

GLOBAL CASINOS INC
Form 10-K/A
February 19, 2013

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

FORM 10-K/A-1

**ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934**

For the fiscal year ended June 30, 2012

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-15415

GLOBAL CASINOS, INC.

(Exact name of Registrant as specified in its Charter)

Utah
(State or other jurisdiction
of incorporation or organization)

87-0340206
I.R.S. Employer
Identification number

1507 Pine Street, Boulder, Colorado 80302
(Address of principal executive offices) (Zip Code)

Registrant's telephone number: (303) 449-2100

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$.05 par value

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

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

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of

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Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter is \$2,100,112.

The number of shares outstanding of the registrant's common stock, as of October 10, 2012, is 6,961,490.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes

Exhibits

See Part IV, Item 15.

EXPLANATORY NOTE

This Amendment No. 1 to the Annual Report on Form 10-K for the year ended June 30, 2012 of Global Casinos, Inc., is being filed for the purpose of amending and restating the Company's financial statements and disclosures regarding certain stock purchase warrants due to GVC Capital LLC who acted as the Company's placement agent for the sale of certain convertible debt securities during the quarters ended December 31, 2011 and March 31, 2012.

Management has determined that the placement agent was due additional common stock purchase warrants as a result of the sales of 8% Convertible Debt completed October 31, 2011 and February 7, 2012 in which the placement agent was the primary sales agent. As a result, an additional \$4,400 and \$32,200 of non-cash financing costs have been recorded for the quarters ended March 31, 2012 and December 31, 2011, and are reflected in the amended and restated financial statements and disclosures included in this amended report.

FORWARD LOOKING STATEMENTS

Certain statements made in this Annual Report are "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements made in this Report are based on current expectations that involve numerous risks and uncertainties. The Company's plans and objectives are based, in part, on assumptions involving the growth and expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements made in this Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements made in this Report, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

PART I

ITEM 1. BUSINESS

Overview

Global Casinos, Inc. ("the Company", "Global Casinos", or "Global") and its wholly owned subsidiaries operate in the domestic gaming industry. The Company is organized as a holding company for the purpose of acquiring and operating casinos, gaming properties, and other related interests. Global was organized under the laws of the State of Utah on June 8, 1978.

As of June 30, 2012, Global had two operating subsidiaries: one which owns and operates the Bull Durham Saloon & Casino ("Bull Durham") located in Black Hawk, Colorado; and one which owns and operates the Doc Holliday Casino (Doc Holliday) located in Central City, Colorado. In addition, Global also has a 25% equity investment in an entity that owns certain gaming technology. This investment is being accounted for under the equity method.

Effective June 1, 2012, the Company entered into a definitive Split-Off Agreement (Split-Off Agreement) with Gemini Gaming LLC (Gemini) to sell all of its gaming properties, interests and operations (the Split-Off). Gemini is controlled by Clifford Neuman, the Company's President and Director, Pete Bloomquist, a Director, and Doug James, the General Manager of the Company's two casinos: Bull Durham Casino and Doc Holliday Casino. Also effective June 1, 2012, the Company entered into a definitive Stock Purchase Agreement (Stock Purchase Agreement) with Christopher Brogdon to acquire all of the issued and outstanding equity securities of Georgia Healthcare REIT, Inc. (Georgia REIT) which, through a controlled subsidiary, owns real property in Eastman, Georgia that is operated as a skilled nursing home through a third-party operating lease. The Split-Off and Stock Purchase Agreement will close concurrently and is part of a planned transition of the Company from one engaged in the gaming industry to a healthcare REIT (the Reorganization). Consummation of the Reorganization is subject to regulatory approvals. The Company's Preliminary Information Statement on Schedule 14C describing the Reorganization is currently under review by the SEC.

Description of Gaming Operations

Casinos U.S.A. - The Bull Durham Saloon and Casino

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Background: Casinos U.S.A. was acquired on November 19, 1993. Global Casinos acquired 100% of the outstanding common stock of Casinos U.S.A., Inc., a Colorado corporation, and Lincoln Corporation ("Lincoln") and Woodbine Corporation ("Woodbine"), both South Dakota corporations, in exchange for 253,500 shares of the Company's common stock. Lincoln and Woodbine operated the Last Chance Saloon and Lillie's, respectively; both located in Deadwood, South Dakota. The Company permanently closed the Last Chance Saloon on May 31, 1994 and Lillie's on June 30, 1995 due to unprofitable operations. Both Lincoln and Woodbine are now inactive corporations.

In October 1995, Casinos U.S.A. filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code as it was in default under all of its secured obligations encumbering the Bull Durham Saloon and Casino. In January 1997, the Court approved the Debtor's Second Amended

Plan of Reorganization (the "Plan"), and in February 1998 the bankruptcy was discharged upon being fully administered.

Operations: The Bull Durham is located approximately one hour from Denver, Colorado in the mountain town of Black Hawk. The Company has operated the Bull Durham since 1993, soon after limited stakes gambling was legalized in Black Hawk in 1992. The casino holds a retail liquor license issued by the State of Colorado and offers limited food service in addition to beverages.

Presently, the casino occupies approximately 7,400 square feet of space located at 110 Main Street in Black Hawk, Colorado. Casinos U.S.A. owns the building in which the Bull Durham operates, subject to two tiers of deeds of trust securing a total of \$1,309,595 in debt, as of June 30, 2012.

As of June 30, 2012, we operated 181 slot machines. The Bull Durham does not operate any table games.

New slot machine designs are introduced every year by the equipment manufacturers. Certain games become more popular and older games tend to become less popular. During the past year, we replaced or upgraded 16 machines. The current popular trend is in the "penny" machines.

In 2005 we installed the Oasis Casino Management System ("Oasis System") produced by Aristocrat Technologies. The Oasis System connects our slot machines to a central computer that monitors all activity on each gaming device. It includes a "Player Tracking System" that allows us to implement new features and benefits into our Frequent Player Club (known as the "Sharpshooter Club") and also enables us to properly recognize our VIP players. As the system is fully automated, it provides several operational efficiencies in the collection and analysis of customer data, and allows us to target our marketing efforts towards the most active players. Our investment in the Oasis System totaled \$380,000.

The Bull Durham's customer base consists primarily of day visitors from Denver. Many gamblers are transported to Black Hawk on charter buses provided by the casinos. A city bus stop is adjacent to the casino. We also directly contract with certain bus companies to transport guests to our casino from Denver and its surrounding communities.

As we do not have parking facilities available for our customers, we rely totally on "walk-in" traffic and charter bus traffic. This traffic declines during the winter months when the weather deteriorates. We do not have a full service restaurant. Some of our competitors provide extensive food service, including Las Vegas-style buffets.

