 was outstanding under the line of credit. As of March 15, 1996, no amounts were outstanding under this line of credit. All amounts outstanding under this line of credit bear interest at the bank's "reference rate" and are due and payable upon demand

or, if no demand is made, on July 1, 1996. Full House believes that it would have been unable to obtain this line of credit without the actions of Mr. Paulson, as its financial condition would not have supported such an extension of credit.

As part of the merger of a subsidiary of Full House into Omega Properties Inc., the shareholders of Omega received an aggregate of 500,000 shares of Full House Common Stock and a promissory note of Full House in the principal amount of \$375,000. The principal amount of this promissory note accrues interest at a rate equal to the "prime" rate and such principal amount, together with all accrued interest, is due and payable in full upon demand by the holder(s) of this note, but in no event before August 31, 1996. William P. McComas received the note and the other stockholder of Omega received the shares in exchange for their interests as shareholders of Omega. See "Business--Background."

As part of its transactions with GTECH Corporation, Full House issued to GTECH a convertible promissory note in the principal amount of \$3,000,000. The note is convertible, subject to regulatory approval, at any time prior to January 25, 1998, into 600,000 shares of Common Stock. The note is non-interest bearing until January 25, 1998, at which point the unpaid principal balance of the note will bear interest at the "prime rate." The note matures on January 25, 2001. See "Business--GTECH Relationship."

With respect to the foregoing transactions, Full House believes that such transactions were on terms as favorable to Full House as would have been available from unrelated parties.

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DESCRIPTION OF SECURITIES

COMMON STOCK

The Company is authorized to issue 25,000,000 shares of Common Stock, par value \$.0001 per share. Subject to the rights of holders of Preferred Stock, holders of shares of Common Stock are entitled to dividends as and when declared by the Board of Directors from funds legally available therefor (see "Dividend Policy") and upon liquidation, dissolution or winding up of the Company, to share ratably in all assets remaining after payment of liabilities including amounts to which holders of Preferred Stock may be entitled. The declaration and payment of dividends in respect of Common Stock is subject to the prior payment of all accrued dividends due in respect of the Series 1992-1 Preferred Stock. Accordingly, the declaration and payment of dividends in respect of Common Stock is currently prohibited due to the failure to pay the \$735,000 in accrued dividends on the Series 1992-1 Preferred Stock as of December 31, 1995. The holders of shares of Common Stock do not have preemptive rights, are entitled to one vote for each share of Common Stock held of record by them and do not have the right to cumulate their votes for the election of Directors. Shares of Common Stock are not redeemable and do not have any conversion rights. All of the outstanding shares of Common Stock to be issued upon exercise of the Warrants will be fully paid and nonassessable. The 10,533,078 shares of Common Stock and 778,534 Warrants outstanding on April 26, 1996 were held of record by approximately 200 and 10 persons, respectively. The Company believes that there are over 700 beneficial owners of its Common Stock and Warrants.

PREFERRED STOCK

The Company is authorized to issue 5,000,000 shares of Preferred Stock. In 1992, the Board of Directors authorized the issuance of 1,000,000 shares of Preferred Stock designated "Series 1992-1 Preferred Stock" ("Series 1992-1 Preferred Stock"), in connection with the Stock Acquisition Agreement by which the Company acquired DGR. There are currently 700,000 shares outstanding. Holders of Series 1992-1 Preferred Stock are entitled to receive, when and as declared by the Board of Directors, out of funds legally available therefor, cumulative cash dividends at the annual rate of \$.30 per share. Dividends are payable semi-annually on the 15th day of December and June. Dividends in respect for Series 1992-1 Preferred Stock are cumulative whether or not declared. Dividends on the Series 1992-1 Preferred Stock commenced accruing on July 1, 1992. While any cumulative dividend in respect of Series 1992-1 Preferred Stock remains unpaid, no dividends may be declared or paid in respect of Common Stock, and all cumulative dividends in respect of Series 1992-1 Preferred Stock are required to be paid ratably. As of June 30, 1996, dividends of \$840,000 had accumulated, but were undeclared and unpaid and were in arrears with respect to the Series 1992-1 Preferred Stock.

In the event of liquidation, dissolution or winding-up of the Company, holders of the Series 1992-1 Preferred Stock are entitled to receive the sum of \$3.00 per share, plus all cumulative but unpaid dividends, before any distribution may be made to holders of Common Stock or any Preferred Stock ranking junior to Series 1992-1 Preferred Stock as to liquidation preferences.

Each share of Series 1992-1 Preferred Stock may be converted into one share of the Company's Common Stock at any time at the option of the holder thereof, subject to adjustment upon certain events.

Each share of Series 1992-1 Preferred Stock is entitled to one vote on all



matters submitted to a vote of the Company's stockholders, with holders of Series 1992-1 Preferred Stock generally voting together as one class.

Pursuant to the Stock Acquisition Agreement, the Company has provided to holders of the Series 1992-1 Preferred Stock certain demand registration rights exercisable at any time after July 1, 1994, but before July 1, 1997, and "piggy-back" registration rights exercisable at any time.

The issuance of Preferred Stock, under certain circumstances, may have the effect of discouraging, delaying or preventing a change in control of the Company.

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#### WARRANTS

In August, 1993, the Company issued an aggregate of 800,000 Warrants comprising a portion of the Units sold in its initial public offering. As of the date hereof, 21,466 of such Warrants have been exercised. Each Warrant entitles the holder thereof to purchase 1.1894 shares of Common Stock at a price of \$4.20 per share at any time for a period commencing August 10, 1994 through February 10, 1997. The number of securities issuable upon exercise of the Warrants and the exercise price of the Warrants are subject to further adjustment upon the occurrence of specified events including stock dividends, stock splits, reorganizations or certain other occurrences, all as set forth in a Warrant Agreement between the Company and American Stock Transfer & Trust Company, the Company's Transfer Agent and Warrant Agent. There is no adjustment for the payment of cash dividends by the Company on its Common Stock.

The Warrants can be redeemed at the option of the Company on not less than 30 days written notice at a redemption price of \$.05 per Warrant, provided that the average closing bid price of the Common Stock for a period of twenty consecutive trading days ending within the sixty day period prior to the giving of notice of redemption is \$5.04 or higher, as reported by NASDAQ and if there is a current registration statement under the Securities Act of 1933, as amended, covering the exercise of the Warrants. If the Warrants are called for redemption, they must be exercised prior to the close of business on the last business day immediately before the redemption date or the right to purchase the applicable shares of Common Stock is forfeited. Warrants do not entitle holders to any rights of a stockholder of the Company.

For the life of the Warrants, the holders are given, at nominal cost, the opportunity to profit from a rise in the market price of the Common Stock of the Company with a resulting dilution in the voting interest of security holders. While the Warrants are outstanding, the terms on which the Company can obtain additional capital may be adversely affected as the warrant holders may be expected to exercise the Warrants at a time when the Company could obtain needed capital by an offering of securities on terms more favorable than those provided by the Warrants.

The Warrants may be exercised by surrendering to American Stock Transfer & Trust Company a Warrant certificate signed by the holder thereof or his duly authorized agent indicating such holder's election to exercise all, or a portion of, the Warrants evidenced by such certificate. Surrendered Warrant certificates must be accompanied by payment of the aggregate exercise price of the Warrants to be exercised, which payment may be in the form of cash or official bank or certified check, payable to the Company, equal to such exercise price. All cash or checks so received shall be delivered by American Stock Transfer & Trust Company to the Company. The Company has authorized and reserved for sale the shares of Common Stock purchasable upon exercise of the Warrants. When delivered, such shares of Common Stock shall be fully paid and nonassessable. No fractional shares will be issued and exercising warrant holders otherwise entitled to a fractional share shall be paid an amount equal to the same fraction of a share of the market price of the Common Stock on the business day preceding the day of exercise.

The outline above is subject to the provisions of the Warrants and the Warrant Agreement. Copies of the Warrants and the Warrant Agreement have been filed as exhibits to the Registration Statement of which this Prospectus is a part and reference is made to such exhibits for a detailed description of the provisions thereof summarized above.

#### SHARES ELIGIBLE FOR FUTURE SALE

As of the date of this prospectus, the Company had outstanding 10,533,078 shares of its Common Stock. The Company has granted certain demand and piggyback registration rights with respect to 3,127,129 shares of its Common Stock and the 700,000 shares of its Common Stock which might be acquired upon the conversion of the 700,000 outstanding shares of its Series 1992-1 Preferred Stock. Of the shares of the Company's Common Stock currently outstanding, approximately 6 million are

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"restricted securities" as that term is defined in Rule 144 promulgated under the Securities Act. Of these approximately 6 million shares, 1,056,471 will be eligible for sale under Rule 144 commencing in March 1997 and 1,250,000 will be

eligible for sale under said rule commencing in January 1998. The balance of such shares are currently eligible for sale under Rule 144. Sales of a substantial number of these restricted shares of the Common Stock pursuant to Rule 144 or other exemptions from the registration requirements of the Act may adversely affect the market price of the Common Stock. In general, under Rule 144, a person (or persons whose shares are aggregated) who has satisfied a two-year holding period may, under certain circumstances, sell within any three-month period a number of shares which does not exceed the greater of 1% of the then outstanding shares of Common Stock, or the average weekly volume during the four calendar weeks prior to such sale. Rule 144 also permits, under certain circumstances, the sale of shares without any volume limitation by a person who is not an affiliate of the Company and who has satisfied a three-year holding period.

#### TRANSFER AGENT AND WARRANT AGENT

The Transfer Agent for the Company's Common Stock and the Warrant Agent for the Warrants is American Stock Transfer & Trust Company, 99 Wall Street, New York, New York 10005.

#### PLAN OF DISTRIBUTION

The shares of Common Stock offered hereby will be issued by the Company upon the exercise of the Warrants. See "Description for Securities--Warrants" for a description for the terms and manner of exercise of the Warrants.

The Warrants were issued in August, 1993, as part of the Units sold by the Company in its initial public offering. The Warrants became separable and detachable from the Common Stock on October 9, 1993. The Units were sold by certain underwriters for whom the Representative acted as representative.

Prior to completion of the Company's initial public offering, there was no established market for the Common Stock, Warrants or Units. The exercise prices and other terms of the Warrants were arbitrarily determined by negotiation between the Company and the Representative. In determining the offering and exercise prices, consideration was given to the Company's then proposed operations, financial condition, estimates of its business potential and the general condition of the securities market. The exercise price and other terms of the Warrants, however, should not be considered as any indication of the actual value of the Company and bear no relationship to the assets or book value of the Company of any generally accepted criteria of economic valuation.

#### LEGAL MATTERS

Matters relating to the validity of the securities being offered by this Prospectus are being passed upon for the Company by Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A., Miami, Florida.

#### EXPERTS

The consolidated financial statements of the Company as of December 31, 1995 and for the years ended December 31, 1994 and 1995, and the financial statements of Gaming Entertainment L.L.C. as of December 31, 1995 and for the period from April 1, 1995 (inception) through December 31, 1995, appearing in this Prospectus and the Registration Statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports appearing herein, and are included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing. The

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financial statements of LAI Associates, Inc. at December 31, 1994 and for the year ended December 31, 1994 and the period from April 2, 1993 (date of inception) to December 31, 1993 appearing in this Prospectus and the Registration Statement have been audited by Perrin Fordree & Company, P.C., as set forth in their report thereon appearing herein and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing. The financial statements of Omega Properties, Inc. at December 31, 1994 and for the period from August 12, 1994 (date of inception) to December 31, 1994 appearing in this Prospectus and the Registration Statement have been audited by Fiech & Resnick, CPA's, P.C., as set forth in their report thereon appearing herein and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

#### CHANGE IN AUDITORS

In November, 1994, McGladrey & Pullen, LLP notified the Company that it would decline to stand for re-election as independent accountants of the Company. During the prior two fiscal years of the Company, the reports of McGladrey & Pullen, LLP on the Company's financial statements neither contained any adverse opinions or disclaimers of opinions nor were qualified or modified as to any uncertainty, audit scope or accounting principles. During such years, and all later interim periods, there were no disagreements with McGladrey & Pullen, LLP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of McGladrey & Pullen, LLP, would have caused it to make

reference to the subject matter of the disagreements in connection with its reports. On February 7, 1995, the Company retained Deloitte & Touche LLP as its principal accountant to audit the Company's financial statements.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders  
of Full House Resorts, Inc.:

We have audited the accompanying consolidated balance sheet of Full House Resorts, Inc. and Subsidiaries (the "Company") as of December 31, 1995, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 1995 and 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Full House Resorts, Inc. and Subsidiaries as of December 31, 1995, and the results of their operations and their cash flows for the years ended December 31, 1995 and 1994 in conformity with generally accepted accounting principles.

