IVANHOE MINES LTD
Form 6-K
March 14, 2011

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
From: 14 March 2011
IVANHOE MINES LTD.
(Translation of Registrant s Name into English)
Suite 654 999 CANADA PLACE, VANCOUVER, BRITISH COLUMBIA V6C 3E1
(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)
Form 20-F- o Form 40-F- þ
(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)
Yes: o No: þ
(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-__________.)
Enclosed:
News Release

March 14, 2011

New copper-molybdenum-gold zone discovered
on Ivanhoe Mines-BHP Billiton joint venture licence
approximately 10 kilometres north of Oyu Tolgoi
Discovery extends the known strike length of the Oyu Tolgoi
mineralized system to 23 kilometres
Pre-mining agreement concluded with Government of Mongolia

ULAANBAATAR, MONGOLIA Robert Friedland, Executive Chairman and Chief Executive Officer of Ivanhoe Mines Ltd., and Richard Gosse, Vice-President, Exploration**,** announced today that Ivanhoe and BHP Billiton Ltd. have discovered a new zone of shallow copper-molybdenum-gold mineralization approximately 10 kilometres north of the Ivanhoe Mines Oyu Tolgoi copper-gold mining complex currently under construction in southern Mongolia. The discovery, known as Ulaan Khud North, extends the known strike length of the Oyu Tolgoi mineralized system by an additional three kilometres to the north, to more than 23 kilometres.

Less than half of the 23-kilometre-long mineralized trend at Oyu Tolgoi has been extensively drill-tested to date. An ongoing exploration program including proprietary, induced-polarization (IP) technology has identified additional exploration and development targets.

The Ulaan Khud North discovery reinforces our longstanding belief that with continued exploration there is excellent potential to discover new porphyry deposits, rich in copper and gold, which are associated with the world-class Oyu Tolgoi mineralized trend, said Mr. Friedland.

Ulaan Khud North is located on a 19,625-hectare exploration licence that is part of Ivanhoe s joint-venture partnership with BHP Billiton, which was formed in 2005. BHP Billiton has earned a 50% interest in the joint venture, which includes the Ulaan Khud North property, by spending US$8 million in exploration costs and conducting an airborne survey using the proprietary Falcon™ gravity gradiometer system over the Oyu Tolgoi area.

A total of 25 drill holes (UKD031 to 055) totalling 6,561 metres, ranging in depth from 182 metres to 377 metres, defined the new zone of shallow porphyry copper mineralization over an area of 600 metres by 300 metres. Most of the holes are vertical and were drilled on a 100-metre-square grid. The mineralized zone starts beneath 60 to 80 metres of Cretaceous clay and gravels, indicative of a near-surface deposit with open-pit mining potential. Ivanhoe s geologists believe that the near-surface copper mineralization discovered to date at Ulaan Khud North may be part of a much larger deposit.

Mineralization occurs in quartz monzodiorite, similar to mineralized quartz monzodiorites at Oyu Tolgoi. A total of 23 of the 25 drill holes drilled at Ulaan Khud North intersected the mineralized quartz monzodiorite. The mineralization is porphyry-style stockwork, disseminations and massive veins of chalcopyrite, with molybdenite disseminations and veinlets and trace bornite. Many holes encountered mineralization with greater than 1% copper in multiple individual one-metre samples, while almost all holes have longer intervals of mineralization grading greater than 0.3% copper. Numerous post-mineral intrusive rocks cut the mineralized quartz monzodiorite and define the boundaries of most mineralized intervals. (Photos of mineralization found at Ulaan Khud North are attached.)

The presence of intensively mineralized and altered quartz monzodiorite and basalt xenoliths within the moderately mineralized quartz monzodiorite supports the idea that an earlier phase of stronger mineralization exists at depth and along margins of the area, said Mr. Gosse.

Highlights include:

Hole No.	From (m)	To (m)	Len. (m)	Cu (%)	Au (g/t)	Mo (%)	eCu%
UKD031	155.00	174.00	19.00	0.941	0.098	0.029	1.158
UKD032	171.10	181.00	9.90	1.410	0.248	0.042	1.793
UKD034	91.00	97.00	6.00	1.094	0.165	0.037	1.396
UKD039	187.75	191.05	3.30	1.357	0.140	0.081	1.878
UKD045	208.10	217.70	9.60	2.429	0.121	0.149	3.300
UKD045	289.00	293.00	4.00	1.156	0.063	0.049	1.457
UKD046	174.35	182.00	7.65	2.242	0.203	0.081	2.803

The equivalent grade was calculated using assumed metal prices of US$1.35/lb for copper, US$650/oz for gold and US$10/lb for molybdenum. For convenience, the formula is: CuEq% = Cu% + ((Au g/t*18.98)+(Mo %*158.6))/29.76.

A full list of intercepts using a 0.2% copper cut-off is shown in Table 1. The true widths of mineralization and post-mineral dykes have yet to be established.

The mineralization at Ulaan Khud North starts as shallow as 60 metres below surface, much higher than the mineralized zone at Hugo Dummett to the south. The fact that Ulaan Khud North occurs in similar Devonian host rocks to Hugo Dummett suggests that the main Oyu Tolgoi porphyry system trend is relatively shallow in this area and that potential for surface-mineable targets still exist within the Oyu Tolgoi trend and Ulaan Khud North in particular.

The Ulaan Khud North property adjoins the Shivee Tolgoi Entrée Gold Ivanhoe Mines joint-venture property and is about three kilometres north of mineralization found at Ulaan Khud on that licence.

Three-Year Pre-Mining Agreement Received

The Pre-Mining Agreement for the Ulaan Khud North property specifies that Ivanhoe and BHP Billiton have three years to conduct additional exploration, complete an environmental impact study, prepare a final feasibility study and gain approval for the design for the project. The agreement also specifies that a Technical and Economical Study to mine the deposit is required to be delivered to the Mineral Resources Authority of Mongolia (MRAM) by June 30, 2013.

The Pre-Mining Agreement provides a three-year window to aggressively explore the project and to prepare resource, technical and economic studies. It also paves the way for the Ulaan Khud North Project to obtain all necessary mining permits and approvals, said Mr. Gosse.

Quality Assurance and Quality Control

Stephen Torr, P.Geo., Ivanhoe Mines Mineral Resource Manager and a qualified person as required by NI 43-101, supervised the preparation of the information in this news release. The sampling program used at the Ulaan Khud North project comprised collection of core samples taken on one-metre intervals in mineralized zones and two-metre intervals in non-mineralized post-mineral dykes, excluding dykes that extend more than five metres along the core length. Samples of one-half of HQ core were taken for assaying. The core was marked with a continuous cutting line along the middle, parallel to the long axis, to prevent a sampling bias during splitting. Splitting was done with a rock saw flushed continually with water. Samples were placed in cloth bags, sealed with numbered security tags, quality control samples were inserted for monitoring of the assay data and all samples were sent to SGS Mongolia LLC for preparation and assaying. Each batch of 20 samples contained one Standard Reference material, certified for copper-gold, one Field Blank, one Core Duplicate and one Pulp or Crush Duplicate. All samples were assayed for gold, copper, molybdenum, arsenic, silver, lead and zinc.