In March 2008, in order to provide some of the cash necessary to permit the Company to acquire Doc Holliday, Astraea Investment Management, LP, as Trustee (Astraea) consented to Casinos USA lending \$550,000 to Global Casinos. The loan is evidenced by an unsecured promissory note that was assigned to Astraea as further collateral for its mortgage notes. As part of the arrangement, Casinos USA agreed to an increase in the interest rate applicable to the two Astraea mortgage notes to 12% per annum. As part of Global Casino s purchase of the Astraea mortgage note in December 2009, the intercompany note between Casinos USA and Global Casinos was reassigned to Casinos USA. The promissory note was due June 30, 2009, was outstanding at June 30, 2011, and eliminates in consolidation.

In June 2009, Casinos USA loaned an additional \$100,000 to Global Casinos. The proceeds of the loan were used to fund, in part, the purchase and installation of a digital surveillance system at Doc Holliday to comply with a new mandate of the Division of Gaming. The loan was evidenced by a promissory note, which was repayable in two equal installments of \$50,000 each, payable out of the quarterly profit distributions payable by Casinos USA to Global Casinos for the quarters ended June 30 and September 30, 2009. Both installments have been paid as scheduled and the note cancelled.

Effective January 1, 2010, Casinos USA entered into a Credit Agreement with Doc Holliday Casino II, LLC pursuant to which Casinos USA agreed to make available to Doc Holliday a revolving line of credit with a maximum loan balance of \$500,000. The Credit Agreement is secured by a UCC security interest in all of the assets of Doc Holliday. The obligation under the Credit Agreement is eliminated in consolidation.

Management is currently working to obtain debt or equity financing, or a combination of both, to restructure all Company debt. No agreements have been made as of the date of this report, and there can be no assurance such financing will be obtained.

Doc Holliday Casino II, LLC

Background: On March 18, 2008 the Company completed its acquisition of substantially all the assets and certain liabilities of the Doc Holliday Casino through a newly created wholly-owned subsidiary Doc Holliday Casino II, LLC (Doc Holliday). The operating results of Doc Holliday have been included in the consolidated financial statements since that date. Doc Holliday is a limited stakes gaming establishment located in Central City, Colorado and is generally considered to be in the same market and gaming environment as the Bull Durham Saloon and Casino. Our acquisition of Doc Holliday gives us an opportunity to benefit from joint marketing efforts, and to a lesser degree reduce our administrative operating expenses through economies of scale.

Operations: Doc Holliday is located approximately one hour from Denver, Colorado in the mountain town of Central City. The Company has operated Doc Holliday since March 2008. The casino holds a retail liquor license issued by the State of Colorado and offers limited food service in addition to beverages.

Presently, the casino occupies approximately 12,710 square feet of space located at 129 - 131 Main Street in Central City, Colorado. The casino occupies that space under a lease that expires in July 2015. There are presently no options to renew or extend the lease. The current monthly base rent is \$25,632 plus triple net expenses, subject to a three percent cap on annual increases.

As of June 30, 2012, we operated 192 slot machines. In September 2010, all table games consisting of Three Card Poker, Texas Hold em, and Blackjack, were removed from the casino floor to provide additional space for slot

machines.

New slot machine designs are introduced every year by the equipment manufacturers. Certain games become more popular and older games tend to become less popular. Since acquiring Doc Holliday in March 2008, we replaced or upgraded 18 machines. The current popular trend is in the "penny" machines.

We currently do not have a player tracking system similar to the Oasis system at Bull Durham. We plan to implement such a system when we have sufficient capital, as we estimate that a comparable system at Doc Holliday will cost approximately \$500,000.

The Doc Holliday customer base consists primarily of day visitors from Denver. Many gamblers are transported to Central City on charter buses provided by the casinos. We also directly contract with certain bus companies to transport guests to our casino from Denver and its surrounding communities.

We sublease a parking lot in close proximity to the casino at a cost of approximately \$5,000 per month. In addition, we rely on "walk-in" traffic and charter bus traffic. This traffic declines during the winter months when the weather deteriorates. We do not have a full service restaurant. Some of our competitors provide extensive food service, including Las Vegas-style buffets.

Regulation

Both the Bull Durham and Doc Holliday Casinos operate as Class B Gaming Casinos, which limits each casino to four (4) gaming tables and fewer than two hundred fifty (250) slot machines. Under limited stakes gaming regulations in Colorado, maximum wagers are limited to \$100.00 per bet.

Ownership and operation of gaming establishments are extensively regulated by states in which such activities are permitted. Colorado has adopted numerous statutes and regulations covering limited stakes gaming operations. Existing regulation includes various aspects of the gaming industry, including ownership, operation and employment in all limited stakes gaming operations, taxation of revenues and regulation of equipment utilized in connection with such activities. Virtually all aspects of ownership and operation of gaming facilities require licensing by the state. Operators, machine manufacturers and distributors, employees and retailers are all subject to extensive investigation and regulation prior to licensing to engage in gaming activities. The procedure for obtaining these licenses is time consuming and costly. Prior to November 1, 2002, Global held a gaming license to operate the Bull Durham. Effective November 1, 2002, the gaming license was transferred to Casinos, U.S.A., Inc., our subsidiary that owns the Bull Durham, as part of an overall restructuring of our business operations under the Astraea Term Sheet. This restructuring was undertaken, in part, at the behest of the Division of Gaming.

Because the Company is a publicly traded corporation, each of the officers, directors and shareholders owning 5% or more of the equity interest prior to November 1, 2002, had to be approved by the Colorado Division of Gaming. With the transfer of the gaming license to Casinos U.S.A., the officers and directors of that subsidiary must be approved by the Division of Gaming. The criteria established in determining the suitability to conduct such operations include financial history, criminal record and character, in addition to satisfaction of application procedures set forth in the existing regulations.

Under current regulations promulgated by the Colorado Limited Gaming Commission (the "Gaming Commission"), no gaming licensee may issue shares except in accordance with Colorado gaming laws and regulations; and any such issuance will be ineffective and such stock shall not be deemed issued until compliance is obtained; no shares of the licensee may be transferred except in accordance with Colorado Gaming Laws and regulations; and if the Gaming Commission determines that a holder of a licensee's securities is unsuitable, the licensee or a suitable person must, within

sixty days, purchase such securities at the lesser of the unsuitable person's investment or the current market price of such securities. Any person who becomes a beneficial owner of five percent or more of the Company's common stock must notify the Division of Gaming within ten days after such person acquires such securities and must provide such additional information and be subject to a finding of suitability as required by the Division of Gaming Commission.

The Company must notify each person who is subject to this regulation of its requirements as soon as it becomes aware of the acquisition. The same regulations apply to any person who becomes a beneficial owner of more than ten percent of any other class of voting securities of the Company.

Existing federal and state regulations may also impose civil and criminal sanctions for various activities prohibited in connection with gaming operations. State statutes and regulations also prohibit various acts in connection with gaming operations, including false statements on applications and failure or refusal to obtain necessary licenses described in such regulations. Violation of any of these existing or newly adopted regulations may have a substantial adverse effect on the operations of the Company and its subsidiaries.