F-2  
FULL HOUSE RESORTS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

<TABLE>  
<CAPTION>

	DECEMBER 31, 1995	MARCH 31, 1996
	(UNAUDITED)	
	<C>	<C>
<b>&lt;S&gt;</b>		
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents .....	\$ 581,529	\$ 2,883,072
Accounts receivable, net of allowance of \$16,300 .....	24,959	17,865
Receivable from GTECH .....	1,149,486	89,456
Receivables from joint ventures .....	10,211,703	--
Inventories .....	90,730	96,922
Prepaid expenses .....	373,217	242,310
<b>Total current assets .....</b>	<b>12,431,624</b>	<b>3,329,625</b>
GAMING RIGHTS .....	3,258,836	3,258,836
ASSETS HELD FOR SALE--net .....	6,560,333	6,308,785
INVESTMENTS IN JOINT VENTURES .....	862,508	1,029,812
GOODWILL--net .....	2,912,698	2,784,486
OTHER ASSETS .....	11,750	11,638
<b>TOTAL .....</b>	<b>\$26,037,749</b>	<b>\$16,723,182</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt .....	\$11,042,260	\$ 652,383
Accounts payable .....	386,914	315,877
Accrued expenses .....	611,334	439,801
<b>Total current liabilities .....</b>	<b>12,040,508</b>	<b>1,408,061</b>
LONG-TERM DEBT, net of current portion .....	4,545,194	6,748,409
<b>COMMITMENTS AND CONTINGENCIES (Notes 5 and 13) .....</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Cumulative, convertible preferred stock, par value \$.0001, 5,000,000 shares authorized, 700,000 shares issued and outstanding; aggregate liquidation preference of \$2,835,000 and \$2,887,500 .....	70	70
Common stock, par value \$.0001, 25,000,000 shares authorized; 10,339,549 shares issued and outstanding .....	1,034	1,034
Additional paid in capital .....	16,413,315	16,413,315
Accumulated deficit .....	(6,962,372)	(7,847,707)
<b>Total stockholders' equity .....</b>	<b>9,452,047</b>	<b>8,566,712</b>
<b>TOTAL .....</b>	<b>\$26,037,749</b>	<b>\$16,723,182</b>

</TABLE>

See notes to consolidated financial statements.

F-3  
FULL HOUSE RESORTS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>  
<CAPTION>

	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	1994	1995	1995	1996
	(UNAUDITED)			
	<C>	<C>	<C>	<C>
<b>&lt;S&gt;</b>				
<b>OPERATING REVENUES:</b>				
Casino .....	\$ 1,672,559	\$ 1,453,608	\$ 278,879	\$ 298,894
Hotel/RV park .....	1,464,108	1,424,428	182,968	206,254
Retail .....	1,256,982	1,249,285	194,979	227,462
Food and beverage .....	744,709	727,865	119,507	178,626
Fun park .....	756,910	822,893	50,032	47,326
Joint ventures .....	--	160,224	--	172,168

	5,895,268	5,838,303	826,365	1,130,730
Less: promotional allowances .....	(202,748)	(205,157)	(39,433)	(52,137)
Net operating revenues .....	5,692,520	5,633,146	786,932	1,078,593
OPERATING COSTS AND EXPENSES:				
Casino .....	1,052,655	1,049,363	283,723	258,959
Hotel/ RV park .....	606,567	637,062	117,500	130,538
Retail .....	1,121,191	1,090,951	180,594	212,933
Food and beverage .....	626,766	578,684	106,582	131,800
Fun park .....	476,330	632,894	77,157	70,607
Sales and marketing .....	246,579	224,334	37,690	53,183
General and administrative .....	1,660,964	2,450,808	665,432	501,490
Depreciation and amortization .....	505,231	1,240,446	162,722	130,717
Abandoned project cost .....	--	1,867,730	--	--
Impairment of long-lived assets .....	--	3,100,000	--	250,000
Other .....	--	75,917	--	--
Total operating costs and expenses ....	6,296,283	12,948,189	1,631,400	1,740,227
LOSS FROM OPERATIONS .....	(603,763)	(7,315,043)	(844,468)	(661,634)
OTHER INCOME (EXPENSE):				
Interest expense and debt issue costs (including \$626,868 and \$81,015 to related parties in 1994 and 1995) .....	(821,796)	(1,008,857)	(87,790)	(251,115)
Interest and other income .....	57,645	828,302	6,145	27,414
LOSS BEFORE INCOME TAXES .....	(1,367,914)	(7,495,598)	(926,113)	(885,335)
INCOME TAX BENEFIT .....	2,000	1,944,710	--	--
NET LOSS .....	(1,365,914)	(5,550,888)	(926,113)	(885,335)
Less, undeclared dividends on cumulative preferred stock .....	(225,000)	(210,000)	(52,500)	(52,500)
NET LOSS APPLICABLE TO COMMON SHARES .....	\$ (1,590,914)	\$ (5,760,888)	\$ (978,613)	\$ (937,835)
LOSS PER COMMON SHARE .....	\$ (0.19)	\$ (0.59)	\$ (0.11)	\$ (0.09)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING .....				
	8,417,176	9,806,723	8,893,017	10,339,549

</TABLE>

See notes to consolidated financial statements.

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FULL HOUSE RESORTS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994  
AND THE THREE MONTHS ENDED MARCH 31, 1996 (UNAUDITED)

<TABLE>  
<CAPTION>

	PREFERRED STOCK		COMMON STOCK	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
BALANCE, JANUARY 1, 1994 .....	1,000,000	\$100	7,953,500	\$ 795
Net loss .....	--	--	--	--
Purchase and retirement of stock .....	(300,000)	(30)	(1,025,635)	(103)
Purchase of shares by an officer, director and stockholder .....	--	--	1,000,000	100
Issuance of common stock to an officer, director and stockholder related to debt issue costs .....	--	--	500,000	50
Issuance of common stock as compensation .....	--	--	50,000	5
Exercise of options .....	--	--	50,000	5
Exercise of options under incentive plan .....	--	--	57,188	6
Exercise of warrants, net of \$38,450 in registration costs .....	--	--	182,964	19
Write off and amortization of debt issue costs .....	--	--	--	--
BALANCE, DECEMBER 31, 1994 .....	700,000	70	8,768,017	877
Net loss .....	--	--	--	--
Shares issued for acquisition of LAI Associates, Inc. ("LAI") .....	--	--	1,250,000	125
Receivable for shares issued for acquisition of LAI to be returned .....	--	--	(193,529)	(19)
Shares issued for acquisition of Omega Properties, Inc. .....	--	--	500,000	50
Exercise of warrants, net of \$45,189 in registration costs .....	--	--	15,061	1
BALANCE, DECEMBER 31, 1995 .....	700,000	70	10,339,549	1,034

THREE MONTHS ENDED MARCH 31, 1996 (UNAUDITED)

Net loss .....	--	--	--	--
BALANCE MARCH 31, 1996 (UNAUDITED) .....	700,000	\$ 70	10,339,549	\$1,034

</TABLE>

(RESTUBBED TABLE CONTINUED FROM ABOVE)

<TABLE>

<CAPTION>

	ADDITIONAL PAID-IN CAPITAL	DEFERRED DEBT ISSUE COSTS	ACCUMULATED DEFICIT	TOTAL
<S>	<C>	<C>	<C>	<C>
BALANCE, JANUARY 1, 1994 .....	\$ 9,296,456	\$ (200,000)	\$ (45,570)	\$ 9,051,781
Net loss .....	--	--	(1,365,914)	(1,365,914)
Purchase and retirement of stock .....	(1,902,867)	--	--	(1,903,000)
Purchase of shares by an officer, director and stockholder .....	799,900	--	--	800,000
Issuance of common stock to an officer, director and stockholder related to debt issue costs .....	399,950	--	--	400,000
Issuance of common stock as compensation .....	117,495	--	--	117,500
Exercise of options .....	149,995	--	--	150,000
Exercise of options under incentive plan .....	151,542	--	--	151,548
Exercise of warrants, net of \$38,450 in registration costs .....	767,931	--	--	767,950
Write off and amortization of debt issue costs .....	--	200,000	--	200,000
BALANCE, DECEMBER 31, 1994 .....	9,780,402	--	(1,411,484)	8,369,865
Net loss .....	--	--	(5,550,888)	(5,550,888)
Shares issued for acquisition of LAI Associates, Inc. ("LAI") .....	5,312,375	--	--	5,312,500
Receivable for shares issued for acquisition of LAI to be returned .....	(822,481)	--	--	(822,500)
Shares issued for acquisition of Omega Properties, Inc. ....	2,124,950	--	--	2,125,000
Exercise of warrants, net of \$45,189 in registration costs .....	18,069	--	--	18,070
BALANCE, DECEMBER 31, 1995 .....	16,413,315	--	(6,962,372)	9,452,047
THREE MONTHS ENDED MARCH 31, 1996 (UNAUDITED)				
Net loss .....	--	--	(885,335)	(885,335)
BALANCE MARCH 31, 1996 (UNAUDITED) .....	\$16,413,315	\$ --	\$ (7,847,707)	\$ 8,566,712

</TABLE>

See notes to consolidated financial statements.

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FULL HOUSE RESORTS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>

<CAPTION>

MONTHS ENDED MARCH 31,	YEARS ENDED DECEMBER 31,		
	THREE 1994	THREE 1995	THREE 1995
-----	-----	-----	-----
1996	1994	1995	1995
-----	-----	-----	-----
(UNAUDITED)	<C>	<C>	<C>
<S>			
<C>			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss .....	\$ (1,365,914)	\$ (5,550,888)	\$ (926,113)
\$ 885,335)			
Adjustments to reconcile net loss to net cash used in operating activities: .....			
Depreciation and amortization .....	505,231	1,240,446	162,722
130,717			
Stock issued as compensation .....	117,500	--	--
--			
Debt issue costs .....	647,349	41,170	2,904
9,312			
Abandoned project costs .....	--	1,867,730	--
--			
Impairment of long-lived assets .....	--	3,100,000	--
250,000			
Loss on disposition of assets .....	5,787	--	--

--	Bad debt expense .....	--	16,300	--
--	Equity in earnings of joint ventures .....	--	(160,224)	--
--	Changes in assets and liabilities:			
	(Increase) decrease in accounts receivable .....	(4,295)	(223,805)	5,588
7,094	(Increase) decrease in inventories .....	(3,449)	(588)	351
(6,192)	(Increase) decrease in prepaid expenses .....	(23,227)	(177,380)	79,489
130,907	Increase (decrease) in accounts payable			
	and accrued expenses .....	116,142	582,933	166,904
(242,570)	Decrease in deferred tax liability .....	(2,000)	(1,944,710)	--
--				
	Net cash used in operating activities .....	(6,876)	(1,209,016)	(508,155)
(606,067)				
	CASH FLOWS FROM INVESTING ACTIVITIES:			
	Purchase of property and equipment .....	(3,650,424)	(431,495)	(38,126)
(10,157)	Increase in investments in joint venture .....	--	--	--
(69,890)	Proceeds from disposition of property and equipment .....	5,350	--	--
--	(Increase) decrease in note receivable .....	(400,000)	(9,919,079)	--
11,174,319	Gaming development costs .....	(426,665)	(607,245)	(1,518,079)
--	Acquisition of businesses, net of cash acquired .....	--	(172,736)	--
--	Other .....	--	--	9,122
--				
	Net cash provided by (used in) investing activities .....	(4,471,739)	(11,130,555)	(1,547,083)
11,094,272				
	CASH FLOWS FROM FINANCING ACTIVITIES:			
	Proceeds from issuance of debt .....	2,150,000	14,306,285	2,176,583
3,000,000	Repayment of debt .....	(3,817,934)	(1,527,107)	(36,883)
(11,186,662)	Payment of debt issue costs .....	--	(260,818)	--
--	Purchase and retirement of stock .....	(1,903,000)	--	--
--	Proceeds from sale of common stock and exercise of warrants,			
	net of offering costs .....	1,869,498	18,070	--
--				
	Net cash provided by (used in) financing activities .....	(1,701,436)	12,536,430	2,139,700
(8,186,662)				
	NET INCREASE (DECREASE) IN CASH			
	AND CASH EQUIVALENTS .....	(6,180,051)	196,859	84,462
2,301,543	CASH AND CASH EQUIVALENTS,			
	BEGINNING OF PERIOD .....	6,564,721	384,670	384,670
581,529				
	CASH AND CASH EQUIVALENTS,			
	END OF PERIOD .....	\$ 384,670	\$ 581,529	\$ 469,132
\$ 2,883,072				

</TABLE>

See notes to consolidated financial statements.