Upon receipt of assay results, values for Standard Reference Material samples and Field Blanks were tabulated and compared to those from an established Round Robin program. Assay results that deviated from the Round Robin program results beyond pre-set tolerance limits were rejected and subject to re-assay. Check assays were conducted on a regular basis at the rate of one per batch of 20 samples.

About Ivanhoe Mines

Ivanhoe Mines (IVN: NYSE, NASDAQ & TSX) is an international mining company with operations focused in the Asia Pacific region. Assets include the company s 66% interest in the Oyu Tolgoi copper-gold mine development project in southern Mongolia; its 57% interest in Mongolian coal miner SouthGobi Resources (SGQ: TSX; 1878: HK); a 62% interest in Ivanhoe Australia (IVA: ASX & TSX), a copper-gold-uranium-molybdenum-rhenium exploration and development company; and a 50% interest in Altynalmas Gold Ltd., a private company developing the Kyzyl Gold Project in Kazakhstan.

<u>Information contacts</u>

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<u>Forward-looking statements</u>

This news release contains forward-looking statements. Forward-looking statements are statements that relate to future events such as Ivanhoe s intent to continue drilling at the Oyu Tolgoi Project. In some cases, you can identify forward-looking statements by terminology such as may , should , expects , plans , anticipates , believes , estim predicts , potential or continue or the negative of these terms or other comparable terminology. Forward- looking statements within this release include, but are not limited to the 2011 exploration program for the Ulaan Khud North Project. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results almost always will vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Readers are referred to the sections entitled Risk Factors in Ivanhoe Mines periodic filings with Canadian and U.S. Securities Commissions.

Hole UKD031 166.92 to 172.16: Porphyry mineralization in medium-grained quartz monzodiorite (QMD) with strong hematite+albite, K-feldspar-magnetite alteration overprinted by epidote and cross cut by stockwork of quartz veins (5-10%). Disseminated chalcopyrite and molybdenite increasing with depth (to bottom right) from 1% to 8% in vein/veinlets and altered QMD. Assays for 1m samples are:

From	**To**	**Metres**	**Copper**	**Gold**	**Molybdenum**
167.00	168.00	1.00	0.472	0.040	0.0034
168.00	169.00	1.00	0.341	0.020	0.0165
169.00	170.00	1.00	0.921	0.910	0.1130
170.00	171.00	1.00	2.34	0.190	0.1860
171.00	172.00	1.00	2.96	0.170	0.0804

Hole UKD045 217-217.7m: Semi-massive sulphide (chalcopyrite-pyrite-molybdenite) locally brecciated in quartz monzodiorite (QMD) with intense silica-magnetite alteration. Assay for the 70 cm interval: 10.1% Cu, 0.61 % Mo, 0.64 g/t Au.

Hole UKD045 289-290m: Chalcopyrite-pyrite-magnetite bearing silica/quartz vein cut by 1-3mm wide molybdenite vein in altered QMD. Assay for the 1m interval: 1.24% Cu, 0.15 % Mo, 0.10 g/t Au.

Table 1. Significant Drill Results from Ulaan Khud.

Hole No.	From (m)	To (m)	Len. (m)	Cu (%)	Au (g/t)	Mo (%)	eCu%
UKD031	150.80	184.85	34.05	0.652	0.061	0.022	0.809
including	**155.00**	**174.00**	**19.00**	**0.941**	**0.098**	**0.029**	**1.158**
UKD032	72.00	102.00	30.00	0.266	0.024	0.019	0.385
including	**93.00**	**102.00**	**9.00**	**0.535**	**0.029**	**0.042**	**0.779**
and	127.50	204.00	76.50	0.354	0.056	0.014	0.462
including	**171.10**	**181.00**	**9.90**	**1.410**	**0.248**	**0.042**	**1.793**
UKD033	162.00	175.00	13.00	0.200	0.003	0.008	0.244
UKD034	89.60	198.00	108.40	0.249	0.033	0.006	0.302
including	**91.00**	**97.00**	**6.00**	**1.094**	**0.165**	**0.037**	**1.396**
UKD035	132.80	138.00	5.20	0.204	0.022	0.006	0.247
UKD036	90.90	222.00	131.10	0.213	0.012	0.007	0.261
including	**139.30**	**147.00**	**7.70**	**0.777**	**0.036**	**0.023**	**0.923**
UKD037	71.00	150.00	79.00	0.260	0.019	0.005	0.298
including	**72.00**	**78.00**	**6.00**	**0.821**	**0.041**	**0.004**	**0.866**
including	**88.00**	**95.20**	**7.20**	**0.595**	**0.031**	**0.010**	**0.665**
including	**137.40**	**144.50**	**7.10**	**0.597**	**0.033**	**0.010**	**0.673**
and	180.20	206.00	25.80	0.222	0.015	0.007	0.270
and	227.75	252.80	25.05	0.202	0.024	0.006	0.246
and	287.00	315.00	28.00	0.343	0.034	0.007	0.400
UKD038	63.20	90.00	26.80	0.274	0.053	0.003	0.324
and	99.80	135.05	35.25	0.268	0.012	0.004	0.295
and	183.00	212.15	29.15	0.310	0.016	0.028	0.468
including	**198.00**	**205.00**	**7.00**	**0.528**	**0.033**	**0.040**	**0.763**
UKD039	187.75	212.90	25.15	0.269	0.025	0.016	0.370
including	**187.75**	**191.05**	**3.30**	**1.357**	**0.140**	**0.081**	**1.878**
UKD040	73.50	106.45	32.95	0.203	0.009	0.002	0.218
including	**88.10**	**91.60**	**3.50**	**0.765**	**0.016**	**0.008**	**0.820**
and	171.00	177.25	6.25	0.386	0.032	0.009	0.455
and	201.00	206.00	5.00	0.288	0.026	0.010	0.356
UKD041	173.05	182.00	8.95	0.253	0.013	0.008	0.302
and	221.80	297.10	75.30	0.296	0.057	0.011	0.391
including	**239.87**	**247.00**	**7.13**	**0.548**	**0.308**	**0.030**	**0.902**
including	**270.00**	**280.00**	**10.00**	**0.524**	**0.033**	**0.012**	**0.609**
UKD042	92.00	141.65	49.65	0.249	0.013	0.004	0.279

including	**94.00**	**100.00**	**6.00**	**0.615**	**0.045**	**0.015**	**0.722**
and	175.50	216.40	40.90	0.206	0.018	0.006	0.248
UKD043	95.80	101.15	5.35	0.330	0.019	0.004	0.366
and	116.00	129.00	13.00	0.262	0.014	0.004	0.294
and	172.25	179.90	7.65	0.268	0.016	0.008	0.319
and	193.10	204.60	11.50	0.293	0.038	0.012	0.380
and	224.50	230.00	5.50	0.303	0.046	0.003	0.349
UKD044	No significant intersections						
UKD045	105.00	159.25	54.25	0.350	0.021	0.011	0.421
including	**111.00**	**116.85**	**5.85**	**0.612**	**0.041**	**0.018**	**0.732**
including	**148.00**	**159.25**	**11.25**	**0.735**	**0.043**	**0.025**	**0.897**
and	188.15	217.70	29.55	0.928	0.048	0.054	1.244
including	**208.10**	**217.70**	**9.60**	**2.429**	**0.121**	**0.149**	**3.300**
and	265.20	327.00	61.80	0.232	0.027	0.008	0.292
including	**266.00**	**272.00**	**6.00**	**0.603**	**0.187**	**0.006**	**0.755**
including	**289.00**	**293.00**	**4.00**	**1.156**	**0.063**	**0.049**	**1.457**