The Company has been granted a casino tavern license issued under the Colorado Liquor Code for the Bull Durham. As revised in 1993, the Colorado Liquor Code now includes a casino tavern license issuable to duly licensed and operating limited stakes gaming casinos.

The beverage license is revocable and non-transferable. Licensing authorities may limit, condition, suspend or revoke the license. Violation of beverage laws or regulations can result in loss of license and may constitute a criminal offense punishable by fines, incarceration, or both.

Net profits derived from the operations of the Company and its subsidiaries are subject to taxation at the federal, state and local levels. The State of Colorado imposes a variable gaming tax on "adjusted gross proceeds" ("AGP"), which includes the total amount of all wagers made by players less all payments received by such players. As revised in July 1999 the progressive tax rate ranges from 0.25% on the first \$2,000,000 of AGP to 20% on AGP in excess of \$15,000,000. Local governmental units assess real and personal property taxes on the value of many assets, including land, building and gaming equipment. In addition, the cities of Black Hawk and Central City assess "device fees" on each gaming device utilized in a casino.

Competition

Competition in the gaming industry in the United States is intense. There are numerous competitors engaged in the same business as the Company, and the Company's operations also compete with other forms of gaming activities, such as Bingo, Lotto, table games, sports betting and pari-mutuel wagering. Competition in Black Hawk, Colorado is particularly intense as competitors are in very close proximity to the Company's operations. There are now 17 casinos operating in the Black Hawk market. Additionally, there are 7 casinos, including our Doc Holliday Casino, located approximately one mile west in Central City. The Bull Durham Casino in Black Hawk is relatively small in comparison to the other casinos in the market. There are currently 8,342 slot machines in the Black Hawk market and

2,299 in the Central City market. Based upon the number of slot machines in Black Hawk, the Bull Durham casino represents approximately 2% of the Black Hawk market, while the Doc Holliday Casino represents approximately 8 of the total slot machines in Central City. Part of our strategy to stay competitive is by continually upgrading the casinos gaming devices to provide the most state-of-the-art gaming experience possible, and by providing personalized customer services designed to promote customer loyalty. A direct mail marketing

campaign was also developed that targets repeat customers as part of our efforts to maintain market share.

The 1991 referendum that authorized gaming in Colorado limited casinos to three mountain towns, Black Hawk, Central City, and Cripple Creek. There are two Native American casinos in Colorado, both in the southwest region of the state. However, future referendums could expand gaming to other locations. Other forms of legal gaming in Colorado include lottery games, dog and horse racing, and bingo.

It is possible that additional forms of gaming could be authorized. Colorado does not currently allow video lottery terminals ("VLT"). VLT's are games of chance similar to slot machines that generate a random set of numbers to be displayed on a video screen. Winning bets are rewarded with a ticket that can be exchanged for cash. An initiative to legalize VLT's that was on the ballot for the November 2003 general election was defeated.

Seasonality. Because the Bull Durham Casino is located in a small mountain community west of Denver, it experiences its peak business during the summer months when weather conditions are more favorable. The winter months tend to be substantially slower when weather conditions reduce the amount of traffic through the town.

Executive Officers and Employees

The Company has three executive officers: President is Clifford L. Neuman, its Secretary is Pete Bloomquist and its Chief Financial Officer is Todd Huss. None of these executive officers is an employee or paid a salary.

The Bull Durham operates with an on-site general manager who shares his duties with the Doc Holliday casino. The Bull Durham currently employs 30 persons, including 28 that are considered full-time and 2 that are considered part-time. The Doc Holliday casino currently employs 25 persons, including 15 that are considered full-time and 10 that are considered part-time. The Company is not part of any collective bargaining agreement. There have been no work stoppages and the Company believes its employee relations are good.

Global Gaming Technologies, LLC

On February 28, 2006, the Company entered into an Organization Agreement with a certain individual to form a for-profit limited liability company under the name of Global Gaming Technologies, LLC (GGT). Under the terms of the Agreement, the individual contributed to GGT all of his intellectual property rights related to two games of poker. The Company agreed to make an initial cash capital contribution to GGT of \$100,000, for which it received a 25% equity interest in GGT. At the Company's election, it may make an additional \$100,000 cash capital contribution to GGT for which it will receive an additional 25% equity interest.

At the present time, both games are still under development and neither has been approved for use in any gaming jurisdiction. As of June 30, 2012, the Company has made cash payments and advances to GGT of \$76,395 as part of the initial \$100,000 cash capital payments required under the Agreement. The remaining \$23,605 obligation is recorded as a current liability. The investment equal to the amount of cash advanced to GGT was written off in previous periods. As such, no further losses have been recorded. As of June 30, 2012, GGT has had no revenues.

Intellectual Property

The Company does not claim any intellectual property protection to any of its assets and does not believe that intellectual property protection is material to its operations.

SUMMARY OF REORGANIZATION

This section contains a summary of the material features of the Reorganization. A more detailed description of the transactions is contained elsewhere in this Annual Report.

Split-Off Agreement

Effective June 1, 2012, the Company (as **Seller**), Global Split-Off, LLC, a Colorado limited liability company (**Split-Off Subsidiary**), and Gemini Gaming, LLC, a Colorado limited liability company (**Buyer**) entered into that certain Split-Off Agreement (**Split-Off Agreement**) pursuant to which the Company agreed to transfer to its newly formed wholly-owned Split-Off Subsidiary substantially all of its casino gaming properties, assets and operations (**Gaming Assets**) and then agreed to sell all of its interest in Split-Off Subsidiary to Gemini Gaming, LLC (**Gemini**). Gemini is owned and controlled by Clifford Neuman, the Company's President and Director, Pete Bloomquist, a Director, and Doug James, the general manager of the Company's two casinos and the sole director of Casino's USA.

Gemini will purchase the outstanding equity of Split-Off Subsidiary in consideration of (i) the assumption of all responsibility for any debts, obligations and liabilities associated with the Gaming Assets (**Gaming Debt**), plus (ii) payment in an amount equal to the Company's net tangible book value, excluding the Company's 5% Convertible Notes in the aggregate principal amount of \$120,000 and further excluding approximately \$500,000 in note receivable (the **Purchase Price**). The Purchase Price will be evidenced by a promissory note (**Purchase Money Note**) which will be payable, together with interest at the rate of 4% per annum, in quarterly installments over a term of 20 years. The Purchase Money Note will be secured by a pledge of all of the outstanding equity securities of Split-Off

Subsidiary.

Consummation of the Split-Off is conditioned upon the approval of the Global Casinos Shareholders, the approval of the Colorado Division of Gaming of a Change of Ownership of the gaming licenses for the Bull Durham and Doc Holliday Casinos, the concurrent closing of the Stock Purchase Agreement described below, a definitive Information Statement under Sections 14(c) and 14(f) of the Exchange Act is filed with the SEC and mailed to the Company's shareholders, and other conditions customary to transaction of this nature.