Full House Resorts, Inc. ("FHRI") was incorporated in the State of Delaware as Hour Corp. on January 5, 1987 and changed its name to D.H.Z. Capital Corp. on June 1, 1987 and to Full House Resorts, Inc. on September 2, 1992. FHRI from inception to November 20, 1992, conducted no significant operations other than the investigation of potential business opportunities.

On November 20, 1992, FHRI acquired 100% of the outstanding common stock of Deadwood Gulch Resort and Gaming Corp. ("DGR"). DGR currently operates in Deadwood, South Dakota a 97-room hotel, a recreational vehicle park and campground, conference center, convenience store/gas mart, restaurant, lounge, family entertainment facility and two small casinos. During January of 1996, the Company announced its intent to dispose of DGR and is actively seeking a buyer. The Company has classified the assets of DGR as assets held for sale. (See Note 4).

On July 12, 1994, Full House Subsidiary of Nevada, Inc. ("FHSN"), a wholly owned subsidiary of FHRI, was incorporated to conduct development activities in Nevada.

On August 19, 1994, Full House Subsidiary, Inc. ("FHS"), a wholly owned subsidiary of FHRI, was incorporated to effect the business combination with LAI Associates, Inc. ("LAI") described in Note 3.

On March 3, 1995, Full House Subsidiary of Oregon, Inc. ("FHSO"), a wholly owned subsidiary of FHRI, was incorporated to conduct gaming development activities in Oregon.

On April 10, 1995, Green House Management, Inc. ("GHM"), an 85% owned subsidiary of FHRI, was incorporated to conduct gaming development activities with the Nottawaseppi Huron Band of Potawatomi.

On June 22, 1995, Full House Joint Venture Subsidiary Inc. ("FHJVS"), a wholly owned subsidiary of FHRI, was incorporated to effect the business combination with Omega Properties, Inc. ("Omega") described in Note 3.

Effective December 29, 1995, FHRI entered into a series of agreements with GTECH Corporation ("GTECH") to jointly pursue gaming opportunities. Pursuant to the agreements, four limited liability companies were formed. FHRI has a 50% interest in the joint ventures.

FHRI is currently pursuing various gaming opportunities throughout North America and the U.S. Virgin Islands.

The consolidated financial statements include the accounts and operations of FHRI and its wholly owned and majority owned subsidiaries (the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company conform to generally accepted accounting principles. The following is a summary of the more significant of such policies.

**CASH AND CASH EQUIVALENTS** -Cash and cash equivalents include cash required for gaming operations. At December 31, 1995, the Company had bank deposits exceeding federally insured limits

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by approximately \$202,665. Cash in excess of daily requirements is invested in short-term investments with maturities of three months or less when purchased. Such investments are stated at cost, which approximates market, and are deemed to be cash equivalents for purposes of the consolidated statements of cash flows.

**RECEIVABLES** -Receivables consist principally of amounts receivable from joint ventures and GTECH as a result of agreements entered into between the Company and GTECH effective December 29, 1995. Receivables of \$10,026,304 were collected in January of 1996.

**INVENTORIES** -Inventories consisting principally of fuel, groceries, food and beverage items are recorded at the lower of first-in, first-out cost or market.

**INVESTMENTS IN JOINT VENTURES** -Investments in joint ventures are accounted for using the equity method of accounting.

**GOODWILL** -Goodwill represents the excess cost over the net assets of businesses acquired during 1995 (See Note 3). Goodwill is being amortized on the straight-line basis over 6 years. The Company reviews the carrying value of goodwill quarterly to determine whether any impairment has occurred. Amortization expense for 1995 totaled \$615,307.

**GAMING RIGHTS AND DEVELOPMENT COSTS** -Costs associated with gaming rights and gaming development activities for which the Company has signed agreements are



capitalized until the project begins operations and amortized over the term of the respective agreements. If a project is unsuccessful, and its value is determined to be impaired, the related deferred costs are charged to expense at the time of impairment. The Company reviews each project in process and the costs capitalized on a quarterly basis for accounting purposes to determine whether any impairment of the assets has occurred.

CASINO REVENUES -Casino revenue is the net win from gaming activities, which is the difference between gaming wins and losses.

PROMOTIONAL ALLOWANCES -Food and beverage furnished without charge to customers is included in gross revenues at a value which approximates retail and then deducted as complimentary services to arrive at net revenues. The estimated cost of such complimentary services is charged to the casino department and was \$51,696 and \$57,912 for the years ended December 31, 1994 and 1995.

IMPAIRMENT OF LONG-LIVED ASSETS -Statement of Financial Accounting Standards ("SFAS") No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF, was issued by the Financial Accounting Standards Board ("FASB") in March 1995, and established accounting standards for the impairment of long-lived assets, certain identifiable intangibles, and goodwill related to those assets to be held and used and for long-lived assets and certain identifiable intangibles to be disposed of. The Company adopted the provisions of SFAS No. 121 during the fourth quarter of the year ended December 31, 1995. The Company reviews the carrying values of its long-lived and identifiable intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable.

FAIR VALUE OF FINANCIAL INSTRUMENTS -The carrying value of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximates fair value

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because of the short maturity of those instruments. The Company estimates the fair value of its long-term debt based on the current rates offered to the Company for debt of the same remaining maturities. The estimated fair value of the Company's long-term debt approximates its recorded value at December 31, 1995.

INCOME TAXES -The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109 Accounting for Income Taxes, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been reflected in the financial statements or tax returns. Deferred income taxes reflect the net effect of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating loss and tax credit carryforwards.

LOSS PER COMMON SHARE -Loss per common share is computed based upon the weighted average number of common and common equivalent shares outstanding during the year. The common equivalent shares resulting from stock options and warrants have not been included in the computations since their inclusion would have an anti-dilutive effect.

RECENTLY ISSUED ACCOUNTING STANDARDS (UNAUDITED) -SFAS No. 123, ACCOUNTING FOR AWARDS OF STOCK-BASED COMPENSATION, was issued by the FASB in October 1995, and established financial accounting and reporting standards for stock-based employee compensation plans and for transactions where equity securities are issued for goods and services. The Company adopted the provisions of SFAS No. 123 during the first quarter of the year ending December 31, 1996. This statement requires expanded disclosures of stock-based compensation arrangements with employees and encourages (but does not require) compensation cost to be measured based on the fair value of the equity instrument awarded. Companies are permitted, however, to continue to apply APB Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, which recognizes compensation cost based on the intrinsic value of the equity instrument awarded. The Company will continue to apply APB Opinion No. 25 to its stock-based compensation awards to employees and will disclose the required pro forma effect on net income and earnings per share.

USE OF ESTIMATES -The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

RECLASSIFICATIONS -Certain 1994 amounts have been reclassified to conform to the current year presentation.

INTERIM FINANCIAL INFORMATION (UNAUDITED) -The accompanying unaudited financial statements as of March 31, 1996 and for the three months ended March 31, 1996 and 1995 have been prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of

management, all adjustments (consisting of normal, recurring adjustments) necessary for a fair presentation have been included. Results for the interim periods are not necessarily indicative of the results to be expected for a full year.

NOTE 3. ACQUISITIONS

On March 23, 1995, LAI (a company owned 100% by Lee A. Iacocca) merged into the Company's wholly-owned subsidiary, FHS. Pursuant to the merger, Mr. Iacocca received 1,250,000 shares of the

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Company's restricted common stock. During March 1996, the Company returned certain of the assets acquired in the LAI merger to Mr. Iacocca, and he returned 193,529 shares of common stock to the Company. The purchase price allocated to the net assets of LAI was reduced by the \$822,500 value assigned to the assets returned and the shares of stock returned. As of December 31, 1995, stockholders' equity has been reduced by \$822,500 for the receivable due from Mr. Iacocca for the shares of stock returned, and the number of common shares outstanding has been reduced by 193,529 shares.

On November 20, 1995, FHJVS merged into Omega (a company owned 30% by a director and stockholder of the Company). Pursuant to this agreement the stockholders of Omega received 500,000 shares of the Company's restricted common stock and a note from the Company in the amount of \$375,000.

The transactions have been recorded using the purchase method.

The purchase price of the acquisitions and related allocation (as adjusted for the return of assets and stock discussed above) consist of the following:

<TABLE>  
<CAPTION>  
PURCHASE PRICE  
<S> <C>

Issuance of 1,556,471 unregistered shares of common stock of the Company valued at \$4.25 per share:	
Common stock .....	\$ 156
Additional paid-in capital .....	6,614,844
Issuance of note payable .....	375,000
Transaction costs .....	181,858
	-----
Total purchase price .....	\$ 7,171,858
	=====
Allocation of purchase price	
Current assets .....	9,122
Goodwill .....	3,555,634
Gaming rights .....	5,556,313
Current liabilities .....	(4,501)
Deferred tax liability .....	(1,944,710)
	-----
Total .....	\$ 7,171,858
	=====

</TABLE>

The operating results of the acquired businesses are included in the Company's consolidated results of operations from the respective dates of acquisition.

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The following pro forma financial information assumes the acquisitions occurred at the beginning of each year presented. These results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisitions been made at the beginning of these years, or of the results which may occur in the future.

<TABLE>  
<CAPTION>

	DECEMBER 31,	
	1994	1995
	-----	-----
<S> <C>		
Net revenues .....	\$ 5,692,520	\$ 5,633,146
Net loss .....	(2,884,572)	(7,069,546)
Net loss per common share	(0.31)	(0.70)

</TABLE>

NOTE 4. ASSETS HELD FOR SALE/IMPAIRMENT OF LONG-LIVED ASSETS

Because of the Company's intent to dispose of DGR, the Company has reclassified certain assets of DGR to other assets -assets held for sale.

The Company has determined that the carrying amount of the assets held for sale may not be recoverable. The calculated impairment of long-lived assets as

of December 31, 1995, was \$3.1 million based upon available information which indicates the estimated loss which could be incurred upon disposition, based on estimated fair value of the assets, less costs of disposition.

During the year ended December 31, 1994 and 1995, DGR incurred a net loss before taxes of \$288,440 and \$3,586,446, including the impairment loss of \$3.1 million, respectively.

#### NOTE 5. INVESTMENTS IN JOINT VENTURES

The Company entered into a series of agreements with GTECH to jointly pursue gaming opportunities. Pursuant to the agreements, the following limited liability companies, equally owned by GTECH and the Company were formed: Gaming Entertainment L.L.C. ("GELLC"), Gaming Entertainment (Delaware) L.L.C. ("GEDLLC"), Gaming Entertainment (Michigan) L.L.C. ("GEMLLC"), and Gaming Entertainment (California) L.L.C. ("GECLLC").

Although the agreements were dated December 29, 1995, the joint venture participants agreed to share equally in the equity investment, financing responsibility, and revenues and expenses commencing April 1, 1995. Therefore, revenues received or expenses paid by participants on behalf of the joint ventures from April 1, 1995 were to be collected from or repaid to the participants by the joint ventures. In addition, the participants agreed to reimburse each other directly, such that certain costs and expenses were shared equally. As a result of these arrangements, as of December 31, 1995, the Company had a receivable from GTECH of \$1,149,486, \$896,377 for reimbursement of costs incurred by the Company for gaming rights and a net \$253,109 for reimbursement of other expenses incurred by the Company. Principally all of the receivable from GTECH was collected in January 1996.

The following is a summary of items transferred by the Company at book value to the joint ventures in exchange for its 50% interest, or for which the Company was reimbursed by the joint ventures.

During 1994, the Company entered into a series of agreements with the Coquille Indian Tribe to develop a gaming and entertainment facility in North Bend, Oregon. The Company agreed to provide

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up to \$10.5 million in financing for the facility in exchange for a percentage of "Gross Profit" as defined, and certain other payments. The advances to the tribe were converted to a promissory note, bearing interest at prime plus 2% and receivable in installments through August 2002. During 1995, the facility began operations. Effective December 29, 1995, the financing obligation and the gaming agreement (which had no recorded book value), gaming development costs of \$226,312, notes receivable of \$10,169,079, participation fees revenues of \$527,557, and general and administrative costs of \$82,450 were transferred to GELLC.