Hole No.	**From (m)**	**To (m)**	**Len. (m)**	**Cu (%)**	**Au (g/t)**	**Mo (%)**	**eCu%**
UKD046	75.30	79.35	4.05	0.559	0.020	0.003	0.590
and	107.80	141.20	33.40	0.255	0.013	0.002	0.276
and	170.35	218.00	47.65	0.579	0.048	0.026	0.748
including	**174.35**	**182.00**	**7.65**	**2.242**	**0.203**	**0.081**	**2.803**
and	244.00	377.00	133.00	0.243	0.014	0.006	0.286
including	**341.00**	**345.60**	**4.60**	**0.501**	**0.026**	**0.017**	**0.609**
UKD047	163.00	217.00	54.00	0.207	0.016	0.012	0.283
and	225.75	237.20	11.45	0.222	0.018	0.018	0.332
UKD048	No significant intersections						
UKD049	No significant intersections						
UKD050	95.65	104.80	9.15	0.229	0.037	0.006	0.286
UKD051	126.00	133.40	7.40	0.265	0.012	0.001	0.280
and	151.70	174.85	23.15	0.442	0.042	0.018	0.566
including	**161.25**	**166.00**	**4.75**	**0.773**	**0.096**	**0.022**	**0.952**
and	198.50	205.15	6.65	0.593	0.011	0.008	0.640
UKD052	No significant intersections						
UKD053	226.00	229.25	3.25	0.408	0.027	0.007	0.461
and	234.10	240.20	6.10	0.201	0.029	0.004	0.240
UKD054	251.00	255.60	4.60	0.219	0.035	0.001	0.246
UKD055	192.00	201.35	9.35	0.347	0.021	0.012	0.424
and	241.90	312.00	70.10	0.254	0.136	0.031	0.509

Notes - includes narrow, barren post mineral dykes and excludes larger, barren post mineral dyes

- cut-off for main intervals is 0.2% Cu and cut-off for smaller included intervals is 0.5% Cu

The equivalent grade was calculated using assumed metal prices of US$1.35/lb for copper, US$650/oz for gold and US$10/lb for molybdenum. For convenience, the formula is: CuEq% = Cu% + ((Au g/t*18.98)+(Mo %*158.6))/29.76

Table 2. Coordinates of Ulaan Khud drill hole collars.

Hole Number	UTM East	UTM North	Elevation (m)	Azimuth Degrees	Dip Degrees	Depth (m)	Depth PCD (m)	Depth Diamond (m)
UKD031	654500	4778600	1164.6	0	90	255.7	51.0	204.7
UKD032	654600	4778600	1164.2	0	90	360.6	71.1	289.5
UKD033	654600	4778500	1164.2	0	90	194.8	75.0	119.8
UKD034	654400	4778400	1165.0	0	90	215.1	60.1	155.0
UKD035	654400	4778500	1165.5	0	90	248.2	54	194.2
UKD036	654400	4778600	1165.8	0	90	282.3	63	219.3
UKD037	654600	4778700	1165.8	0	90	357.4	63	294.4
UKD038	654500	4778700	1165.8	0	90	294.2	63	231.2
UKD039	654600	4778597	1164.2	270	50	251.2	90	161.2
UKD040	654700	4778600	1164.2	0	90	230.5	73.5	157
UKD041	654700	4778700	1164.2	0	90	300.2	66	234.2
UKD042	654500	4778400	1165.4	0	90	218.4	66	152.4
UKD043	654600	4778400	1165.4	0	90	256.5	66	190.5
UKD044	654400	4778700	1165.4	0	90	182.5	69.8	112.7
UKD045	654500	4778800	1165.4	0	90	342.7	67.1	275.6
UKD046	654500	4778900	1165.4	0	90	377.0	66.3	310.7
UKD047	654600	4778800	1165.4	0	90	301.3	66	235.35
UKD048	654500	4779100	1165.4	0	90	216.7	81	135.7
UKD049	654600	4778900	1165.4	0	90	183.5	66.73	116.77
UKD050	654400	4778900	1165.4	0	90	198	78.5	119.5
UKD051	654550	4779000	1165.4	0	90	273.5	80	193.5
UKD052	654700	4779000	1165.4	0	90	189.5	81	108.5
UKD053	654800	4778900	1165.4	0	90	261.8	75.15	186.65
UKD054	654800	4778700	1165.4	0	90	257	75	182
UKD055	654700	4778800	1165.4	0	90	312.7	72	240.7

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IVANHOE MINES LTD.

Date: 14 March 2011

By: */s/ Beverly A. Bartlett*
BEVERLY A. BARTLETT
Vice President & Corporate Secretary

"9%" style="BORDER-BOTTOM: black 2px solid; TEXT-ALIGN: right">(11,622) 2,026 (11,712) 5,137

Other expense				
Interest expense	(1,571)	(1,883)	(3,088)	(3,768)
Other expense	(6)	(18)	(7)	(21)
Other expense, net	(1,577)	(1,901)	(3,095)	(3,789)
(Loss) income before income tax (benefit) expense	(13,199)	125	(14,807)	1,348
Income tax (benefit) expense	(4,708)	167	(5,234)	814
Net (loss) income	$(8,491)	$(42)	$(9,573)	$534
Net (loss) income per common share	$(0.45)	$0.00	$(0.51)	$0.03
Weighted-average number of common shares outstanding	18,873,748	18,732,748	18,872,214	18,727,325

See notes to unaudited consolidated financial statements.

3

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

	June 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and equivalents	$12,989	$14,936
Accounts receivable, net of allowance for doubtful accounts of $324 and $471	1,774	1,869
Prepaid expenses	5,897	6,288
Other	675	726
	21,335	23,819
Property and equipment, net of accumulated depreciation of $26,687 and $23,096	91,877	91,168
Other long-term assets		
Goodwill	16,480	18,127
Intangible assets, net of accumulated amortization of $5,196 and $4,055	4,483	15,533
Long-term deposits	2,809	761
Loan fees, net of accumulated amortization of $3,052 and $2,327	2,836	3,558
Deferred tax asset	5,576	1,321
	32,184	39,300
	$145,396	$154,287
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$3,051	$2,661
Accrued player club points and progressive jackpots	1,748	1,999
Accrued payroll and related	2,795	3,276
Other accrued expenses	2,426	3,139
Deferred tax liability	66	66
Current portion of capital lease obligation	693	736
	10,779	11,877
Long-term debt, net of current portion	59,500	57,500
Deferred tax liability	113	113
Capital lease obligation, net of current portion	6,603	6,983
	76,995	76,473
Stockholders' equity		
Common stock, $.0001 par value, 100,000,000 shares authorized; 20,233,276 and 20,107,276 shares issued	2	2
Additional paid-in capital	45,510	45,350
Treasury stock, 1,356,595 common shares	(1,654)	(1,654)
Retained earnings	24,543	34,116
	68,401	77,814
	$145,396	$ 154,287

See notes to unaudited consolidated financial statements.