Concurrently with the Closing (as that term is defined within the Split-Off Agreement), the Company shall take all action necessary to appoint Christopher Brogdon, Steven Bathgate and John Joseph Sheehan, Jr. to serve as members of the Board of Directors of Seller (**New Board**). Immediately following such election, Clifford Neuman, Peter Bloomquist and A. Leonard Nacht shall resign as directors and executive officers of the Company. Immediately following the resignations of Messrs. Neuman, Bloomquist and Nacht, the New Board shall appoint Christopher Brogdon and Steven Bathgate as new executive officers to fill the vacancies created by such resignations (**New Management**).

Following the Closing, the Company will have no liability for any debts, liabilities or obligations of Split-Off Subsidiary or its business or activities, and there are no outstanding guaranties, performance or payment bonds, letters of credit or other contingent contractual obligations that have been undertaken by the Company directly or indirectly in relation to Split-Off Subsidiary or its business and that may survive the Closing.

Pending Closing, the Company has extended working capital advances to Georgia REIT (**Georgia REIT Advances**), in the aggregate principal amount of \$500,000. The Georgia REIT Advances are secured by a pledge of 100% of the outstanding equity securities of Georgia REIT. \$125,000 of the Georgia REIT Advances was used in connection with Georgia REIT consummation of its first acquisition of Middle Georgia Nursing Home, located in Eastman, Georgia, which closed on July 1, 2012.

The Split-Off may be terminated at, or at any time prior to, the Closing by mutual written consent of Seller and Buyer and may also be terminated by either party upon written notice to the other in the event the Split-Off and Closing have not been consummated on or before December 31, 2012.

Stock Purchase Agreement

Effective June 1, 2012, the Company and Christopher Brogdon entered into that certain Stock Purchase Agreement (**SPA**) whereby Brogdon, as the owner of all of the issued and outstanding shares of the equity securities of Georgia REIT shall sell to the Company all of the outstanding equity securities of Georgia REIT, subject to and in accordance with the terms and conditions of the Agreement. The purchase price to be paid by the Company for Georgia REIT will be the sum of \$100 plus the Georgia REIT Advances, which will be eliminated upon consolidation.

Consummation of the SPA is conditioned upon the approval of the Global Casinos Shareholders, the approval of the Colorado Division of Gaming of a Change of Ownership of the gaming licenses for the Bull Durham and Doc Holliday Casinos, the concurrent closing of the Split-Off Agreement described below, a definitive Information Statement under Sections 14(c) and 14(f) of the Exchange Act is filed with the SEC and mailed to the Company's shareholders, and other conditions customary to transaction of this nature.

Amended and Restated Articles of Incorporation

The filing of Amended and Restated Articles of Incorporation (**Amended Articles**) with the Utah Division of Corporations shall, among other things, effect the change of name of the Company to Global Healthcare REIT, Inc. .
In addition, we will adopt provisions required to enable the Company to elect to be treated for tax purposes as a REIT.

REORGANIZATION INFORMATION

Background and Reasons for the Transaction

Global Casinos has owned and operated the Bull Durham Casino located in Blackhawk, Colorado since its inception. In 2008, we acquired Doc Holliday Casino located in Central City, Colorado. The timing of our acquisition of Doc Holliday was unfortunate, since it came at the beginning of what would prove to be a significant and prolonged economic recession which impacted the gaming and hospitality industries particularly harshly.

Due primarily to the macroeconomic impact of the Great Recession, our results of operations suffered significantly. The operations of Doc Holliday were particularly dismal, which negatively impacted our overall performance. The public market value of our common stock suffered commensurately.

During the period from 2009 to 2011, we explored numerous business combinations in the gaming industry in the Reno, Nevada market. However, those potential targets had their own operational issues; and the constriction of the credit markets made a complementary acquisition impractical.

In the summer of 2011, our President, Clifford Neuman, (**Neuman**) was approached by Steven Bathgate (**Bathgate**), who is a Senior Managing Partner of GVC Capital, LLC (**GVC**), a registered broker-dealer and investment banker. Bathgate has been a shareholder of the Company for many years; and GVC has served as the Company's investment advisor as well. Bathgate introduced Neuman to the potential of the Company doing a transaction with Christopher Brogdon (**Brogdon**), with whom Bathgate and GVC had prior business dealings. Bathgate and Brogdon made the suggestion that Global Casinos consider divesting the gaming interests and operations and transitioning to become a healthcare REIT, a business segment in which Brogdon had substantial experience and expertise.

In August 2011, Neuman and Pete Bloomquist (**Bloomquist**), also a Director, met in Boulder, Colorado with Bathgate, Brogdon and other affiliates of GVC. At that meeting, preliminary terms of a reorganization were discussed. In addition, there was discussion of the Company undertaking a small private placement of securities to raise capital to support such a reorganization.

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In November, 2011, the Company and Brogdon executed a non-binding confidential Reorganization Term Sheet (**Term Sheet**) that summarized the terms of the divestiture of the gaming interests in a leveraged management buy-out, the transition to becoming a REIT under the direction and control of Brogdon, and the terms of a private offering of securities.

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Also in November, 2011, Messrs. Neuman and Bloomquist met with the Colorado Division of Gaming (**Gaming**) to discuss the Term Sheet and the regulatory issues inherent in the contemplated transaction. Those regulatory issues became problematic. There ensued numerous meetings between Messrs. Neuman and

Bloomquist and Gaming over the next several months in an effort to develop a strategy that could be adopted to facilitate the transaction with Brogdon described in the Term Sheet.

In the fourth quarter of 2011, Gaming presented a proposal for a Change of Ownership of the Bull Durham and Doc Holliday gaming licenses that management found acceptable, and an Application for Change of Ownership was submitted to Gaming by Gemini Gaming.

Beginning in the first quarter of 2012, the Company began examining the accounting issues that would be raised in the proposed transaction. After considerable research, it was decided that the Company should engage a consultant to review the transaction and analyze the accounting issues that would govern the preparation of the Company's SEC reports. In the second quarter of 2012, the consultant submitted his report which confirmed an accounting treatment that was acceptable to the Company.

In the first quarter of 2012, the parties finalized negotiations relating to the terms and conditions of the Split-Off and Stock Purchase and the definitive agreements governing both transactions. The Boards of Directors of both Global Casinos and Georgia REIT were provided with copies of the definitive agreement.

In March 2012, the Board of Directors of Global Casinos (with Messrs. Neuman and Bloomquist abstaining) and the shareholders of Global Casinos acting by majority written consent approved the Split-Off and Stock Purchase Agreements, subject to numerous conditions.

In May, 2012, Brogdon informed the Company that he had identified his first acquisition: a nursing home located in Scottsburg, Indiana.

Effective June 1, 2012, the parties completed the execution of the Split-Off and Stock Purchase Agreements.

Principal Terms of the Split-Off Agreement

The parties to the Split-Off Agreement are:

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Global Casinos, Inc., which is disposing of its Gaming Assets and Gaming Debt;

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Split-Off Subsidiary, which is wholly-owned by Global Casinos. Split-Off Subsidiary was formed by Global Casinos to drop down the Gaming Assets and Gaming Debt in anticipation of divesting them in the Split-Off;

.