As a result of the acquisitions discussed in Note 3, the Company acquired the development rights to current and future gaming projects with the Nottawaseppi Huron Band of Potawatomi. The Company has agreed, subject to the approval of the tribe, to assign to GEMLLC, the development rights. If the tribe does not consent, the Company will assign its rights to revenues and GTECH will bear an appropriate portion of the related expenses. Effective December 29, 1995, the financing obligation, gaming development costs of \$449,254, and general and administrative costs of \$65,897 were transferred to GEMLLC. GEMLLC is a development stage company as of December 31, 1995.

On April 21, 1995, the Company entered into a Gaming and Development Agreement with the Torres Martinez Desert Cahuilla Indians (the "Tribe"). The agreement grants the Company certain rights to develop, manage and operate gaming activities for the Tribe and the right to receive 40% of the net revenues from gaming activities subject to the obligation of the Company to pay the costs of the same. For all non-gaming activities, the Company is to provide 50% of the financing for development and will receive 50% of the net revenues from said activities, subject to the obligation of the Company to lend funds to the Tribe prior to commencement of gaming operations. Effective December 29, 1995, the financing obligation, gaming development costs of \$117,418, and the gaming agreement (which had no recorded book value) were transferred to GECLLC. GECLLC is a development stage company as of December 31, 1995.

On April 12, 1995, the Company entered into an agreement with the Delaware State Fair, Inc. to provide management services and funding for the development of a gaming entertainment center at Harrington Raceway in Harrington, Delaware. The Company agreed to provide \$6.3 million in financing. Effective December 29, 1995, advances of \$150,000, gaming development costs of \$181,134, the financing obligation and the gaming agreement (which had no recorded book value) were transferred to GEDLLC. GEDLLC is a development stage company as of December 31, 1995.

GTECH has contributed cash and other intangible assets and has agreed to loan the joint ventures up to \$16.4 million to complete the North Bend, Oregon and Delaware facilities and make loans to the Company for its portion of the financing of projects if the Company is unable to otherwise obtain financing.

GTECH will also provide project management, technology and other expertise to analyze and develop/manage the implementation of opportunities developed by the joint ventures.

As part of this transaction, the directors of the Company and Mr. Iacocca have granted to GTECH an option to purchase their shares should they propose to transfer the same.

The Company has agreed to guarantee 50% of the up to \$16.4 million which GTECH has agreed to loan the joint ventures.

As of December 31, 1995, the Company had guaranteed 50% of \$10.5 million in loans to the joint ventures.

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The following is a summary of condensed financial information for the joint ventures as of December 31, 1995 and for the year then ended:

CONDENSED BALANCE SHEETS

	GELLC	GEMLLC	GEDLLC	GECLLC	TOTAL
<TABLE>					
<CAPTION>					
<S>	<C>	<C>	<C>	<C>	<C>
Current assets .....	\$ 1,666,850	\$ 25,000	\$ 25,000	\$ 25,000	\$ 1,741,850
Noncurrent assets .....	9,347,147	504,427	368,706	126,794	10,347,074
Total .....	\$11,013,997	\$529,427	\$393,706	\$151,794	\$12,088,924
Current liabilities .....	\$10,289,178	\$ 71,923	\$ 2,806	\$ --	\$10,363,907
Members' capital .....	724,819	457,504	390,900	151,794	1,725,017
Total .....	\$11,013,997	\$529,427	\$393,706	\$151,794	\$12,088,924
Company's equity in net assets	\$ 362,409	\$228,752	\$195,450	\$ 75,897	\$ 862,508
CONDENSED STATEMENTS					
OF OPERATIONS					
Revenues .....	\$ 527,557	\$ --	\$ --	\$ --	\$ 527,557
Net income (loss) .....	\$ 395,176	\$ (71,923)	\$ (2,806)	\$ --	\$ 320,447
Company's equity in net income (loss) .....	\$ 197,588	\$ (35,962)	\$ (1,402)	\$ --	\$ 160,224

</TABLE>

NOTE 6. DEBT

Debt consists of the following at December 31, 1995:

	<C>
<TABLE>	
<CAPTION>	
<S>	<C>
Revolving \$8,000,000 note payable to a bank; interest payable monthly (8.25% at december 31, 1995); principal is due on demand or if no demand is made, July 1996; secured by the personal guarantee of certain stockholders and the company's chief executive officer. repaid during January 1996 .....	\$ 6,206,282
Note payable, secured by a first mortgage on all real property of DGR (included in assets held for sale) and partially secured by the personal guarantee of certain stockholders and the Company's Chief Executive Officer; interest at 10.25% through May 1996 and at prime plus 2 1/4 % for the period of June 1, 1996 through May, 2002; due in monthly installments of principal and interest; \$67,165 through June 1996 and \$69,794 thereafter through May 31, 2002, at which time all unpaid principal and interest are due .....	4,853,671
Note payable to GTECH; repaid during January 1996 .....	4,000,000
Note payable to stockholder; interest at prime (8.75% at December 31, 1995) payable quarterly commencing on January 31, 1996; principal payable on demand, but in no event prior to August 31, 1996 .....	375,000
Note payable; secured by gaming equipment, repaid during February 1996 .....	152,497
Total .....	15,587,454
Less current portion .....	(11,042,260)
Long-term portion .....	\$ 4,545,194

</TABLE>

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The first mortgage note payable includes certain financial covenants which restrict the uses of DGR's cash to the operations and debt service of DGR and which require DGR to maintain a certain tangible net worth and debt service coverage ratio. DGR was not in compliance with the tangible net worth



under the Nonemployee Director Stock Plan. The Plan allows for options to be granted at prices not less than fair market value on the date of grant and are generally exercisable over a term of five years. No options have been issued under the Nonemployee Director Stock Plan.

The Company has reserved 1,000,000 shares of its common stock for issuance under an Incentive Plan. The Plan allows for the issuance of options and other forms of incentive awards, including qualified and non-qualified incentive stock options. Incentive stock options may be granted at prices not less than fair market value on the date of grant, while non-qualified incentive stock options may be granted at a price less than fair market value on the date of grant. Options issued under the Incentive Plan are generally exercisable over a term of ten years. As of December 31, 1994 options to purchase 235,000 shares of common stock were outstanding and no options were exercisable. Options to purchase 57,188 shares at \$2.65 per share were exercised during 1994 with net proceeds to the Company of \$151,548. As of December 31, 1995 options to purchase 210,000 shares of common stock at \$3.88 per share were outstanding and 70,000 options were exercisable. Options to purchase 25,000 shares at \$5.34 per share were forfeited during 1995 and no options were exercised.

The Company's preferred stock may be converted, at the option of the holder, to common stock on a one-for-one basis, has a \$.30 per share cumulative dividend rate and has a liquidation preference equal to \$3.00 per share plus all unpaid dividends. If the Company is in default in declaring, setting apart for payment of dividends on the preferred stock, it is restricted from paying any dividend or making any other distribution or redeeming any stock ranking junior to the preferred stock. The stockholders' right to the \$.30 per share cumulative dividends on the preferred stock commenced as of June 30, 1992 and totaled \$735,000 at December 31, 1995. Through December 31, 1995, no dividends have been declared or paid.

During the year ended December 31, 1995, the Company issued 1,556,471 shares of restricted common stock to acquire businesses. See Note 3.

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NOTE 8. INCOME TAXES

The income tax benefit recognized in the consolidated financial statements consists of the following:

<TABLE>  
<CAPTION>

	1994	1995
	-----	-----
<S>	<C>	<C>
Deferred benefit	\$2,000	\$1,944,710
	=====	=====

</TABLE>

A reconciliation of the income tax benefit with amounts determined by applying the statutory U.S. Federal income tax rate to consolidated loss before income taxes is as follows:

<TABLE>  
<CAPTION>

	1994	1995
	-----	-----
<S>	<C>	<C>
Tax benefit at U.S. statutory rate .....	\$ 462,846	\$2,623,459
Loss for which no tax benefit is available	(465,308)	(457,237)
Non-taxable/deductible items .....	4,462	(221,512)
	-----	-----
Total .....	\$ 2,000	\$1,944,710
	=====	=====

</TABLE>

The Company's deferred tax items as of December 31, 1995 are as follows:

<TABLE>  
<CAPTION>

	CURRENT	NON-CURRENT	TOTAL
	-----	-----	-----
<S>	<C>	<C>	<C>
Deferred tax assets:			
Net operating loss carryforward .....	\$ --	\$1,313,475	\$1,313,475
Difference between book and tax basis of assets held for sale .....	--	967,982	967,982
Accrued expenses .....	29,374	--	29,374
Other .....	--	66,039	66,039
	-----	-----	-----
Total deferred tax assets .....	29,374	2,347,496	2,376,870
Deferred tax liabilities -			
Difference between book and tax basis of gaming rights .....	--	1,454,325	1,454,325
Valuation allowance .....	(29,374)	(893,171)	(922,545)

Net deferred tax liability .....	\$	--	\$	--	\$	--
	=====		=====		=====	

</TABLE>

At December 31, 1995, the Company had net operating loss carryforwards for income tax purposes of approximately \$3,753,000, which may be carried forward to offset future taxable income. The carryforwards expire in 2007 through 2010. The availability of the loss carryforwards may be limited in the event of a significant change in ownership of the Company.

NOTE 9. RELATED PARTY TRANSACTIONS

During 1995, the Company repaid a note payable to a stockholder in the amount of \$1,244,981.

Total interest expense and debt issue costs charged to operations in 1994 and 1995 related to the note payable to a stockholder were \$626,868 and \$81,015.

See Note 7 for other issuances of the Company's common stock to and the purchase of common and preferred stock from related parties.

See Note 3 for a discussion of a business combination with a company owned 30% by a director and stockholder of the Company.

See Note 12 for a discussion of transactions with joint ventures.

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NOTE 10. BENEFIT PLAN

On January 1, 1994, the Company adopted a 401(k) plan that covers all eligible employees. Participants may contribute a percentage of eligible wages up to 15% of their annual salaries, with the Company matching up to a maximum of 50% of the first 4% of participant wages contributed. The Company's matching contributions were \$14,001 and \$19,415 for the years ended December 31, 1994 and 1995.

NOTE 11. ABANDONED PROJECT COST

On June 28, 1995, the Governor of the State of Michigan determined to prohibit off-reservation gaming in the State of Michigan. As a result, the Company recognized a loss of \$1,867,730 relating to the write-off of costs of the gaming agreement acquired in the acquisitions of LAI and Omega discussed in Note 3, and other costs.

NOTE 12. SUPPLEMENTAL STATEMENT OF CASH FLOWS INFORMATION

Cash payments for interest for the years ended December 31, 1994 and 1995 were \$174,447 and \$814,002, respectively.

The following noncash investing and financing activities are not reflected in the consolidated statements of cash flows:

During the year ended December 31, 1995, the Company increased its investments in joint ventures by \$702,284 by contributing gaming development costs of \$103,596 and recording capital contributions payable of \$598,688.

During the year ended December 31, 1995, the Company recorded a receivable from joint ventures of \$10,211,703. The receivable is net of capital contributions payable of \$598,688 and resulted from transfers of the following items to the joint ventures: notes receivable of \$10,169,079, gaming development costs of \$870,522, revenues of \$527,557, general and administrative costs of \$148,347 and advances receivable of \$150,000.

During the year ended December 31, 1995, the Company recorded a receivable from GTECH of \$896,377, and a reduction in gaming rights of \$896,377. The receivable is a result of the joint venture agreement between the Company and GTECH.

During the year ended December 31, 1994, the Company issued stock for debt issue costs of \$400,000 and purchased equipment through the issuance of notes payable of \$351,209.

The Company transferred the following assets of DGR to assets held for sale during the year ended December 31, 1995:

<TABLE>	
<CAPTION>	
Property and equipment-net	\$6,203,062
<S>	<C>
Other assets .....	357,271
	-----
Total .....	\$6,560,333
	=====

</TABLE>

The Company's business acquisitions in 1995 involved the following:

<TABLE> <CAPTION> <S>	<C>
Fair value of assets acquired, other than cash and cash equivalents .....	\$ 9,112,045
Liabilities assumed .....	(1,949,210)
Issuance of common stock .....	(6,615,099)
Issuance of note payable .....	(375,000)
	-----
Net cash paid .....	\$ 172,736
	=====

</TABLE>

## NOTE 13. LEGAL MATTERS

The Company is party to legal proceedings arising in the normal conduct of business. Management believes that the final outcome of these matters, including the items described below, will not have a material adverse effect upon the Company's consolidated financial position, results of operations or cash flows.