4

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

Six months ended June 30, 2014	Common stock Shares	Common stock Dollars	Additional paid-in Capital	Treasury stock Shares	Treasury stock Dollars	Retained earnings	Total stockholders' Equity
Beginning balances	20,107	$ 2	$ 45,350	1,357	$ (1,654)	$ 34,116	$ 77,814
Issuance of share-based compensation	126	--	9	--	--	--	9
Previously deferred share-based compensation recognized	--	--	151	--	--	--	151
Net loss	--	--	--	--	--	(9,573)	(9,573)
Ending balances	20,233	$ 2	$ 45,510	1,357	$ (1,654)	$ 24,543	$ 68,401

See notes to unaudited consolidated financial statements.

5

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

	Six months ended June, 30, 2014	2013
Cash flows from operating activities:		
Net (loss) income	$(9,573)	$534
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Impairment loss	11,547	--
Depreciation	3,626	3,141
Amortization of loan fees	725	983
Amortization of player loyalty program, land lease and water rights	1,141	1,267
Other	8	25
Deferred and share-based compensation	160	570
Increases and decreases in operating assets and liabilities:		
Accounts receivable, net	95	719
Prepaid expenses	390	465
Deferred tax	(4,255)	
Other assets	51	527
Accounts payable and accrued expenses	(1,445)	(1,151)
Taxes payable	--	41
Net cash provided by operating activities	2,470	7,121
Cash flows from investing activities:		
Purchase of property and equipment	(3,828)	(2,337)
Deposits and other related costs	(1,750)	--
Other	(413)	(96)
Net cash used in investing activities	(5,991)	(2,433)
Cash flows from financing activities:		
Repayment of long term debt and capital lease obligation	(423)	(2,500)
Borrowings of long term debt	2,000	--
Other	(3)	(22)
Net cash provided by (used in) financing activities	1,574	(2,522)
Net (decrease) increase in cash and equivalents	(1,947)	2,166
Cash and equivalents, beginning of period	14,936	20,603
Cash and equivalents, end of period	$12,989	$22,769

	2014	2013
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 2,506	$ 2,778
Cash received from net loss carryback, net of cash paid of $0.01 million for income taxes in 2014 and cash received from income tax refund, net of cash	$ (1,915)	$ (1,424)

paid of $.03 million for income taxes in 2013
Non-cash investing activities:

Accrued property and equipment capital expenditures	$	941	$	--

See notes to unaudited consolidated financial statements.
6

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

1. BASIS OF PRESENTATION

The interim consolidated financial statements of Full House Resorts, Inc. and subsidiaries (collectively, "FHR" or the "Company") included herein reflect all adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to present fairly the financial position and results of operations for the interim periods presented. Certain information normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America has been omitted pursuant to the interim financial information rules and regulations of the United States Securities and Exchange Commission.

These unaudited interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K filed March 10, 2014, for the year ended December 31, 2013, from which the balance sheet information as of that date was derived. Certain minor reclassifications to amounts previously reported have been made to conform to the current period presentation, none of which affected previously reported net income or earnings per share. The results of operations for the period ended June 30, 2014, are not necessarily indicative of results to be expected for the year ending December 31, 2014.

The consolidated financial statements include all our accounts and the accounts of our wholly-owned subsidiaries, including Silver Slipper Casino Venture, LLC ("Silver Slipper Casino"), Gaming Entertainment (Indiana) LLC ("Rising Star Casino Resort"), Gaming Entertainment (Nevada) LLC ("Grand Lodge Casino") and Stockman's Casino. All material intercompany accounts and transactions have been eliminated.

Recently Issued Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). The new guidance supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, including most industry-specific revenue recognition guidance. The core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2016. Early application is not permitted. This new guidance currently has no impact on our financial statements.

2. SHARE-BASED COMPENSATION

On June 1, 2011, our compensation committee approved the issuance of 660,000 shares of restricted stock, then valued at the closing price of our stock ($3.88), with no discount. The majority of the shares (600,000) vested on June 1, 2013. The remaining shares had a three-year vesting schedule and 20,001 shares vested on June 1, 2012, 20,001 vested on June 1, 2013 and 19,998 vested on June 1, 2014. On January 15, 2013, 50,000 additional shares of restricted stock were issued, then valued at $3.22, with no discount. These shares will vest over three years, 16,667 vested on January 15, 2014, 16,667 will vest on January 15, 2015 and 16,666 on January 15, 2016. On January 1, 2014, 120,000 additional shares of restricted stock were issued, then valued at $2.78, with no discount. These shares will vest over two years, 60,000 on January 1, 2015 and 60,000 on January 1, 2016.

Vesting is contingent upon certain conditions, including continuous service of the individual recipients. Unvested grants made in connection with our incentive compensation plan are viewed as a series of individual awards and the related share-based compensation expense is amortized into compensation expense on a straight-line basis as services are provided over the vesting period, and reported as a reduction of stockholders' equity. We grant shares of restricted stock to key members of management and the board of directors.

We recognized stock compensation expense of $0.1 million and $0.2 million for the three months ended June 30, 2014 and June 30, 2013, respectively, and $0.2 million and $0.6 million for the six months ended June 30, 2014 and June 30, 2013, respectively. Share-based compensation expense related to the amortization of the restricted stock issued was included in selling, general and administrative expense. At June 30, 2014 and December 31, 2013, we had deferred share-based compensation of $0.4 million and $0.2 million, respectively.

3. GOODWILL AND OTHER INTANGIBLES

Goodwill represents the excess of the purchase price over fair value of net assets acquired in connection with Silver Slipper Casino, Rising Star Casino Resort and Stockman's Casino operations. In accordance with the authoritative guidance for goodwill and other intangible assets, we test our goodwill and indefinite-lived intangible assets for impairment annually or if a triggering event occurs. We evaluate goodwill and indefinite-lived intangible assets utilizing the market approach and income approach applying the discounted cash flows in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification™ ("ASC") Topic 350, "Intangibles-Goodwill and Other."

Goodwill was $14.7 million for Silver Slipper Casino and $1.8 million for Stockman's Casino as of June 30, 2014. Goodwill was $14.7 million for Silver Slipper Casino, $1.6 million for Rising Star Casino Resort and $1.8 million for Stockman's Casino as of December 31, 2013. Due to various factors, including weak economic conditions, lower than anticipated discretionary consumer spending, and increased competition in our Indiana market, we realized lower than expected operating results during the first and second quarters of 2014. We performed interim impairment assessments of goodwill and indefinite-lived intangible assets as of June 30, 2014. We evaluated goodwill and indefinite-lived intangible assets for all of the relevant properties and recognized a $1.6 million and $9.9 million impairment of Rising Star Casino Resort's goodwill and gaming license, respectively.