Gemini Gaming, LLC, which was formed and organized by Clifford Neuman, the Company's President and Director (40% owner); Pete Bloomquist, a Director (30% owner) and Doug James, the general manager of the Bull Durham Casino and Doc Holliday Casino (30% owner).

The principal terms of the Split-Off will involve:

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Global Casinos transferring the Gaming Assets and Gaming Debt to Split-Off Subsidiary;

.

Subject to the satisfaction of all conditions to closing, (discussed below), Global Casinos will sell to Gemini Gaming all of the outstanding equity securities of Split-Off Subsidiary;

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Concurrently, Global Casinos will consummate the acquisition of Georgia REIT pursuant to the Stock Purchase Agreement with Christopher Brogdon.

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At Closing, the Global Casinos Board of Directors will be reconstituted to consist of Christopher Brogdon, Steven Bathgate and John Sheehan, Jr; and the executive officers will be changed to consist of Christopher Brogdon and Steven Bathgate.

The Gaming Assets include:

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All issued and outstanding shares of Casinos, USA, Inc., which owns and operates the Bull Durham Casino, which includes real property, gaming equipment, fixtures;

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All issued and outstanding shares of Doc Holliday Casino II, LLC, which owns and operates the Doc Holliday Casino, which includes the leasehold interest, gaming equipment and fixtures;

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Cash and cash equivalents; inventory; prepaid expenses.

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Senior Mortgage Note of Casinos, USA held by Global Casinos.

Assets to be retained by Global Casinos will include:

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Notes receivable evidencing all Georgia REIT Advances;

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Shares and warrants of ImageDoc, Inc.; and

.
All common shares of Georgia REIT.

Gaming Debt to be assumed by Gemini Gaming will include:

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All mortgage debt of Casinos USA (approximately \$800,000);

.
All loan participation obligations (approximately \$200,000);

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All current liabilities, accounts payable, accrued expenses (approximately \$600,000).

Debt that is excluded from Gaming Debt that will be retained by Global Casinos includes:

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5% Convertible Notes payable in the aggregate principal amount of \$120,000;

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8% Convertible Notes payable in the aggregate principal amount of \$850,000;

As of June 30, 2012, the aggregate \$850,000 in 8% Convertible Notes is offset by the sum of (i) the Georgia REIT Advances and (ii) cash remaining in Global Casinos.

The Purchase Price for the Gaming Assets to be paid by Gemini Gaming consists of (i) the assumption of the Gaming Debt in the approximate aggregate amount of \$1.6 million, plus (ii) an amount equal to the net tangible book value of Global Casinos as of the most recently completed fiscal quarter (**Global NTB**) reduced by the Excluded Assets and increased by the Excluded Debt. The Purchase Price will be evidenced by the Gemini Gaming Purchase Money Note which, together with interest at the rate of 4% per annum, will be payable in quarterly installments of

principal and interest for a term of 20 years. The Purchase Money Note will be secured by a pledge of all outstanding shares of the Split-Off Subsidiary.

Consummation of the Split-Off Agreement is subject to the following conditions precedent:

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Approval of a Change of Ownership of the Gaming Licenses held by Casinos USA, Inc. and Doc Holliday Casino II, LLC by the Colorado Division of Gaming;

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The approval of the Split-Off Agreement, Stock Purchase Agreement and Amended Articles by the Boards of Directors and Shareholders of Global Casinos and Georgia Healthcare REIT, Inc., which approvals have been obtained subject to compliance with Rule 14c-1 and Rule 14f-1 under the Exchange Act, which this Information Statement is intended to fulfill;

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Compliance with all regulatory requirements, including federal and state securities laws; and

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The concurrent closing of the Stock Purchase Agreement.

Principal Terms of the Stock Purchase Agreement:

The parties to the Stock Purchase Agreement are:

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Global Casinos, Inc., as the Buyer; and

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Christopher Brogdon, as the Seller.

The principal terms of the Stock Purchase Agreement are:

On the closing date, Christopher Brogdon will assign to Global Casinos 100% of the issued and outstanding shares of equity securities of Georgia REIT (the **Georgia REIT Shares**); and

The Board of Directors and executive officers of Global Casinos will be changed as more fully described elsewhere in this Information Statement.

The purchase price to be paid by Global Casinos for the Georgia REIT Shares will consist of (i) the Georgia REIT Advances, which will be eliminated on consolidation and (ii) the sum of \$100.

Consummation of the Stock Purchase Agreement is subject to the following conditions precedent:

Approval of a Change of Ownership of the Gaming Licenses held by Casinos USA, Inc. and Doc Holliday Casino II, LLC by the Colorado Division of Gaming;

The approval of the Split-Off Agreement, Stock Purchase Agreement and Amended Articles by the Boards of Directors and Shareholders of Global Casinos and Georgia Healthcare REIT, Inc., which approvals have been obtained subject to compliance with Rule 14c-1 and Rule 14f-1 under the Exchange Act, which this Information Statement is intended to fulfill;

Compliance with all regulatory requirements, including federal and state securities laws; and

The concurrent closing of the Split-Off Agreement.

Proposed Change of Control

Our board of directors, which currently consists of Clifford L. Neuman, Peter Bloomquist and A. Leonard Nacht, will appoint Christopher Brogdon, Steven M. Bathgate and John Joseph Sheehan, Jr. to the board of directors of our Company, with Christopher Brogdon serving as Chairman of the Board. These appointments will be made upon the concurrent closing of the Split-Off Agreement and Stock Purchase Agreement. Mr. Neuman, who is currently our President and a director, and Mr. Bloomquist, who is currently our Secretary and a director and Mr. Huss, who is currently our Chief Financial Officer, will then resign from all of their respective director and executive positions with our company upon the closing of the Split-Off Agreement. In addition, concurrent with the closing of the Split-Off Agreement, our board will appoint Christopher Brogdon as our President and Steven Bathgate as our Secretary.

Because of the change in the composition of our board of directors pursuant to the Split-Off Agreement, there will be a change-of-control of our Company on the date the Split-Off and Stock Purchase are completed.

The Company's completion of the transactions contemplated under the Split-Off and Stock Purchase Agreements are subject to the satisfaction of certain contingencies including, without limitation, among other things, preparation, filing and distribution to the Company's stockholders of this Information Statement. There can be no assurance that the Split-Off transaction and Stock Purchase will be completed.

Reasons for the Split-Off and Stock Purchase

Our board of directors considered a number of factors that led it to accept the Split-Off and Stock Purchase, including but not limited to:

our investors were concerned about our viability, our lack of growth and the difficulties within the hospitality and gaming industries due to the Great Recession and its aftermath;

our limited working capital; and,

our analysis of our growth prospects, limited resources, and significant level of secured and unsecured debt led our board of directors to conclude that the opportunity for stock capital appreciation was limited under our present circumstances. The board believes that by divesting of our gaming interests and acquiring a healthcare REIT under the supervision of an experienced leader in the field, it will be possible to create a greater likelihood of share price appreciation for our stockholders.