The Company has filed an action for declaratory relief in Mississippi, seeking a determination by the court that no relationship exists between it and Lone Star Casino Corporation regarding the potential acquisition of a riverboat casino on the Mississippi gulf coast, (FULL HOUSE RESORTS, INC. V. LONE STAR CASINO CORPORATION V. ALLEN E. PAULSON, Second Judicial District of the Chancery Court of Harrison County, Mississippi). Lone Star has filed a counterclaim alleging breaches of fiduciary duty, breach of contract and other claims. Both the Company and Mr. Paulson have been granted summary judgment on Lone Star's breach of contract claim and all claims arising therefrom. The Company's motion for summary judgment on Lone Star's remaining claims against it has been granted. The period during which Lone Star may file an appeal has not yet expired. An action filed by Lone Star in Texas in December 1994 raising similar issues has been dismissed.

Litigation has been filed against the Company relating to ownership and access pertaining to a portion (approximately 1,200 square feet) of the Deadwood Gulch Resort hotel and parking lot property. The Katons, who are neighboring landowners, allege trespass among other claims, as a result of the construction of the Resort parking lot. Other adjoining landowners to the rear of the Resort have also filed a lawsuit, alleging that the Resort has blocked their right of way across the creek to their property, insofar as their current access is across an alleged portion of the Katons' property. KATON, ET AL V. DEADWOOD GULCH RESORT AND GAMING CORP., and SOWERS, ET AL V. DEADWOOD GULCH RESORT AND GAMING CORP., Eighth Judicial Circuit, Lawrence County, South Dakota.

## NOTE 14. SUBSEQUENT EVENTS (UNAUDITED)

On January 26, 1996, GTECH loaned the Company \$3 million, which loan is convertible, subject to regulatory approval, into 600,000 shares of the Company's common stock. The loan is non-interest bearing through January 25, 1998, at which time the note begins to accrue interest at the prime rate. Monthly interest only payments commence on February 1, 1998, with the total principal and any unpaid interest due on January 25, 2001.

During March 1996, the Company repaid \$752,000 in principal on the first mortgage note payable, discussed in Note 6.

## NOTE 15. LETTER OF INTENT (UNAUDITED)

On April 9, 1996, the Company signed a non-binding letter of intent for the sale of DGR (see Note 4). Subsequently, during May 1996, negotiations with the purchaser under the letter of intent terminated. The Company will continue its efforts to sell DGR.

Because of the Company's intent to dispose of DGR, the Company has reclassified certain assets of DGR to other assets -assets held for sale. Further analysis of the estimated realizable value of the assets held for sale resulted in an additional impairment loss recorded in the three months ended March 31, 1996.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
LAI Associates, Inc.  
Southfield, Michigan

We have audited the accompanying balance sheet of LAI ASSOCIATES, INC. as



of December 31, 1994, and the statements of income, changes in stockholder equity, and cash flows for the year ended December 31, 1994 and the period from April 2, 1993 (date of inception) to December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LAI ASSOCIATES, INC. at December 31, 1994, and the results of its operations and its cash flows for the periods ended December 31, 1994 and 1993, in conformity with generally accepted accounting principles.

PERRIN, FORDREE & COMPANY, P.C.

Troy, Michigan  
February 3, 1995

F-20  
LAI ASSOCIATES, INC.  
BALANCE SHEET

<TABLE>  
<CAPTION>

	DECEMBER 31, 1994	MARCH 31, 1995
		(UNAUDITED)
	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 1) ...	\$ 16,908	\$ 9,122
Other Assets:		
Land (Note 2) .....	500,000	500,000
Royalty agreement (Note 2) .....	105,000	105,000
	-----	-----
Total other assets .....	605,000	605,000
	-----	-----
	\$621,908	\$614,122
	=====	=====
LIABILITIES AND STOCKHOLDER EQUITY		
Current Liabilities: .....		
Accrued expenses .....	\$ 5,412	\$ 4,500
Stockholder equity:		
Common stock--No par value:		
Authorized--60,000 shares		
Issued and outstanding--1,000 shares	1,000	1,000
Paid-in capital .....	620,622	620,622
Retained earnings .....	(5,126)	(12,000)
	-----	-----
	616,496	609,622
	-----	-----
	\$621,908	\$614,122
	=====	=====

</TABLE>

The accompanying notes are an integral part of the financial statements.

F-21  
LAI ASSOCIATES, INC.  
STATEMENTS OF INCOME

<TABLE>  
<CAPTION>

	YEAR ENDED DECEMBER 31, 1994	PERIOD FROM APRIL 2, 1993 (DATE OF INCEPTION) TO DECEMBER 31, 1993	THREE MONTHS ENDED MARCH 31, ----- 1995      1994	
			(UNAUDITED)	
	<C>	<C>	<C>	<C>
Consulting revenue .....	\$294,657	\$298,525	\$ --	\$186,044
Expenses:				

Payroll .....	25,000	--	--	--
Professional fees .....	69,124	17,250	7,500	--
Speech writing .....	20,032	25,426	--	5,333
Travel .....	7,129	5,494	--	--
Payroll taxes .....	5,882	--	--	--
Single business tax ...	5,100	--	--	--
Meals and entertainment	2,313	5,982	--	--
Security .....	2,866	--	--	--
Miscellaneous .....	2,626	5,737	(637)	407
Office .....	1,201	--	84	--
	-----	-----	-----	-----
	241,273	59,889	6,947	5,740
Operating income (loss)...	53,384	238,636	(6,947)	180,304
Interest income .....	8,221	4,633	73	3,229
	-----	-----	-----	-----
Net income (loss) .....	\$ 61,605	\$243,269	\$ (6,874)	\$183,533
	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of the financial statements

F-22  
LAI ASSOCIATES, INC.  
STATEMENT OF STOCKHOLDER'S EQUITY  
FROM APRIL 2, 1993 (DATE OF INCEPTION) TO MARCH 31, 1995

<TABLE>  
<CAPTION>

	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
April 2, 1993 .....	\$1,000	\$ --	\$ --	\$ 1,000
Expenses paid on behalf of Corporaiton by Stockholder .....	--	15,622	--	15,622
Net income--1993 .....	--	--	243,269	243,269
	-----	-----	-----	-----
Balance--December 31, 1993 .....	1,000	15,622	243,269	259,891
Assets contributed by Stockholder .	--	605,000	--	605,000
Dividends paid .....	--	--	(310,000)	(310,000)
Net income--1994 .....	--	--	61,605	61,605
	-----	-----	-----	-----
Balance--December 31, 1994 .....	1,000	620,622	(5,126)	616,496
Net loss for the three months ended March 31, 1995 (unaudited) .....	--	--	(6,874)	(6,874)
	-----	-----	-----	-----
Balance--March 31, 1995 .....	\$1,000	\$620,622	\$ (12,000)	\$ 609,622
	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of the financial statements

F-23  
LAI ASSOCIATES, INC.  
STATEMENTS OF CASH FLOWS

<TABLE>  
<CAPTION>

	YEAR ENDED DECEMBER 31, 1994	PERIOD FROM APRIL 2, 1993 (DATE OF INCEPTION) TO DECEMBER 31, 1993	THREE MONTHS ENDED MARCH 31, ----- 1995      1994 ----- (UNAUDITED)	
	-----	-----	<C>	<C>
<S>	<C>	<C>	<C>	<C>
Cash flows from operating activities:				
Cash received from customers .....	\$ 294,657	\$298,525	\$ --	\$186,044
Cash paid suppliers and employee .....	(235,861)	(59,889)	(8,496)	(5,740)
Interest received .....	8,221	4,633	73	3,229
Other .....	--	--	637	--
	-----	-----	-----	-----
Net cash from operating activities .....	67,017	243,269	(7,786)	183,533
Cash flows from investing activities:				
Repayment (increase) of officer receivable	1,000	(1,000)	--	--
Cash flows from financing activities:				
Repayment (increase) of loans				
from stockholder .....	(304,148)	304,148	--	179,591
Dividends paid .....	(310,000)	--	--	--
Capital contributions by stockholder .....	--	15,622	--	--
Proceeds from sale of stock .....	--	1,000	--	--
Decrease in paid-in capital .....	--	--	--	(4,250)
	-----	-----	-----	-----

Net cash from (to) financing activities	(614,148)	320,770	--	175,341
Net increase (decrease) in cash and cash equivalents	(546,131)	563,039	(7,786)	358,874
Cash and cash equivalents:				
Balance--beginning of period	563,039	--	16,908	563,039
Balance--end of period	\$ 16,908	\$563,039	\$ 9,122	\$921,913
Reconciliation of net income (loss) to net cash from operating activities:				
Net income (loss)	\$ 61,605	\$243,269	\$ (6,874)	\$183,533
Adjustments--increase (decrease) in accrued expenses	5,412	--	(912)	--
Net cash from operating activities	\$ 67,017	\$243,269	\$ (7,786)	\$183,533
Schedule of noncash investing and financing activities:				
Assets contributed by stockholder	Assets \$ 605,000	Equity \$605,000		

</TABLE>

The accompanying notes are an integral part of the financial statements

F-24

LAI ASSOCIATES, INC.  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 1994

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of LAI Associates, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

CORPORATE ENTITY

The Company is a Small Business Corporation formed under Section 1362 of the Internal Revenue Code. This election was made upon incorporation at April 2, 1993. Under this election the Company incurs no federal income tax liabilities, but its stockholder is required to report the Company's taxable income on his individual income tax return.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents include cash in banks, cash bonds, certificates of deposit and repurchase agreements with original maturities of three months or less.

NOTE 2--OTHER ASSETS:

On August 31, 1994, land and a royalty agreement were contributed to the Company by its sole stockholder.

Land is stated at its original cost to the sole stockholder. An independent appraisal valued the land at \$717,500 as of December 31, 1994.

The royalty agreement was valued by an independent appraiser at December 31, 1994. Royalties are to be paid to the sole stockholder and another party based on units sold on the land listed above. The parties will receive \$200 per apartment unit sold and \$500 per residential unit sold.

NOTE 3--LOAN FROM STOCKHOLDER:

The loan is due on demand with no specific repayment terms.

NOTE 4--AGREEMENTS:

On August 18, 1994, the Company entered into a merger agreement with Full House Resorts, Inc., whereby they will merge with a newly formed subsidiary of Full House Resorts, Inc. In exchange, the Company's stockholder will receive 1,250,000 shares of common stock of Full House Reports, Inc.

On September 16, 1994, the Company and certain other parties entered into an agreement with certain Indian tribes (the "Organized Tribes") in the State of Michigan for the purpose of pursuing off-reservation gaming and related non-gaming activities. This agreement gives the Company and certain other parties the exclusive right to pursue such activities on behalf of the Organized Tribes in exchange for a defined percentage of net profits and

certain other consideration from any future gaming activities of the Organized Tribes. Pursuant to the agreement, the Organized Tribes will form an Inter-Tribal Development Company to place a proposed casino site into trust. The Inter-Tribal Development Company will be required to obtain all necessary federal and state approvals before any development activity commences.

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LAI ASSOCIATES, INC.  
 NOTES TO FINANCIAL STATEMENT--(CONTINUED)  
 DECEMBER 31, 1994

NOTE 4--AGREEMENTS:--(CONTINUED)

On January 4, 1995, the Company and certain other parties entered into an agreement with an Indian tribe and the tribe's appointed gaming manager (the "Manager"). This agreement gives the Company and certain other parties the exclusive right to provide financing and casino management expertise to the tribe's Manager in exchange for a defined percentage of net profits and certain other consideration from any future gaming and related activities of the tribe. The tribe has applied to be recognized under federal laws.

The Company has been actively engaged in the process of identifying business opportunities in the gaming industry and those opportunities contracted by it or on its behalf are included among its assets.

NOTE 5--AGREEMENTS (UNAUDITED):

Subsequent to the date of the Independent Auditors' Report (February 3, 1995) the Merger Agreement dated August 18, 1994, as described in Note 4 above, was amended and consummated as of March 23, 1995, subject to the approval of the South Dakota Commission on Gaming.

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors  
 Omega Properties, Inc.  
 Harrison, New York

We have audited the accompanying balance sheet of Omega Properties, Inc. as of December 31, 1994, and the related statements of income, stockholders' equity, and cash flows for the period from inception (August 12, 1994) to December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Omega Properties, Inc. as of December 31, 1994 and the results of its operations and its cash flows for the initial period then ended in conformity with generally accepted accounting principles.

FIECH & RESNICK, CPAs, P.C.