These calculations, which are subject to change as a result of future economic uncertainty, contemplate changes for both current year and future year estimates in earnings and the impact of these changes to the fair value of Silver Slipper Casino, Rising Star Casino Resort and Stockman's Casino, although there is always some uncertainty in key assumptions including projected future earnings growth. If our estimates of projected cash flows related to our assets are not achieved, we may be subject to future impairment charges, which could have a material adverse impact on our consolidated financial statements.

Other Intangible Assets:

Other intangible assets, net consist of the following (in thousands):

	June 30, 2014 (unaudited)				
	Estimated Life (years)	Gross Carrying Value	Accumulated Amortization	Cumulative Expense / (Disposals)	Intangible Asset, Net
Amortizing Intangible assets:					
Player Loyalty Program - Rising Star	3	$1,700	$ (1,700)	$--	$--
Player Loyalty Program - Silver Slipper	3	5,900	(3,442)	--	2,458
Land Lease and Water Rights - Silver Slipper	46	1,420	(54)		1,366
Capital One Bank Loan Fees	3	4,890	(2,616)	--	2,274
ABC Funding, LLC Loan Fees	4	998	(436)	--	562
Non-amortizing intangible assets:					
Gaming License-Indiana	Indefinite	9,900	--	(9,900)	--
Gaming License-Mississippi	Indefinite	146	--	(26)	120
Gaming Licensing-Nevada	Indefinite	528	--	(29)	499
Trademark	Indefinite	40	--	--	40
		$25,522	$ (8,248)	$(9,955)	$7,319
Other Intangible assets subtotal		$19,634	$ (5,196)	$(9,955)	$4,483
Loan Fees subtotal		5,888	(3,052)	--	2,836
		$25,522	$ (8,248)	$(9,955)	$7,319

9

	December 31, 2013				
	Estimated Life (years)	Gross Carrying Value	Accumulated Amortization	Cumulative Expense / (Disposals)	Intangible Asset, Net
Amortizing Intangible assets:					
Player Loyalty Program - Rising Star	3	$1,700	$ (1,558)	$--	$142
Player Loyalty Program - Silver Slipper	3	5,900	(2,458)	--	3,442
Land Lease and Water Rights - Silver Slipper	46	1,420	(39)	--	1,381
Capital One Bank Loan Fees	3	4,887	(2,019)	--	2,868
ABC Funding, LLC Loan Fees	4	998	(308)	--	690
Non-amortizing intangible assets:					
Gaming License-Indiana	Indefinite	9,900	--	--	9,900
Gaming License-Mississippi	Indefinite	118	--	(13)	105
Gaming Licensing-Nevada	Indefinite	552	--	(29)	523
Trademark	Indefinite	40	--	--	40
		$25,515	$ (6,382)	$(42)	$19,091
Other Intangible assets subtotal		$19,630	$ (4,055)	$(42)	$15,533
Loan Fees subtotal		5,885	(2,327)	--	3,558
		$25,515	$ (6,382)	$(42)	$19,091

Player Loyalty Programs

The player loyalty programs represent the value of repeat business associated with Silver Slipper Casino's and Rising Star Casino Resort's loyalty programs. The value of the $5.9 million and $1.7 million Silver Slipper Casino's and Rising Star Casino Resort's player loyalty programs, respectively, were determined using a multi-period excess earning method of the income approach, which examines the economic returns contributed by the identified tangible and intangible assets of a company, and then isolates the excess return, which is attributable to the asset being valued, based on cash flows attributable to the player loyalty program. The valuation analyses for the active rated players were based on projected revenues and attrition rates. Silver Slipper Casino and Rising Star Casino Resort maintain historical information for the proportion of revenues attributable to the rated players for gross gaming revenue. The value of the player loyalty programs are amortized over a life of three years.

Land Lease and Water Rights

In November 2004, Silver Slipper Casino entered into a lease agreement with Cure Land Company, LLC for approximately 38 acres of land ("Land Lease"), which includes approximately 31 acres of protected marsh land as well as a seven-acre casino parcel, on which the Silver Slipper Casino was subsequently built. The lease was amended and extended on February 26, 2013, as discussed in Note 6. The $1.0 million Land Lease represents the excess fair value of the land over the estimated net present value of the Land Lease payments. The $0.4 million of water rights represented the fair value of the water rights based upon the market rates in Hancock County, Mississippi. The value of the Land Lease and water rights are amortized over the life of the Land Lease, or 46 years.

Loan Fees

Loan fees incurred and paid as a result of debt instruments are accumulated and amortized over the term of the related debt, based on an effective interest method. On October 1, 2012, we funded the purchase of the Silver Slipper Casino with the full amount of the $50.0 million first lien term loan (“First Lien Credit Agreement”) with Capital One Bank, N.A. (“Capital One”) and the full amount of the second lien term loan (“Second Lien Credit Agreement”) with ABC Funding, LLC, as discussed in Note 4. We incurred $4.7 million in loan fees related to obtaining the First Lien Credit Agreement and $1.0 million in loan fees related to obtaining the Second Lien Credit Agreement. On August 26, 2013, we entered into a first amendment to the First Lien Credit Agreement (the “First Lien Amendment”) and an amendment to the Second Lien Credit Agreement (the “Second Lien Amendment”) and incurred $0.2 million in additional loan fees, as discussed in Note 4. All of the loan fees are amortized over the terms of the agreements. The First Lien Amendment modifications included an extended maturity date to June 29, 2016, therefore the amortization period for these loan fees was extended.

The aggregate loan fee amortization was $0.4 million and $0.5 million for the three months ended June 30, 2014 and June 30, 2013, respectively, and $0.7 million and $1.0 million for the six months ended June 30, 2014 and June 30, 2013, respectively.

Gaming Licenses

Gaming licenses represent the value of the license to conduct gaming in certain jurisdictions, which are subject to highly extensive regulatory oversight and, in some cases, a limitation on the number of licenses available for issuance. As discussed above, at June 30, 2014, we evaluated indefinite-lived intangible assets and recognized a $9.9 million impairment of Rising Star Casino Resort’s gaming license. The other gaming license values are based on actual costs. Gaming licenses are not amortized as they have indefinite useful lives and are evaluated for potential impairment on an annual basis unless events or changes in circumstances indicate the carrying amount of the gaming licenses may not be recoverable.

Trademarks

The trademark is based on the legal fees and recording fees related to the trademark of the “Rising Star Casino Resort” name, and variations of such name. The trademark is not subject to amortization, as it has an indefinite useful life and is evaluated for potential impairment on an annual basis unless events or changes in circumstances indicate the carrying amount of the trademark may not be recoverable.

Current Amortization

We amortize our definite-lived intangible assets, including our player loyalty programs, loan fees, land leases and water rights over their estimated useful lives. The aggregate amortization expense was $0.9 million and $1.1 million for the three months ended June 30, 2014 and June 30, 2013, respectively, and $1.9 million and $2.3 million for the six months ended June 30, 2014 and June 30, 2013, respectively.