Countervailing Considerations

Our board of directors identified and considered a number of potentially negative factors in its deliberations concerning the asset sale, including, but not limited to:

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the risk that the REIT may be unsuccessful;

the risk that the REIT will subsequently be unable to raise sufficient working capital to satisfy its operating requirements, in view of the fact that it has no operating history;

the risk that the potential benefits sought in the transition to a REIT might not be realized fully, or within the time frame contemplated, if at all; and,

the charges to be incurred, primarily in the quarter in which the transactions are completed, including transaction expenses arising from the asset sale.

No Opinion of Financial Advisor - Fairness of the Asset Sale

We have not approached or engaged any financial advisor to render a fairness opinion, from a financial point of view, with respect to the proposed joint venture.

The decision not to engage a financial advisor was made in light of our financial constraints and lack of working capital. We felt that we could not afford the costs that would be incurred in connection with engaging such a financial advisor.

Nevertheless, the Transaction Documents have been unanimously approved by the board of directors of Global Casinos and by the board of directors of Georgia REIT, including persons who would be considered disinterested members of the Global Casinos Board. Global Casinos' board of directors consists of three members, only one of whom would be considered disinterested (Dr. Nacht).

Early Efforts to Market Global Casinos were Unsuccessful

As early as 2009, Global Casinos and its officers conducted efforts to either sell the company to a third party or to attract large strategic investments into the Company. The results of these discussions and efforts, however, were unsuccessful, in some cases because no interest was generated by the other party at a price or on terms deemed reasonable by the board.

Fairness Analysis

Overview

The board of directors' goal was to establish that the proposed transaction was fair, from a financial point of view, to the shareholders of Global Casinos. In order to do that it was necessary to establish that the fair value of the consideration being paid by Gemini Gaming was at least as high as the fair value of the assets being sold by Global Casinos.

In assessing the fairness of the proposed transaction, from a financial point of view, to the shareholders of Global Casinos, the board of directors considered a number of factors:

- .
- our results of operations and financial position;
- .
- our trading history;
- .
- market capitalizations achieved by public small companies;
- .
- market capitalizations achieved by larger public companies that operate in our sector;
- .
- Global Casinos' balance sheet and debt structure; and
- .
- certain operational factors relevant to an evaluation of our current and future operations.

The board relied primarily on its knowledge of the Company's operations and the market capitalizations of public companies in reaching its conclusion. The board did not assign any relative weight to any of the foregoing factors, but determined that all of them were material to their consideration of the fairness of the Split-Off.

Global Casinos Results of Operations and Financial Position

Global Casinos's results of operations for the years ended June 30, 2011 and 2010, were losses of \$(1,379,431) and \$(1,110,667), respectively, and for the nine months ended March 31, 2012, a loss of \$(739,265). Our working capital deficit at March 31, 2012 was \$(181,276), and our stockholders' equity at March 31, 2012 was \$1,867,198.

Global Casinos Stock Trading History

The outstanding shares of Common Stock are traded over-the-counter and quoted on the OTCQB ("OTCQB") under the symbol "GBCS". On April 25, 2011, the quotation was moved from the OTCBB to the OTCQB due to the lack of a market maker. Between June 30, 2010 and June 30, 2011, the high and low closing prices were \$.37 and \$.09, respectively; and from July 1, 2011 to June 30, 2012, the high and low closing prices were \$.62 and \$.15, respectively. With approximately 6.9 million shares of common stock and Series D Convertible Preferred Stock convertible into an additional 700,000 shares of common stock, our market capitalization is approximately \$3.2 million.

Historical Transactions Analysis

The board did not identify any historical transactions that were directly comparable to the proposed Split-Off.

Split-Off Purchase Price

The board of directors determined that the purchase price for the Acquired Assets, consisting of Assumed Debt of approximately \$1.6 million, and an amount equal to the Company's net tangible book value as of the most recent practicable date, less the Excluded Assets and increased by the Excluded Debt, represents 100% the net balance sheet value of the Acquired Assets and Assumed Debt. As such, the board concluded that the Purchase Price is fair to the Company and its shareholders from a financial perspective.

Conclusion

After assessing the Company's operations and the stock market, our board of directors concluded that there was little likelihood of capital appreciation for Global Casinos stockholders in the next 24 months and that there was a material risk that the market capitalization of the company could decline.

The consideration to Global Casinos from Gemini Gaming is equal to both the net balance sheet value of the assets and liabilities to be conveyed and the market capitalization of the Company, after adjustment for the Excluded Assets and Excluded Debt.

Based on its evaluation of our operations and stock price, the board concluded that the proposed transaction is fair, from a financial point of view, to the shareholders of Global Casinos.

Procedural Safeguards

The board of directors of Global Casinos believes that sufficient procedural safeguards are present to insure the fairness of the asset sale. The belief is based upon the following factors:

:

Approval of Securityholders. Approval of the Transaction Documents requires the affirmative vote of a majority of the outstanding common stock of Global Casinos.

:

Approval of Directors. The Transaction Documents were approved by the directors of Global Casinos, including the disinterested members of the board.

:

Unaffiliated Representatives. The board did not retain an unaffiliated representative to act solely on behalf of unaffiliated securityholders for purposes of negotiating the terms of the Transaction Documents. However, the board believes that the terms of the transaction are fair to the unaffiliated shareholders for the reasons previously stated.

Regulatory Approvals

Consummation of the Split-Off will require the approval of the Colorado Division of Gaming of an application for Change of Ownership of the gaming licenses for the Bull Durham and Doc Holliday. That application has been submitted and we have been informed by the Division of Gaming that they have completed their investigation. The application will be presented to the Gaming Commission for approval after we have completed the matters described in this Information Statement and 20 days have elapsed after mailing this Information Statement to our shareholders.

Conflicts of Interest

It is clear that the Split-Off and Stock Purchase involve related parties and the potential for conflicts of interest. Material relationships exist between and among the parties, including:

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Mr. Neuman is President and Director of the Company, seller, and a founder, Manager and principal shareholder of Gemini Gaming, the buyer.

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Mr. Neuman is also legal counsel to the Company, and has served as legal counsel to GVC Capital, LLC and business ventures in which Steven Bathgate has a financial interest.

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Pete Bloomquist is a Director of the Company and a founder, Manager and principal shareholder of Gemini Gaming. Mr. Bloomquist was formerly associated with GVC Capital, LLC, and its predecessor Cohig & Associates.

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The terms of the Split-Off and Stock Purchase were negotiated by Neuman and Bloomquist, on the one hand, and Bathgate and Brogdon, on the other. Each is currently a shareholder of the Company; Brogdon is currently the sole shareholder of Georgia REIT.

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Bathgate and Brogdon will be Directors and executive officers of the Company after the Split-Off and Stock Purchase have been completed.