May 10, 1995

F-27  
 OMEGA PROPERTIES, INC.  
 BALANCE SHEETS

<TABLE>  
 <CAPTION>

	DECEMBER 31, 1994	SEPTEMBER 30, 1995
	-----	
	(UNAUDITED)	
<S>	<C>	<C>
ASSETS		
Current Assets		
Cash .....	\$ 20	\$ 47
Fixed and Other Assets		
Organization costs (net of accumulated amortization of \$52 and		

\$157, respectively .....	648	543
Total Assets .....	\$ 668	\$ 590
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities .....		
Accrued expenses .....	\$ 12,536	\$ 850
Accrued New York State Franchise tax .....	518	262
Miscellaneous payable .....	700	0
Due to stockholders .....	0	15,300
Total Liabilities .....	13,754	16,412
Stockholders' Deficit		
Common stock, no par value, 200 shares authorized, 100 shares issued and outstanding .....	100	100
Accumulated deficit .....	(13,186)	(15,922)
Total Stockholders' Deficit .....	(13,086)	(15,822)
Total Liabilities and Stockholders' Deficit .....	\$ 668	\$ 590

</TABLE>

The accompanying notes are an integral part of the financial statements

F-28  
OMEGA PROPERTIES, INC.  
STATEMENTS OF INCOME

<TABLE>  
<CAPTION>

	FOR THE PERIOD FROM INCEPTION (AUGUST 12, 1994) TO DECEMBER 31, 1994	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1995
	(UNAUDITED)	
<S>	<C>	<C>
Income .....	\$ 0	\$ 0
Operating Expenses		
Professional fees .....	12,350	2,249
Miscellaneous .....	255	120
New York State Franchise tax .....	518	262
Amortization .....	52	105
Interest expense .....	11	0
Total Operating Expenses .	13,186	2,736
Net Loss .....	\$ (13,186)	\$ (2,736)

</TABLE>

The accompanying notes are an integral part of the financial statements

F-29  
OMEGA PROPERTIES, INC.  
STATEMENT OF STOCKHOLDERS' EQUITY

<TABLE>  
<CAPTION>

	COMMON STOCK		ACCUMULATED	
	SHARES	AMOUNT	DEFICIT	TOTAL
<S>	<C>	<C>	<C>	<C>
Balance at inception, August 12, 1994	0	\$ 0	\$ 0	\$ 0
Net loss .....			(13,186)	(13,186)
Issuance of common stock .....	100	100		100
Balance at December 31, 1994 .....	100	100	(13,186)	(13,086)
Net Loss .....			(2,736)	(2,736)
Balance at September 30, 1995 .....	100	\$100	\$ (15,922)	\$ (15,822)

</TABLE>

The accompanying notes are an integral part of the financial statements

F-30  
OMEGA PROPERTIES, INC.  
STATEMENTS OF CASH FLOWS

<TABLE>

<CAPTION>

	FOR THE PERIOD FROM INCEPTION (AUGUST 12, 1994) TO DECEMBER 31, 1994	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1995  (UNAUDITED)
<S>	<C>	<C>
Cash Flows from Operating Activities		
Net loss .....	\$ (13,186)	\$ (2,736)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Amortization .....	52	105
Changes in operating assets and liabilities:		
Increase (Decrease) in accrued expenses .....	12,536	(11,686)
Increase (Decrease) in accrued New York State Franchise tax .....	518	(256)
Increase (Decrease) in miscellaneous payable ....	700	(700)
	-----	-----
	13,806	(12,537)
	-----	-----
Net Cash Provided (Used) by Operating Activities .....	620	(15,273)
	-----	-----
Cash Flows From Investing Activities		
Organization costs .....	(700)	0
	-----	-----
Cash Flows from Financing Activities		
Issuance of common stock .....	100	0
Advances from stockholders .....	0	15,300
	-----	-----
Net Cash Provided by Financing Activities .....	100	15,300
	-----	-----
Net Increase in Cash .....	20	27
	-----	-----
Cash--beginning of period .....	0	20
	-----	-----
Cash--End of Period .....	\$ 20	\$ 47
	=====	=====
Supplemental Cash Flow Data		
Cash paid during the year for:		
Income taxes .....	\$ 0	\$ 0
Interest .....	0	11

</TABLE>

The accompanying notes are an integral part of the financial statements

F-31

OMEGA PROPERTIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1994

NOTE 1--ORGANIZATION AND NATURE OF BUSINESS OPERATIONS

This Company was formed and incorporated under the laws of New York State on August 12, 1994. This Company was formed for the purpose of pursuing off-reservation gaming and non-gaming activities with certain Indian tribes.

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company conform to generally accepted accounting principles. The most significant of these policies are:

(a) BASIS OF PRESENTATION

The Company uses the accrual method of accounting for both financial statement purposes and income tax purposes.

Interim Financial Information--The accompanying unaudited financial statements as of September 30, 1995, and for the nine months ended September 30, 1995 have been prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of management, all adjustments (consisting of normal, recurring adjustments) necessary for a fair presentation have been included. Results for the interim periods are not necessarily indicative of the results to be expected for a full year.

(b) CASH AND CASH EQUIVALENTS

For purpose of the statements of cash flows, the Company considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

(c) INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes, which requires recognition of deferred tax assets and liabilities for expected future tax consequences of events reflected in the financial statements and tax returns of the Company.

(d) AMORTIZATION

The Company amortizes its organization costs on a straight line basis over 60 months.

NOTE 3--MERGER AGREEMENT

On August 18, 1994 the Company entered into a merger agreement with Full House Resorts, Inc. (Full House) whereby they will merge with a newly formed subsidiary of Full House. In exchange, the Company's shareholders will receive an aggregate of 500,000 shares of common stock of Full House and a promissory note from Full House in the amount of \$375,000.

The principal amount of this promissory note will accrue interest at a rate equal to one percent above the "prime" rate and such principal amount, together with all accrued interest, will be due and

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OMEGA PROPERTIES, INC.  
NOTES TO FINANCIAL STATEMENTS--(CONTINUED)  
DECEMBER 31, 1994

NOTE 3--MERGER AGREEMENT--(CONTINUED)

payable in full upon demand by the holder of this note, but in no event before August 31, 1996. William P. McComas and John C. Fugazy, the sole shareholders of Omega, have agreed that Mr. McComas will receive the note and Mr. Fugazy the shares in exchange for their interests as shareholders of Omega.

In addition, on September 16, 1994, the Company and other parties entered into an agreement with certain Indian tribes (the "Organized Tribes") in the State of Michigan for the purpose of pursuing off-reservation gaming and related non-gaming activities. This agreement gives the Company and the other parties the exclusive right to pursue such activities on behalf of the Organized Tribes in exchange for a defined percentage of net profits and certain other consideration from any future gaming activities of the Organized Tribes. Pursuant to the agreement, the Organized Tribes will form an Inter-Tribal Development Company to place a proposed casino site into trust. The Inter-Tribal Development Company will be required to obtain all necessary federal and state approvals before any development activity commences.

On January 4, 1995, the Company and another party entered into an agreement with an Indian Tribe and the tribe's appointed gaming manager (the "manager"). This agreement gives the Company and another party the exclusive right to provide financing and casino management expertise to the tribe's Manager in exchange for a defined percentage of net profits and certain other consideration from any future gaming and related activities of the tribe. The tribe has applied to be recognized under federal laws.

NOTE 4--RELATED PARTY TRANSACTIONS

One of the Company's stockholders is also a director and stockholder of Full House Resorts, Inc. (Full House). As discussed in Note 3, this stockholder will receive a promissory note in the amount of \$375,000, plus accrued interest at a rate equal to one-percent above the "prime" rate, upon the merger of the Company with Full House.

This note and accrued interest is due upon demand but in no event be payable before August 31, 1996.

NOTE 5--INCOME TAXES

At December 31, 1994 the Company had a net operating loss carryforward of approximately \$13,000, which will expire in 2009.

Because of future uncertainty, a 100% valuation allowance has been established in accordance with SFAS No. 109.

There are no material differences between book and tax income.

NOTE 6--EVENTS SUBSEQUENT TO DECEMBER 31, 1994 (UNAUDITED)

On June 30, 1995, the merger agreement disclosed in Note 3, was further amended and restated to provide that, rather than Omega Properties, Inc. ("Omega") merging with and into a wholly-owned

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 OMEGA PROPERTIES, INC.  
 NOTES TO FINANCIAL STATEMENTS--(CONTINUED)  
 DECEMBER 31, 1994

NOTE 6--EVENTS SUBSEQUENT TO DECEMBER 31, 1994 (UNAUDITED)--(CONTINUED)

subsidiary of Full House Resorts, Inc., a new subsidiary company of Full House Resorts, Inc. will merge with and into Omega with Omega to survive this merger. This transaction was subject to the approval of the shareholders of Full House Resorts, Inc. On November 20, 1995, the shareholders of Full House Resorts, Inc. approved the acquisition and the transaction was completed on that date.

In addition, the Company and the other parties to the September 16, 1994 agreements relating to off-reservation gaming activities in the State of Michigan, as disclosed in Note 3, have deferred development of this project based on the June 28, 1995 announcement from the Governor of the State of Michigan prohibiting off-reservation gaming in the State of Michigan.

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INDEPENDENT AUDITORS' REPORT

To the Management Committee and Members  
 of Gaming Entertainment L.L.C.:

We have audited the accompanying balance sheet of Gaming Entertainment L.L.C. (a Joint Venture) (the "Company") as of December 31, 1995, and the related statements of income, members' capital and cash flows for the period from April 1, 1995 (inception) to December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 1995, and the results of its operations and its cash flows for the period then ended in conformity with generally accepted accounting principles.

March 13, 1996

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 GAMING ENTERTAINMENT L.L.C. (A JOINT VENTURE)  
 BALANCE SHEET  
 DECEMBER 31, 1995

<TABLE>  
 <CAPTION>  
 ASSETS

<b>&lt;S&gt;</b>	
CURRENT ASSETS -	
Current portion of note receivable ....	\$ 1,114,293
Receivable from members .....	552,557
GAMING DEVELOPMENT COSTS -net .....	292,361
NOTE RECEIVABLE -net of current portion	9,054,786
	-----
TOTAL .....	\$11,013,997
	=====

LIABILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES -

Payable to members .....	\$10,289,178
--------------------------	--------------

COMMITMENTS AND CONTINGENCIES (Note 1)



MEMBERS' CAPITAL .....	724,819
	-----
TOTAL .....	\$11,013,997
	=====

</TABLE>

See notes to financial statements.

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GAMING ENTERTAINMENT L.L.C. (A JOINT VENTURE)  
STATEMENT OF INCOME  
FOR THE PERIOD FROM APRIL 1, 1995 (INCEPTION) THROUGH DECEMBER 31, 1995

<TABLE>	
<CAPTION>	
OPERATING REVENUES -	
<S>	<C>
Participation fees .....	\$527,557
	-----
OPERATING COSTS AND EXPENSES:	
General and administrative .....	120,099
Amortization .....	12,282
	-----
Total operating costs and expenses	132,381
	-----
NET INCOME .....	\$395,176
	=====

</TABLE>

See notes to financial statements.

F-37  
GAMING ENTERTAINMENT L.L.C. (A JOINT VENTURE)  
STATEMENT OF MEMBERS' CAPITAL  
FOR THE PERIOD FROM APRIL 1, 1995 (INCEPTION) THROUGH DECEMBER 31, 1995

<TABLE>					
<CAPTION>					
	FHS	FHSJV	GGS1	GGS2	TOTAL
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Capital contributions by members	\$ 82,410	\$ 82,411	\$ 82,411	\$ 82,411	\$329,643
Net income .....	98,794	98,794	98,794	98,794	395,176
	-----	-----	-----	-----	-----
Balance at December 31, 1995 ...	\$181,204	\$181,205	\$181,205	\$181,205	\$724,819
	=====	=====	=====	=====	=====

</TABLE>

See notes to financial statements.

F-38  
GAMING ENTERTAINMENT L.L.C. (A JOINT VENTURE)  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM APRIL 1, 1995 (INCEPTION) THROUGH DECEMBER 31, 1995

<TABLE>	
<CAPTION>	
CASH FLOWS FROM OPERATING ACTIVITIES:	
<S>	<C>
Net income .....	\$ 395,176
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization .....	12,282

Changes in assets and liabilities:	
Increase in receivable from members .....	(527,557)
Increase in payable to members .....	120,099
	-----
Net cash provided by operating activities .....	\$ --
	=====

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING  
AND FINANCING ACTIVITIES

Transfer of note receivable from member .....	\$ 10,169,079
	=====
Payable to member for note receivable transferred .....	\$ (10,169,079)
	=====
Capital contribution due from members .....	\$ 25,000
	=====
Capital contribution of gaming development costs .....	\$ 304,643
	=====

</TABLE>

See notes to financial statements.