4. LONG-TERM DEBT

At June 30, 2014 and December 31, 2013, long-term debt consists of the following:

	2014	2013
Long-term debt, net of current portion:		
Term loan agreement, $50.0 million on June 29, 2012, funded on October 1, 2012, maturing June 29, 2016, with variable interest as described in the sixth succeeding paragraph. (the average interest rate was 4.75% and 5.4% during the quarter ended June 30, 2014 and year ended December 31, 2013, respectively).	$ 37,500	$ 37,500
Term loan agreement, $20.0 million on October 1, 2012, maturing October 1, 2016, interest rate is fixed at 13.25% per annum.	20,000	20,000
Revolving loan agreement, $2.0 million funded on March 24, 2014, maturing June 29, 2016, with variable interest as described in the sixth succeeding paragraph. (the average interest rate was 4.75% during the quarter ended June 30, 2014).	2,000	--
Less current portion	--	--
	$ 59,500	$ 57,500

First and Second Lien Credit Agreements. On June 29, 2012, we entered into the First Lien Credit Agreement with Capital One, which provided for a term loan in an amount up to $50.0 million and a revolving loan in an amount up to $5.0 million. On October 1, 2012, we entered into a Second Lien Credit Agreement with ABC Funding, LLC as administrative agent which provided for a term loan in an amount up to $20.0 million. Capital One and ABC Funding, LLC are collectively referred to as our ("Creditors"). We funded the purchase of Silver Slipper Casino with the full amount of the $50.0 million term loan under the First Lien Credit Agreement and the full amount of the Second Lien Credit Agreement. The First and Second Lien Credit Agreements are secured by substantially all of our assets and therefore, our wholly-owned subsidiaries guarantee our obligation under the agreements. The Second Lien Credit Agreement is subject to the lien of the First Lien Credit Agreement.

On August 26, 2013, we entered into the First Lien Amendment and the Second Lien Amendment which amended certain provisions of these agreements. The First Lien Amendment modifications included a $10.0 million increase to the term loan portion of the First Lien Credit Agreement to $56.3 million, a 1% lower interest rate and an extended maturity date to June 29, 2016. Also, certain financial ratio covenants were revised under the First Lien Credit Agreement and Second Lien Credit Agreement to accommodate the additional extension of credit under the First Lien Credit Agreement and our capital lease agreement related to the new hotel tower at Rising Star Casino Resort as discussed in Note 7. The $10.0 million term loan under the First Lien Credit Agreement remains undrawn and subject to covenants and other terms of the First Lien Credit Agreement.

12

On March 24, 2014 we made a $2.0 million draw on our $5.0 million revolving loan under the First Lien Credit Agreement, subject to the terms and restrictions of the First Lien Credit Agreement, and deposited $1.75 million into escrow related to the Interest Purchase Agreement for the potential purchase of the Fitz Tunica Casino & Hotel, as discussed in Note 8. We currently have $3.0 million undrawn on the revolving loan.

On July 18, 2014, we entered into the Second Amendment to First Lien Credit Agreement ("First Lien 2nd Amendment") which amended certain provisions of the agreement, which became effective as of June 30, 2014. The First Lien 2nd Amendment modifications included revisions of certain financial ratio covenants as of June 30, 2014, and going forward through the term of the loan. The First Lien 2nd Amendment also extended the time period for draws against the $10.0 million term loan associated with the Silver Slipper Casino Hotel to March 31, 2015.

On July 18, 2014, we entered into the Second Amendment to Second Lien Credit Agreement ("Second Lien 2nd Amendment"), which amended certain provisions of the agreement. The Second Lien 2nd Amendment modifications included revisions of certain financial ratio covenants as of June 30, 2014, and going forward through the term of the loan and an increase in the interest rate by 1%, to 14.25% for the remainder of the term of the loan.

We have elected to pay interest on the First Lien Credit Agreement based on the greater of the elected LIBOR rate, or 1.0%, plus a margin rate as set forth in the agreement. As of June 30, 2014, the interest rate was 4.75% on the balance outstanding on the First Lien Credit Agreement, for both our term loan and revolving loan, based on the 1.0% minimum, plus a 3.75% margin. We pay interest on the Second Lien Credit Agreement at the fixed rate of 13.25% per annum, through July 18, 2014 and 14.25% thereafter.

The First Lien Credit Agreement and Second Lien Credit Agreement contain customary negative covenants for transactions of this type, including, but not limited to, restrictions on our ability to: incur indebtedness; grant liens; pay dividends and make other restricted payments; make investments; make fundamental changes; dispose of assets; and change the nature of our business. The First Lien Credit Agreement and Second Lien Credit Agreement require that we maintain specified financial covenants, including a total leverage ratio, a first lien leverage ratio, and a fixed charge coverage ratio all of which measure Adjusted EBITDA (as defined in the agreements and amendments) against outstanding debt and fixed charges (as defined in the agreements and amendments). A capital expenditure ratio must also be maintained as set forth in the agreements. The First Lien Credit Agreement and Second Lien Credit Agreement, as amended, define Adjusted EBITDA as net income (loss) plus (i) interest expense, net, (ii) provision for taxes (iii) depreciation and amortization; and further adjusted to eliminate the impact of certain items that are not indicative of ongoing operating performance such as: (iv) extraordinary losses including non-cash impairment charges, (v) stock compensation expense, (vi) certain acquisition costs, (vii) certain registration costs (viii) a pro forma credit for the Indiana gaming tax reductions, less extraordinary gains and any joint venture net income.

We measure compliance with our covenants on a quarterly basis. We were not in compliance with the total leverage ratios and first lien leverage ratios at March 31, 2014 on the First or Second Lien Credit Agreements, however, compliance with these covenants was waived by the Creditors at March 31, 2014. We successfully renegotiated our defined terms and maximum leverage ratios in the amendments to our First and Second Lien Credit Agreements, as discussed above, and we were in compliance with these covenants at June 30, 2014.

The First Lien Credit Agreement and Second Lien Credit Agreement also include customary events of default, including, among other things: non-payment; breach of covenant; breach of representation or warranty; cross-default under certain other indebtedness or guarantees; commencement of insolvency proceedings; inability to pay debts; entry of certain material judgments against us or our subsidiaries; occurrence of certain ERISA events; re-purchase of our own stock and certain changes of control. A breach of a covenant or other events of default could cause the loans to be immediately due and payable, terminate commitments for additional loan funds, or the lenders could exercise any other remedy available under the First Lien Credit Agreement or Second Lien Credit Agreement or by law.

As a practice, we consistently prepaid our quarterly payments on the term loan under our First Lien Credit Agreement before the due dates in 2013, and during the year ended December 31, 2013, we prepaid, at our discretion, the sum of $8.8 million in quarterly principal payments, which were due through July 1, 2015. The next scheduled principal payment on the term loan is due October 1, 2015. The $2.0 million principal drawn on our revolving loan is due June 29, 2016.

We are required to make additional prepayments under the First Lien Credit Agreement, under certain conditions defined in the agreement, in addition to the scheduled principal installments. Prepayment penalties will be assessed in the event that prepayments are made on the Second Lien Credit Agreement prior to the discharge of the First Lien Credit Agreement.