We believe that these conflicts have been mitigated, although not eliminated, by the fact that Split-Off was ratified and approved by (i) the disinterested director of Global Casinos (Messr. Neuman and Bloomquist abstaining) and (ii) a majority of the Global Casinos shareholders (again, Messr. Neuman and Bloomquist abstaining).

ITEM 1A. RISK FACTORS

An investment in our securities is speculative and involves a high degree of risk. Please carefully consider the following risk factors, as well as the possibility of the loss of your entire investment, before deciding to invest in our securities.

Due to our history of operating losses our auditors are uncertain that we will be able to continue as a going concern.

Our financial statements have been prepared assuming that we will continue as a going concern. Due to our continuing operating losses and negative cash flows from our operations, the report of our auditors issued in connection with our financial statements for the years ended June 30, 2012, contains an explanatory paragraph indicating that the foregoing matters raised substantial doubt about our ability to continue as a going concern. We cannot provide any assurance that we will be able to continue as a going concern

We will require additional capital and have no commitments for funding.

Our operations consist solely of the Bull Durham and Doc Holliday casinos. We believe this operation can be self-sustaining. However, it is not expected to be sufficiently profitable to fund the capital resource needs of the parent company. These conditions make it unlikely that we could take advantage of future opportunities without a significant capital infusion. We will have to obtain such additional capital through borrowings or from additional equity financing. Additional future equity financing may occur through the sale of either unregistered common stock in exempt offerings or through the public offering of registered stock. In any case, such additional equity financing may result in additional dilution to investors. There can be no assurance that any additional capital, funding or revenues can satisfactorily be arranged. We have no arrangements for the acquisition of additional capital.

We have leveraged our assets to secure repayment of debt. If we default in the repayment of the debt, we could forfeit our productive assets.

All of our assets have been pledged as security for the repayment of debt in the approximate amount of \$1.3 million. If we are unable to pay any of the debt, our assets would be subject to foreclosure by the creditor. Should foreclosure occur, it is likely that we would be forced to discontinue operations and our interest in the assets could be forfeited. These debts are currently due and we do not have the resources to retire the obligations. If the debt holders

demand payment we could be forced to seek bankruptcy protection or be forced to liquidate the assets to satisfy the debts. We are currently engaged in discussions with both our existing lenders as well as new lenders to refinance the debt. While we have no agreement or commitments, we are optimistic that a refinance can be accomplished on reasonable terms.

Risks Related to our Gaming Operations

If we fail to comply with gaming regulations, we could lose our gaming license or be subject to substantial fines.

The operation of a casino gaming facility in Colorado requires a Colorado Limited Gaming License. A Colorado gaming license is a non-transferable, revocable privilege in which the licensee acquires no vested interest. The Colorado Gaming Commission could choose not to renew that license if it has concerns about our management, operations, business practices or associations. Additionally, any violation of gaming laws or regulations could result in the assessment of substantial fines against us and the persons involved. The suspension, revocation or non-renewal of any of our licenses or the levy on us of substantial fines could have a material adverse effect on our business, financial condition and results of operations.

Holders of our stock are subject to investigation by the Colorado Gaming Commission.

The Colorado Gaming Commission requires that any beneficial owner of five percent or more of our securities, including holders of our common stock, file an application for a finding of suitability. The gaming authority has the power to investigate an owner's suitability and the owner must pay all costs of the investigation. If the owner is found unsuitable, then the owner may be required by law to dispose of our securities. The Colorado Division of Gaming is currently requiring certain of our shareholders to file an application for finding of suitability. If they are found by the division to be unsuitable, they could be required to divest their share positions.

Changes in regulatory environment could have a material adverse effect on our operating results.

From time to time, legislators and special interest groups have proposed legislation that would expand, restrict or prevent gaming operations or which may otherwise adversely impact our operations. Any expansion of gaming or restriction on or prohibition of our gaming operations could have a material adverse effect on our operating results.

We face substantial competition from other gaming operations and other forms of gaming that could have a material adverse effect on our future operations.

We operate in a very competitive environment. Casinos offering hotel accommodations for overnight stays may have a competitive advantage over our casino. In addition, many of the casinos in Black Hawk and Central City are operated by large companies with multi-state operations and substantial resources. Our casinos also indirectly face competition from other forms of gaming, including the Colorado state-run lottery, multi-state lottery, online computer gaming, charitable bingo and horse and dog racing, as well as other forms of entertainment.

Additional legalization of gaming in Colorado could adversely affect our business.

Additional legalization of gaming in or near any area from which our casino draws customers would adversely affect our business. Colorado law requires statewide voter approval for any expansion of limited gaming into additional locations and depending on the authorization approved by the statewide vote, may also require voter approval from the locality in question. Several attempts have been made by various parties in recent years to expand gaming in Colorado. However, to date none of this legislation has passed. However, there can be no assurance that such legislation will not

be implemented in Colorado. If such legislation is approved by the Colorado legislature or Colorado voters, it would likely have a material adverse impact on our future operating results.

Construction of a new roadway from Interstate 70 to Central City has not had a material beneficial impact on our business.

In November 2004, Central City completed a new four-lane road from Interstate 70 at Hidden Valley directly into downtown Central City. This roadway allows drivers to reach Central City without driving through Clear Creek Canyon and Black Hawk. While there was an initial increase in business following the opening of the highway, for the past several years that business has been waning, and we do not believe that it will have any lasting positive impact on Doc Holliday operations.

We may face difficulties in attracting and retaining qualified employees for our casinos.

The operation of our casinos requires qualified executives, managers and skilled employees with gaming industry experience and qualifications to obtain the requisite licenses. Currently, there is a shortage of skilled labor in the gaming industry. We believe this shortage will make it increasingly difficult and expensive for the manager of our casino to attract and retain qualified employees. Increasing competition in Black Hawk, Central City and competing markets may lead to higher costs in order to retain and attract qualified employees. We may incur higher labor costs in order for the casino management to attract qualified employees from existing gaming facilities. While we believe that we will be able to attract and retain qualified employees, we may have difficulty attracting a satisfactory number, and we may incur higher costs than expected as a result.

Adverse weather, road conditions and infrastructure limitations affect our ability to attract customers.

The location of our casinos in the Rocky Mountains creates a risk that it will be subject to inclement weather, particularly snow. Severe weather conditions could cause significant physical damage to the casino or result in reduced hours of operation or access to the casinos. Black Hawk and Central City are served by winding mountain roads that require cautious driving, particularly in bad weather, and are subject to driving restrictions and closure. Congestion on the roads leading to Black Hawk and Central City is common during the peak summer season, holidays and other times and may discourage potential customers from traveling to the casinos, particularly if road construction is in process.

Because we are dependent on two casinos for all of our cash flow, local economic conditions and other local conditions and circumstances beyond our control could adversely affect our business.