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F-

GAMING ENTERTAINMENT L.L.C. (A JOINT VENTURE)  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION

Full House Resorts, Inc. ("FHRI") and GTECH Corporation ("GTECH") entered into a series of agreements to jointly pursue certain existing and future gaming opportunities. Although the agreements were dated December 29, 1995, the parties agreed to share equally in the equity investment, financing responsibility, and in revenues and expenses of certain projects commencing April 1, 1995. Pursuant to the agreements, four joint venture corporations equally owned by subsidiaries of FHRI and GTECH have been formed.

Gaming Entertainment L.L.C. (the "Company"), one of these joint ventures, was incorporated as a Delaware limited liability company to conduct gaming activities with the Coquille Indian Tribe in North Bend, Oregon (the "Tribe").

The members of the Company, each having a 25% interest are as follows:

Full House Subsidiary, Inc. (a wholly-owned subsidiary of FHRI) ("FHS")

Full House Joint Venture Subsidiary, Inc. (a wholly-owned subsidiary of FHRI) ("FHSJV")

GTECH Gaming Subsidiary 1 Corporation (a wholly-owned subsidiary of GTECH) ("GCSI")

GTECH Gaming Subsidiary 2 Corporation (a wholly-owned subsidiary of GTECH) ("GGS2")

During 1994, FHRI entered into a series of agreements with the Tribe to develop a gaming and entertainment facility in North Bend, Oregon. The Company agreed to provide up to \$10.4 million in financing in exchange for a participation fee equal to a percentage of "Gross Profit" as defined, and certain other payments. During 1995, the facility began operations. The financing obligation and the gaming agreement (which had no recorded book value) were transferred from FHRI to the Company. The Company has recorded the gaming agreement at zero, the predecessor cost basis to FHRI. FHRI had funds outstanding of \$10,169,079 toward its funding obligation, which amount was to be reimbursed to FHRI by the Company.

GTECH has agreed to contribute cash and other intangible assets and has agreed to loan the Company up to \$10.4 million to complete the North Bend, Oregon facilities and make loans to the Company for its portion of the financing of the project. GTECH will also provide project management, technology and other expertise to analyze and develop/manage the implementation of opportunities developed by the Company.

FHRI has agreed to guarantee 50% of the up to \$10.4 million which GTECH has agreed to loan the Company.

Effective December 29, 1995, FHRI and GTECH determined the amounts payable to or receivable from the members resulting from contributions to capital, expenses paid or revenues received by the members on behalf of the Company. A portion of the amounts receivable from members was collected and a portion of the amounts payable to members was paid in January 1996.

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The members contributed to capital the following (each recorded at the predecessor cost to the members):

<TABLE>	
<CAPTION>	
Gaming development costs .....	\$304,643
<S>	<C>
Capital contribution receivable from members (collected in January 1996) .....	25,000
	-----
Total capital contributions .....	\$329,643
	=====

</TABLE>

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company conform to generally accepted accounting principles. The following is a summary of the more significant of such policies.

ALLOCATION OF PROFITS, LOSSES, AND DISTRIBUTIONS -Profits, losses, and distributions are allocated among the members based upon their proportionate interests in the Company.

GAMING DEVELOPMENT COSTS -Costs associated with gaming development activities for which the Company has signed agreements are capitalized until the project begins operations and amortized over the term of the respective agreements. If a project is unsuccessful, and its value is determined to be impaired, the related deferred costs are charged to expense at the time of impairment. The Company reviews each project in process and the costs capitalized on a quarterly basis for accounting purposes to determine whether any impairment of the assets had occurred. Amortization expense related to gaming development costs was \$12,282 during 1995.

INCOME TAXES -The Company is not directly subject to income taxes. Taxable income or loss from the Company's operations is recognized in the tax returns of the members. Accordingly, income taxes have not been provided for in the accompanying financial statements.

PARTICIPATION FEES -Represent the revenues from the North Bend, Oregon project based upon a percentage of defined gross profit.

USE OF ESTIMATES -The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

NOTE 3. NOTE RECEIVABLE

Note receivable consists of advances made by FHRI to the Coquille Indian Tribe to develop a gaming and entertainment facility in North Bend, Oregon. The note, which was transferred to the Company on December 29, 1996, bears interest at prime plus 2% (10.25% at December 31, 1995) not to exceed 11%, is receivable in monthly installments of principal and interest of \$176,709, and the final payment is due August 2002.

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Scheduled repayments of the note receivable are as follows:

<TABLE>	
<CAPTION>	
YEAR ENDING DECEMBER 31	
-----	
<S>	<C>
1996 .....	\$ 1,114,293
1997 .....	1,205,820
1998 .....	1,338,705
1999 .....	1,486,234
2000 .....	1,648,477
Thereafter .....	3,375,550
	-----
Total .....	\$10,169,079

</TABLE>

NOTE 4. SUBSEQUENT EVENT

During January 1996, the Company received proceeds from the issuance of a note payable to a member in the amount of \$9,683,724 and repaid a portion of the payable to members. The note is secured by the note receivable from the Coquille Indian Tribe, and bears interest at prime plus 2% (not to exceed 11%). The note payable will be extinguished as repayments are received from the Coquille Indian Tribe on the note receivable (see Note 3).

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NO DEALER, SALESMAN OR ANY OTHER PERSONS HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE HEREBY. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO BUY OR A SOLICITATION OF AN OFFER TO SELL ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES OR AN OFFER TO ANY PERSON IN ANY JURISDICTION WHERE SUCH AN OFFER WOULD BE UNLAWFUL. NEITHER DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

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DILUTION .....	
USE OF PROCEEDS .....	
PRICE RANGE OF SECURITIES .....	
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FULL HOUSE RESORTS, INC.  
925,988 SHARES  
COMMON STOCK  
ISSUABLE UPON EXERCISE  
OF  
778,534 OUTSTANDING REDEEMABLE  
COMMON STOCK PURCHASE WARRANTS

PROSPECTUS

, 1996

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PART II  
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Delaware General Corporation Law provides that to the extent a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding or in defense of any

claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. In other circumstances, a director, officer, employee or agent of a corporation may be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in and not opposed to the best interests of the corporation, and, with respect to a criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; however, in an action or suit by or in the right of the corporation to procure a judgment in its favor, such person shall not be indemnified if he has been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper. A determination that indemnification of a director, officer, employee or agent is proper shall be made by a disinterested majority of the Corporation's Board of Directors, by independent legal counsel, or by the stockholders of the corporation. The Delaware General Corporation Law also allows corporations to adopt provisions in the Certificate of Incorporation eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director under certain circumstances. Such a provision is contained in Article Tenth of the Company's Certificate of Incorporation.

Article Tenth of the Company's Certificate of Incorporation provides as follows: "No director shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law (i) for breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law; or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment."

Article V of the Company's Bylaws provides as follows: "At the discretion of the Board, the Corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually incurred by him in connection with such action, suit or proceeding, but only to the extent permitted under the laws of Delaware. Except as otherwise provided by the laws of Delaware (and then only to the extent so provided) the Corporation shall not be required to indemnify any person."

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ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table itemizes the estimated expenses to be incurred by the Company in connection with the issuance and distribution of the securities being registered hereby, other than underwriting discounts and commissions.

<TABLE>  
 <CAPTION>  

LEGAL FEES AND EXPENSES	.....	\$30,000
<S>	<C>	
Accounting Fees and Expenses		15,000
Miscellaneous .....		5,000
		-----
Total .....		\$50,000
		=====

 </TABLE>

ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES.

In connection with a General Release and Covenant Not to Sue, dated June 7, 1993, the Company issued 100,000 shares of its restricted Common Stock to Park Inns International, Inc. ("Park Inns"), in consideration of the mutual termination of a Management and Operating Agreement between the Company and Trimark Hotel Corporation and a Franchise Agreement between the Company and Park Inns, and the mutual release of any and all claims, liabilities and damages in connection with or arising out of such agreements.

On August 24, 1993, the Company issued 225,000 shares of Common Stock to Eugene V. Gatti as additional compensation for providing the major portion of

the permanent mortgage financing.

On March 24, 1994, the Company sold 1,000,000 shares of Common Stock to Allen E. Paulson for \$800,000. The Company also issued 500,000 shares of Common Stock to Mr. Paulson in exchange for his agreement to individually provide or cause a financial institution to provide a commercial line of credit to the Company in the minimum amount of \$8 million.

On June 8, 1994, the Company issued 50,000 shares of Common Stock to Mary V. Brennan as part of her compensation under a Consulting Agreement with the Company.

On March 23, 1995, the Company consummated a merger between LAI Associates, Inc. and a wholly-owned subsidiary of the Company pursuant to which 1,250,000 (of which 193,529 were subsequently returned to the Company) shares of Common Stock were issued to Lee Iacocca, the sole shareholder of LAI Associates, Inc.

On November 20, 1995, the Company consummated a merger between Omega Properties, Inc. and a wholly-owned subsidiary of the Company, pursuant to which 500,000 shares of Common Stock were issued to John Fugazy.

No Underwriters were involved in connection with the issuance of shares of the Company's Common Stock in the transactions set forth above.

The shares of the Company's common stock and Series 1992-1 Preferred Stock, which were issued pursuant to the transactions set forth above, were issued in reliance upon the exemption provided by Section 4(2) of the Securities Act of 1933, as amended. Each of the persons to whom such securities were issued made informed investment decisions based upon negotiation and access to material information regarding the Company. The Company believes that such persons had knowledge and experience in financial and business matters such that they were capable of evaluating the merits and risks of the acquisition of the Company's Common and Preferred Stock in connection with these transactions. All certificates representing such common and preferred shares bear an appropriate legend restricting the transfer of such securities, except in accordance with the Securities Act of 1933, as amended, and stop transfer instructions have been provided to the Company's transfer agent in accordance therewith.

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ITEM 27. EXHIBITS.

<TABLE>	
<CAPTION>	
EXHIBIT	
NUMBER	DESCRIPTION OF EXHIBIT
-----	
<S>	<C>
1.1	Revised form of Underwriting Agreement**
1.2	Revised form of Agreement Among Underwriters**
1.3	Revised form of Selected Dealers Agreement**
2.1	Letter of Intent (incorporated by reference to Exhibit 2.1 to the Company's Amended Registration Statement on Form 10)
2.2	Stock Acquisition Agreement Among Full House Resorts, Inc., Deadwood Gulch Resort and Gaming Corp. and the Stockholders thereof, dated November 6, 1992 (incorporated by reference to Exhibit 2.2 to the Company's Amended Registration Statement on Form 10)
2.3	Agreement Among Joint Venturers of Deadwood Hotel Joint Venture, dated June 30, 1992 (incorporated by reference to Exhibit 2.3 to the Company's Amended Registration Statement on Form 10)
2.4	Agreement for Transfer of Property to Corporation Pursuant to Section 351 of the Internal Revenue Code, dated June 30, 1992 (incorporated by reference to Exhibit 2.4 to the Company's Amended Registration Statement on Form 10)
3.1	Certificate of Incorporation of Full House Resorts, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Amended Registration Statement on Form 10)
3.2	Bylaws of Full House Resorts, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Amended Registration Statement on Form 10)
4.1	Certificate of Designation of Series 1992-1 Preferred Stock of Full House Resorts, Inc., dated November 6, 1992 (incorporated by reference to Exhibit 4.1 to the Company's Amended Registration Statement on Form 10)
4.2	Form of Underwriter's Warrant (incorporated by reference to Exhibit (4) (c) to the Registration Statement on Form S-18 (No. 33-15292-NY) of Full House Resorts, Inc. (incorporated by reference to Exhibit 4.2 to the Company's Amended Registration Statement on Form 10)
4.3	Revised form of Representative's Warrant to be issued to Stuart, Coleman & Co., Inc. by the Company**
4.4	Revised form of Warrant Agency Agreement**
4.5	Revised form of Warrant to be issued in Unit Offering**
5.1	Opinion of Krys Boyle Golz Reich Freedman Bean & Scott, P.C. regarding legality**
5.2	Opinion of Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A. regarding legality of shares to be issued upon exercise of Warrants**
10.1	1992 Non-Employee Director Stock Plan of Full House Resorts, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Amended Registration Statement on Form 10)
10.2	1992 Incentive Plan of Full House Resorts, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Amended Registration Statement on Form 10)
10.3	Mortgage-180 Day Redemption, dated August 30, 1991, Between Deadwood Hotel Joint Venture and Eugene V. Gatti (incorporated by reference to Exhibit 10.3 to the Company's Amended Registration Statement on Form 10)