5. DERIVATIVE INSTRUMENTS – INTEREST RATE CAP AGREEMENT

Currently, we are subject to interest rate risk under our Capital One First Lien Credit Agreement. In November 2012, in accordance with the terms of the First Lien Credit Agreement, we entered into a prepaid interest rate cap agreement with Capital One for a notional amount of $15.0 million at a LIBOR cap rate of 1.5%. The agreement was effective November 2, 2012 and terminates on October 1, 2014. Any future settlements resulting from the interest rate cap will be recognized in interest expense during the period in which the change occurs.

6. OPERATING LEASE COMMITMENTS

Operating leases. On December 1, 2012, we amended and extended our corporate office lease through May 2018. Effective December 2010, Stockman's Casino entered into a lease agreement as lessee for its primary outdoor casino sign until November 2015. On June 28, 2011, the Grand Lodge Casino entered into a Casino Operations Lease ("Grand Lodge Lease") with Hyatt Equities, L.L.C. for approximately 20,900 square feet of building space occupied by the Grand Lodge Casino gaming operations, as well as associated gaming office space. On April 8, 2013, the Grand Lodge Casino entered into a first amendment to the Grand Lodge Lease (the "Amendment") with Hyatt Equities, L.L.C. amending the terms of the lease. The Amendment extended the initial term of the Grand Lodge Lease until August 31, 2018 and makes certain other conforming changes. Except as set forth in the Amendment, all other terms of the Grand Lodge Lease remain in full force and effect.

Silver Slipper Casino entered into the Land Lease in November 2004 as amended in March 2009, September 2012 and February 2013, which includes approximately 31 acres of protected marsh land as well as a seven-acre casino parcel, on which the Silver Slipper Casino was subsequently built. In December 2010, Silver Slipper Casino entered into a lease agreement with Cure Land Company, LLC for approximately five acres of land occupied by the Silver Slipper Casino gaming office and warehouse space through November 30, 2020. On January 31, 2012, Silver Slipper Casino entered into a lease agreement with Chelsea Company, LLC for a small parcel of land which is currently being used for directional signage, through December 31, 2019. On January 11, 2013, Silver Slipper Casino terminated a previous restaurant lease agreement with Diamondhead Country Club & Property Owners Association ("DCCPOA") and entered into a contract to purchase services to be provided by DCCPOA related to its golf and country club through December 31, 2019.

Land Lease buyout. The Land Lease includes an exclusive option to purchase the leased land ("Purchase Option"), as well as an exclusive option to purchase a four-acre portion of the leased land ("4 Acre Parcel Purchase Option"), which may be exercised at any time in conjunction with a hotel development during the term of the Land Lease for $2.0 million. On February 26, 2013, Silver Slipper Casino entered into a third amendment to the Land Lease which amended the term and Purchase Option provisions. The term of the Land Lease was extended to April 30, 2058, and the Purchase Option was extended through October 1, 2027 and may only be exercised after February 26, 2019. If there is no change in ownership, the purchase price will be $15.5 million, less $2.0 million if the 4 Acre Parcel Purchase Option has been previously exercised, plus a retained interest in Silver Slipper Casino operations of 3% of net income. In the event that we sell or transfer substantially all of the assets of our ownership in Silver Slipper Casino, then the purchase price will increase to $17.0 million.

The total rent expense for all operating leases was $0.7 million for each of the three months ended June 30, 2014 and June 30, 2013, and $1.4 million for each of the six months ended June 30, 2014 and June 30, 2013.

7. CAPITAL LEASE OBLIGATION

Rising Star Casino Resort Capital Lease. In October 2011, Rising Sun/Ohio County First, Inc., an Indiana non-profit corporation, and Rising Sun Regional Foundation, Inc. teamed up to develop a new 104-room hotel on land adjacent to our Rising Star Casino Resort. Construction commenced in December 2012, and the new hotel tower at Rising Star Casino Resort opened November 15, 2013. The added hotel room inventory in proximity to our casino facility has favorably impacted revenues and visitor counts.

On August 16, 2013, we entered into a 10-year capital lease for the new hotel tower at Rising Star Casino Resort (the "Rising Star Hotel Agreement") which commenced on November 15, 2013 and provides us with full management control and an option to purchase the new hotel tower at Rising Star Casino Resort at the end of the lease term. We have recorded the capital lease obligation and hotel assets in our financial statements. On November 15, 2013 we began operating the new hotel tower at Rising Star Casino Resort. The Rising Star Hotel Agreement provides that we, as the lessee, assume all responsibilities, revenues, expenses, profits and losses related to the hotel's operations. The term of the Rising Star Hotel Agreement is for 10 years from November 15, 2013, with the landlord having a right to sell the hotel to us at the end of the term and our corresponding obligation to purchase it on the terms set forth in the Rising Star Hotel Agreement. During the term, we will have the exclusive option to purchase the new hotel tower at Rising Star Casino Resort at a pre-set price. On January 1, 2014, we began paying a fixed monthly rent payment of approximately $80,000, which will continue throughout the term of the Rising Star Hotel Agreement unless we elect to purchase the hotel before the end of the lease period. In the event that we default on the lease agreement, the landlord's recourse is limited to taking possession of the property, collection of all rent due and payable, and the right to seek remediation for any attorneys' fees, litigation expenses, and costs of retaking and re-leasing the property.

The current portion of our capital lease obligation is $0.7 million, which represents the minimum lease payments, less interest, to be paid over the next year. The capital lease obligation, net of current portion is $6.6 million.

8. COMMITMENTS AND CONTINGENCIES

Fitz Tunica Casino & Hotel

On March 21, 2014, we entered into a definitive agreement with The Majestic Star Casino LLC ("Majestic Star") to acquire all of the outstanding membership interests of the entity operating Fitz Tunica Casino & Hotel ("Majestic Mississippi, LLC"), located in Tunica, Mississippi, for a purchase price of $62.0 million. On May 7, 2014 we informed Majestic Star of our financing efforts and our belief that we will not likely be successful in obtaining financing for the purchase of Majestic Mississippi, LLC. On June 23, 2014, we terminated the Interest Purchase Agreement ("Agreement") on the basis of mutual agreement, or in the alternative, inability to obtain financing for the purchase. The termination became effective immediately. On June 25, 2014, Majestic Star notified us that it believes that the Agreement remains in effect and disputes its termination. Additionally, Majestic Star has disputed the release of the $1.75 million held in escrow, pursuant to the terms of the Agreement, to us. On July 28, 2014 Majestic Star notified us that the Agreement is terminated pursuant to Section 8.1(c) (breach of representation or warranty) or 8.1(d) (failure to obtain a gaming license) and has demanded the release of the escrowed funds to Majestic Star. At this time, no lawsuit has been filed relating to the termination of the Agreement.

Silver Slipper Casino Hotel Construction

On August 26, 2013, the Silver Slipper Casino entered into an agreement with WHD Silver Slipper, LLC related to construction of the six-story, 142-room Silver Slipper Casino Hotel (the “Construction Agreement”) being built between the south side of the casino and the waterfront, with rooms featuring views of the bay. Our future cash requirements include funding needs of approximately $3.1 million towards future construction costs and a total of $4.6 million in construction and financing costs have already been funded from available cash through the quarter ended June 30, 2014. A total of $7.7 million will be funded from available cash. The Silver Slipper Casino Hotel is scheduled for completion in early 2015 and is budgeted to cost approximately $17.7 million. The progress on the Silver Slipper Casino Hotel has been slower than expected as we encountered adverse soil and weather conditions. In connection with the financing of the Silver Slipper Casino Hotel, on August 26, 2013, we entered into the First Lien Amendment and the Second Lien Amendment which amended certain provisions of these agreements. The First Lien Amendment modifications included a $10.0 million increase to the term loan portion of the First Lien Credit Agreement to $56.3 million, a 1% lower interest rate and an extended maturity date to June 29, 2016. We intend to finance $10.0 million of the construction cost of the Silver Slipper Casino Hotel with the proceeds of the increase in the term loan under our First Lien Credit Agreement. The $10.0 million term loan under the First Lien Credit Agreement remains undrawn and subject to covenants and other terms of the First Lien Credit Agreement. Capital One and ABC Funding, LLC are collectively referred to as our (“Creditors”). At March 31, 2014 we exceeded the allowable total leverage ratio and the first lien leverage ratios for both of our credit agreements, although we received waivers for compliance with these ratios at March 31, 2014 from our Creditors. We successfully renegotiated amended terms to our First and Second Lien Credit Agreements, as discussed in Note 4, and we were in compliance with our covenants at June 30, 2014. In 2014, we capitalized $0.1 million in interest related to the construction of the Silver Slipper Casino Hotel.

Keeneland Association, Inc.

We, together with Keeneland Association, Inc., (“Keeneland”), are currently pursuing potential gaming opportunities in Kentucky, including the installation of instant racing machines at racetrack properties. The installation of instant racing machines at racetrack properties in Kentucky has been challenged by opponents of the instant racing machines who filed an action alleging that the machines are unlawful gambling. The Kentucky Court of Appeals had vacated the lower court’s decision that had upheld regulations adopted by the Kentucky Horse Racing Commission authorizing the use of instant racing machines by race tracks in Kentucky, and the Kentucky Horse Racing Commission and others, including Keeneland, appealed the vacation of the lower court’s decision to the Kentucky Supreme Court. On February 20, 2014, the Kentucky Supreme Court held, among other matters, that the Kentucky Horse Racing Commission acted in its regulatory authority when it licensed the operation of pari-mutuel wagering on instant racing, also known as historical horse racing, but remanded the matter to the Circuit Court to determine if instant racing constitutes a pari-mutuel form of wagering authorized by Kentucky law.

On February 26, 2014, we entered into an exclusivity agreement (“Exclusivity Agreement”) with Keeneland to own, manage, and operate instant racing and, if authorized, traditional casino gaming at race tracks in Kentucky, subject to completion of definitive documents for each opportunity. On June 12, 2014, we executed an amendment to the Exclusivity Agreement, The exclusivity amendment extended the term until June 30, 2019. In addition, we and Keeneland have a letter of intent that provides for an exclusive option to purchase the Thunder Ridge Raceway in Prestonsburg, Kentucky. The purchase will be subject to the completion of definitive documentation and to the approval of the Kentucky Horse Racing Commission, including the approval to transfer the racing license to a to-be-constructed quarter horse racetrack near Corbin, Kentucky to be owned 75% by us and 25% by Keeneland.

Other items

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

9. SEGMENT REPORTING

The following tables reflect selected information for our reporting segments for the three and six months ended June 30, 2014 and 2013. The casino operation segments include the Silver Slipper Casino's operation in Bay St. Louis, Mississippi, Rising Star Casino Resort's operation in Rising Sun, Indiana, the Grand Lodge Casino's operation in Lake Tahoe, Nevada and Stockman's Casino operation in Fallon, Nevada. References to (i) Midwest segment refers to Rising Star Casino Resort, (ii) Gulf Coast segment refers to Silver Slipper Casino and (iii) Northern Nevada segment refers to Grand Lodge Casino and Stockman's Casino. The development/management segment includes costs associated with casino development and management projects, including the management agreement with the Pueblo of Pojoaque for their gaming operations including the Buffalo Thunder Casino and Resort in Santa Fe, New Mexico. The Corporate segment includes our general and administrative expenses.

Selected statement of operations data for the three months ended June 30 (in thousands):

2014

	Casino Operations					
	Northern Nevada	Midwest	Gulf Coast	Development/ Management	Corporate	Consolidated
Net revenues	$ 5,022	$ 13,541	$ 12,447	$ 300	$ --	$ 31,310
Selling, general and administrative expense	1,357	3,813	4,076	--	1,173	10,419
Depreciation and amortization	213	692	1,403	--	4	2,312
Impairment loss	--	(11,547)	--	--	--	(11,547)
Operating income (loss)	805	(11,991)	721	20	(1,177)	(11,622)
Net income (loss)	532	(7,796)	470	85	(1,782)	(8,491)

18

2013

	Casino Operations					
	Northern Nevada	Midwest	Gulf Coast	Development/ Management	Corporate	Consolidated
Net revenues	$5,203	$17,798	$13,370	$ 333	$--	$ 36,704
Selling, general and administrative expense	1,513	4,369	4,689	--	1,535	12,106
Depreciation and amortization	177	726	1,292	--	3	2,198
Operating income (loss)	948	1,044	1,235	336	(1,537)	2,026
Net income (loss)	626	672	800	116	(2,256)	(42)

Selected statement of operations data for the six months ended June 30 (in thousands):

2014

	Casino Operations					
	Northern Nevada	Midwest	Gulf Coast	Development/ Management	Corporate	Consolidated
Net revenues	$9,409	$26,789	$24,768	$ 793	$--	$ 61,759
Selling, general and administrative expense	2,805	7,697	8,202	--	2,345	21,049
Depreciation and amortization	430	1,539	2,789	--	9	4,767
Impairment loss	--	(11,547)	--	--	--	(11,547)
Operating income (loss)	953	(12,241)	1,472	458	(2,354)	(11,712)
Net income (loss)	629	(8,044)	965	405	(3,528)	(9,573)

19

2013

	Casino Operations					
	Northern Nevada	Midwest	Gulf Coast	Development/ Management	Corporate	Consolidated
Net revenues	$10,528	$37,412	$27,080	$ 810	$--	$ 75,830
Selling, general and administrative expense	2,997	8,774	9,295	--	3,274	24,340
Depreciation and amortization	357	1,473	2,573	--	5	4,408
Operating income (loss)	1,908	2,999	2,737	771	(3,278)	5,137
Net income (loss)	1,260	1,637	1,790	497	(4,650)	534

Selected balance sheet data as of June 30, 2014 and December 31, 2013 (in thousands):

2014

	Casino Operations					
	Northern Nevada	Midwest	Gulf Coast	Development/ Management	Corporate	Consolidated
Total assets	$ 12,938	$ 42,508	$ 72,681	$ 59	$ 17,210	$ 145,396
Property and equipment, net	7,005	35,162	49,668	--	42	91,877
Goodwill	1,809	--	14,671	--	--	16,480
Liabilities	1,943	11,351	3,326	--	60,375	76,995

2013

	Casino Operations					
	Northern Nevada	Midwest	Gulf Coast	Development/ Management	Corporate	Consolidated
Total assets	$13,838	$55,523	$71,662	$ 59	$13,205	$