10.4 Mortgage-180 Day Redemption, dated January 27, 1992, Among Deadwood Hotel Joint Venture, Eugene V. Gatti, William P. McComas, Hotel Properties, Inc. and Kober Corporation (incorporated by reference to Exhibit 10.4 to the Company's Amended Registration Statement on Form 10)

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EXHIBIT  
NUMBER

DESCRIPTION OF EXHIBIT

-----

10.5 Debt Reduction Agreement, dated July 27, 1991, among Westdak Limited Partnership, Gatti & McComas, Inc., Eugene V. Gatti, William P. McComas, James E. Hosch, William J. Durst, and James E. Hosch as Trustee of the Interest of William J. Durst in Westdak Limited Partnership (incorporated by reference to Exhibit 10.5 to the Company's Amended Registration Statement on Form 10)

10.6 Deadwood Hotel Joint Venture Standard Route Operation Agreement, dated June 30, 1992, between Deadwood Hotel Joint Venture and Lucky 8 Gaming Hall (incorporated by reference to Exhibit 10.6 to the Company's Amended Registration Statement on Form 10)

10.7 Management and Operating Agreement between Trimark Hotel Corporation and Deadwood Hotel Joint Venture, dated February 23, 1990 (incorporated by reference to Exhibit 10.7 to the Company's Amended Registration Statement on Form 10)

10.8 Franchise Agreement Between Park Inns International, Inc. and Deadwood Hotel Joint Venture, dated February 28, 1990 (incorporated by reference to Exhibit 10.8 to the Company's Amended Registration Statement on Form 10)

10.9 Dealer Gasoline and Franchise Agreement, dated June 8, 1992, between M.G. Oil Company and Deadwood Gulch Resort (incorporated by reference to Exhibit 10.9 to the Company's Amended Registration Statement on Form 10)

10.10 Common Stock Purchase Warrant of Full House Resorts, Inc. issued to Generation Capital Associates, dated November 20, 1992 (incorporated by reference to Exhibit 10.10 to the Company's Amended Registration Statement on Form 10)

10.11 Promissory Note of Full House Resorts, Inc. in the amount of \$90,000, dated November 10, 1992, payable to Bearer (incorporated by reference to Exhibit 10.11 to the Company's Amended Registration Statement on Form 10)

10.12 Employment Agreement between Full House Resorts, Inc. and David K. Cantley, dated December 1, 1992 (incorporated by reference to Exhibit 10.12 to the Company's Amended Registration Statement on Form 10)

10.13 Letter of Intent between Full House Resorts, Inc. and Stuart, Coleman & Co., Inc., dated February 23, 1993 (incorporated by reference to Exhibit 10.13 to the Company's Amended Registration Statement on Form 10)

10.14 Agreement to Provide and Accept Commitment to Restructure First and Second Mortgage Loans Among Full House Resorts, Inc., Deadwood Gulch Resort and Gaming Corp., Eugene V. Gatti, William P. McComas, H. Joe Frazier and Rober Corporation, dated March 15, 1993 (incorporated by reference to Exhibit 10.14 to the Company's Amended Registration Statement on Form 10)

10.15 \$1,000,000 Term Life Insurance Policy, dated March 19, 1993, on the life of David K. Cantley, issued by Federal Kemper Life Assurance Company (incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1992)

10.16 Agreement dated February 11, 1994 and Amendment to Agreement dated March 13, 1994 among the Company, H. Joe Frazier, William P. McComas and Allen E. Paulson (incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1993)

10.17 Debt Reduction Agreement, dated April 16, 1993, among the Company, Deadwood Gulch Resort and Gaming Corp., Eugene V. Gatti, William P. McComas and H. Joe Frazier\*\*

10.18 Letter Agreement, dated May 17, 1993, between the Company and H. Joe Frazier, extending mortgage commitment expiration date to July 7, 1993\*\*

10.19 Letter Agreement, dated May 17, 1993, between the Company and Eugene V. Gatti, extending mortgage commitment expiration date to July 7, 1993\*\*

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EXHIBIT  
NUMBER

DESCRIPTION OF EXHIBIT

-----

10.20 General Release and Covenant Not to Sue, dated June 7, 1993, among the Company, Deadwood Gulch Resort and Gaming Corp., Trimark Hotel Corporation and Park Inns International, Inc.\*\*

10.21 Letter Agreement, dated July 23, 1993, between the Company and H. Joe Frazier, extending mortgage commitment expiration date to August 7, 1993\*\*

10.22 Letter Agreement, dated July 2, 1993, between the Company and Eugene V. Gatti, extending mortgage commitment expiration date to August 7, 1993\*\*

10.23 Lock-Up Agreement, dated June 16, 1993, among the Company, David K. Cantley, Thomas M. Blair, James E. Hosch, H. Joe Frazier, Eugene V. Gatti, Kober Corporation, William P. McComas, Richard M. Gawlik, George M. Bashara and the Director of the South Dakota Division of Securities\*\*

10.24 Stock Purchase Agreement, dated July 20, 1993, among Kober Corporation, H. Joe Frazier, William P. McComas, James E. Hosch and Peter N. Bowinski\*\*

10.25 Master Lease between Coquille Economic Development Corporation ("CEDCO") and the Company\*\*

10.26 Participating lease between CEDCO and the Company\*\*

10.27 Loan Agreement between CEDCO and the Company\*\*

10.28 Promissory Note from The Coquille Indian Tribe and CEDCO to the Company\*\*

10.29 Security Agreement between The Coquille Indian Tribe, CEDCO and the Company\*\*

10.30 Absolute Assignment of Rents and Leases from The Coquille Indian Tribe to the Company\*\*

10.31 Escrow Agreement by and among the Company, CEDCO, The Coquille Indian Tribe, Sun Plywood, Inc. and Ticor Title Insurance Company of California\*\*

10.32 Purchase Agreement between the Company and William P. McComas dated August 18, 1994 (incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1994)

10.33 Agreement among the Company, Hannahville Indian Community, Lac

Vieux Desert Band of Lake Superior Chippewa Indians, Grand Traverse Band of Ottawa and Chippewa Indians and Keweenaw and Bay Indian Community dated September 10, 1994 (incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1994)

- 10.34 Agreement between Green Acres Casino Management Company, Inc. and the Company dated January 4, 1995 (incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1994)
- 10.35 Agreement for Commercial Development between the Nottawaseppi Huron Band of Potawatomi, Green Acres Casino Management Company, Inc. and the Company dated January 11, 1995 (incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1994)
- 10.36 Addendum to Class II and III Management Agreements among the Nottawaseppi Huron Band of Potawatomi, Green Acres Casino Management Company, Inc. and the Company dated January 12, 1995 (incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1994)
- 10.37 Gaming and Development Agreement between the Company and the Torres Martinez Desert, Cahuilla, Indiana dated March 21, 1993 (incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1995)

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EXHIBIT  
NUMBER

DESCRIPTION OF EXHIBIT

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- 10.38 Gaming Management Agreement between the Company and the Torres Martinez Desert, Cahuilla, Indiana dated April 23, 1993 (incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1995)
  - 10.39 Agreement between the Company and GTECH Corporation dated May 20, 1995\*\*
  - 10.40 Promissory Note dated November 20, 1995 in the original principal amount of \$375,000 from the Company to William P. McComas (incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995)
  - 10.41 Master Agreement dated as of December 29, 1995 by and between GTECH Corporation and the Company (incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995)
  - 10.42 Option Agreement dated as of December 29, 1995 by and among GTECH Corporation, the Company, Lee Iacocca, William P. McComas and Allen E. Paulson (incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995)
  - 10.43 Convertible Note dated July 26, 1996 in the original principal amount of \$3,000,000 payable by the Company to GTECH Corporation (incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995)
  - 10.44 Guaranty Agreement dated as of December 29, 1995 from the Company to GTECH Corporation pursuant to which the Company guarantees 50% of the obligations of Gaming Entertainment, L.L.C. to GTECH under a Promissory Note of even date therewith in the amount of \$10,400,000 (incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995)
  - 10.45 Guaranty Agreement dated as of December 29, 1995 from the Company to GTECH Corporation pursuant to which the Company guarantees 50% of the obligations of Gaming Entertainment (Delaware), L.L.C. to GTECH in an amount not to exceed \$6,000,000 (incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995)
  - 10.46 Loan Agreement dated as of May 31, 1995 between Deadwood Gulch Resort and Gaming Corp. and Miller & Schroeder Investment Corporation; Guaranty dated as of May 31, 1995 by Allen E. Paulson, H. Joe Frazier and William P. McComas; Subordination Agreement dated as of May 31, 1995 among Miller & Schroeder Investment Corporation, Deadwood Gulch Resort and Gaming Corp. and the Corporation; Waiver of Breach of Covenants and Amendment Number 1 to Loan Agreement dated March 28, 1996; and Guaranty dated March 28, 1996 by the Company. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995)
  - 21 List of Subsidiaries of Full House Resorts, Inc. (incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995)
  - 21.1 List of Subsidiaries of Full House Resorts, Inc. (incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1994)
  - 23.1 Consent of Deloitte & Touche LLP, Certified Public Accountants\*
  - 23.2 Consent of Krys Boyle Golz Reich Freedman Bean & Scott, P.C. (contained in Exhibit 5.1)\*\*
  - 23.3 Consent of Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A. (contained in Exhibit 5.2)\*\*
  - 23.4 Consent of Perrin, Fordree & Company, P.C.\*
  - 23.5 Consent of Fiech & Resnick, CPA's, P.C.\*

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EXHIBIT  
NUMBER

DESCRIPTION OF EXHIBIT



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24.1 Power of Attorney (contained in the Signature section of this Registration Statement as originally  
filed on April 26, 1993)

</TABLE>

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\* Filed herewith.

\*\* Previously filed as part of this Registration Statement.

ITEM 28. UNDERTAKINGS.

The undersigned Company hereby undertakes:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to the registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Company hereby undertakes:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of a registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Company pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of the registration statement as of the time it was declared effective; and

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and has duly caused this Post-Effective Amendment No. 4 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Deadwood and State of South Dakota on the 1st day of July, 1996.

FULL HOUSE RESORTS, INC.  
By: /s/ ROBERT L. KELLEY  
Robert L. Kelley  
President

In accordance with the requirements of the Securities Act of 1933, this

Post-Effective Amendment No. 4 to the Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

<TABLE>  
<CAPTION>

SIGNATURES	TITLE	DATE
<S>	<C>	<C>
/s/ ALLEN E. PAULSON Allen E. Paulson	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	July 1, 1996
/s/ WILLIAM R. JACKSON William R. Jackson	Executive Vice President-- Corporate Finance (Principal Financial and Accounting Officer)	July 1, 1996
/s/ WILLIAM P. McCOMAS William P. McComas	Director	July 1, 1996
Ronald K. Richey	Director	, 1996

</TABLE>

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Post-Effective Amendment No. 4 to Registration Statement No. 33-61580 of Full House Resorts, Inc. on Form SB-2 of our reports dated March 13, 1996 relating to the financial statements of Full House Resorts, Inc. and Gaming Entertainment L.L.C. appearing in the Prospectus, which is part of this Registration Statement, and to the reference to us under the heading "Experts" in such Prospectus.

DELOITTE & TOUCHE LLP

Reno, Nevada  
July 3, 1996

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

We consent to the use in this Post-Effective Amendment No. 4 to Registration Statement on Form SB-2 of Full House Resorts, Inc. of our report dated February 3, 1995 on the financial statements of LAI Associates, Inc. as of December 31, 1994 and for the periods then ended, appearing in the above-referenced statements and to the reference to our Firm under the caption "Experts" in the Prospectus.

PERRIN, FORDREE & COMPANY, P.C.

Troy, Michigan  
June 28, 1996

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to the use in this Post-Effective Amendment No. 4 to Registration Statement on Form SB-2 of Full House Resorts, Inc. of our report dated May 10, 1995 on the financial statements of Omega Properties, Inc. as of December 31, 1994 and for the period then ended, appearing in the Registration Statement and to the reference to our Firm under the caption "Experts" in the Prospectus.

FIECH & RESNICK, CPAs, P.C.

White Plains, New York  
June 28, 1996