We are entirely dependent upon our two casinos for all of our cash flow. Therefore, we are subject to greater risks than a geographically diversified gaming company. These greater risks include those caused by any of the risks described in this section, including:

- local economic and competitive conditions;
- inaccessibility due to road construction or closure on primary access routes;
- changes in local and state governmental laws and regulations;

- natural and other disasters;
- a decline in the number of residents near or visitors to Black Hawk and Central City; or
- a decrease in gaming activities in Black Hawk and Central City.

Any of the factors outlined above could adversely affect our ability to generate sufficient cash flow to continue to operate our casino. A recession or economic slowdown could cause a reduction in visitation to the casino, which would adversely affect our operating results.

Increases in the price of gasoline has had a material adverse impact on the gaming industry.

Black Hawk and Central City are only accessible by auto or bus. As a result, sharp increases in the price of gasoline has had a material adverse impact on our operations, inasmuch as the primary demographic of our customers is retired persons on fixed incomes. It is unlikely that we will be able to offset the effects of increased transportation costs with marketing and other incentives.

We are subject to environmental laws and potential exposure to environmental liabilities, which could be costly.

We are subject to laws and regulations that impose liability and clean-up responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, we could be held liable for the costs of remediating contaminated soil or groundwater on or from our property without regard to whether we knew of, or caused, the contamination, as well as incur liability to third parties impacted by such contamination. The presence of contamination, or failure to remediate it properly, may adversely affect our ability to sell or rent such property.

Our casino is located within the geographic footprint of the Clear Creek/Central City Superfund Site, a large area of historic mining activity, which is the subject of state and federal clean-up actions. Although we have not been named a potentially responsible party for this Superfund Site, it is possible that as a result of our ownership and operation of our property (on which mining may have occurred in the past), we may incur costs related to this matter in the future. To date, none of these matters or other matters arising under environmental laws has had a material adverse effect on our business, financial condition, or results of operations; however, there can be no assurance that such matters will not have such an effect in the future.

The rate of taxation on gaming profits may increase in the future.

The Colorado Constitution permits a gaming tax of up to 40% on adjusted gross gaming proceeds. The Colorado Gaming Commission has the authority to set gaming tax rates and the current rate structure is a progressive scale with a maximum tax of 20%. The cities of Black Hawk and Central City have imposed an annual device fee of \$946 and \$1,265, respectively, per gaming device and it revises the same from time to time. The Colorado Gaming Commission has eliminated its annual device fee for gaming machines. The Colorado Gaming Commission may revise the gaming tax or re-impose the state device fee at any time and has been conducting annual reviews to reconsider and reevaluate the gaming taxes on or about July 1st of each year. We cannot assure you that the tax rates applicable to the casino will not be increased in the future by either the Colorado

Gaming Commission or the cities of Black Hawk or Central City. Additionally, from time to time, certain federal legislators have proposed the imposition of a federal tax on gaming revenues. Any such tax could adversely affect our financial condition or results of operations.

Energy and fuel price increases may adversely affect our costs of operations and our revenues.

Our casino properties use significant amounts of electricity, natural gas and other forms of energy. While no shortages of energy have been experienced, the recent substantial increases in the cost of electricity in the United States may negatively affect our results of operations. The extent of the impact is subject to the magnitude and duration of the energy and fuel price increases.

We experience quarterly fluctuations in our results of operations.

Our quarterly operating results fluctuate because of seasonality and other factors. We typically generate the best operating profits in our fourth and first fiscal quarters, which end in June and September, respectively. These seasonal trends may impact our financial condition to the extent we need more funds during periods of slower activity in the future.

We have not paid dividends and do not anticipate paying any dividends on our common stock in the foreseeable future.

We anticipate that we will retain all future earnings and other cash resources for the future operation and development of our business. Except for dividends payable on our outstanding shares of Series D Preferred Stock, we do not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of our Board of Directors after taking into account many factors, including our operating results, financial condition, current and anticipated cash needs, and other factors.

The existence of outstanding convertible securities, options and warrants may impair our ability to raise capital.

At June 30, 2012, there were 835,000 shares of common stock issuable upon conversion of convertible preferred stock and exercise of outstanding options at a weighted average exercise price of \$1.00 per share, 1,105,000 shares of common stock issuable upon exercise of warrants issued in the private placement sale of 8% convertible notes at a weighted average exercise price of \$0.50 per share, and 2,550,000 shares of common stock issuable upon conversion of the 8% convertible notes. During the life of the preferred stock, options and warrants, the holders are given an opportunity to profit from a rise in the market price of our common stock with a resulting dilution in the

interest of the other shareholders. Our ability to obtain additional financing during the period the warrants and options are outstanding may be adversely affected and the existence of the warrants and options may have an effect on the price of our common stock. The holders of the warrants may be expected to exercise them at a time when we would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favorable than those provided by the warrants.

There are trading risks for low priced stocks.

Our common stock is currently traded in the over-the-counter market on the "Electronic Bulletin Board" of the National Association of Securities Dealers, Inc. As a consequence, an

investor could find it more difficult to dispose of, or to obtain accurate quotations as to the price of, our securities.

The Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure, relating to the market for penny stocks, in connection with trades in any stock defined as a penny stock. The Commission recently adopted regulations that generally define a penny stock to be any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. Such exceptions include any equity security listed on NASDAQ and any equity security issued by an issuer that has (i) net tangible assets of at least \$2,000,000, if such issuer has been in continuous operation for three (3) years, (ii) net tangible assets of at least \$5,000,000, if such issuer has been in continuous operation for less than three (3) years, or (iii) average annual revenue of at least \$6,000,000, if such issuer has been in continuous operation for less than three (3) years. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated therewith.

If our securities are not quoted on NASDAQ, or we do not have \$2,000,000 in net tangible assets, trading in our securities will be covered by Rules 15-g-1 through 15-g-6 promulgated under the Exchange Act for non-NASDAQ and non-exchange listed securities. Under such rules, broker-dealers who recommend such securities to persons other than established customers and accredited investors must make a special written suitability determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to this transaction. Securities are exempt from these rules if the market price of the common stock is at least \$5.00 per share.

The market price of our securities could be adversely affected by sales of restricted securities.

Actual sales or the prospect of future sales of shares of our common stock under Rule 144 may have a depressive effect upon the price of, and market for, our common stock. As of June 30, 2012, there were 6,851,488 shares of our common stock issued and outstanding. Approximately 2,466,472 of these shares are "restricted securities" and under some circumstances may, in the future, be under a registration under the Securities Act or in compliance with Rule 144 adopted under the Securities Act.

We cannot predict what effect, if any, that sales of shares of common stock, or the availability of these shares for sale, will have on the market prices prevailing from time-to-time. Nevertheless, the possibility that substantial amounts of common stock may be sold in the public market may adversely effect prevailing prices for our common stock and could impair our ability to raise capital in the future through the sale of equity securities.

Our ability to issue additional securities without shareholder approval could have substantial dilutive and other adverse effects on existing stockholders and investors in this offering.

We have the authority to issue additional shares of common stock and to issue options and warrants to purchase shares of our common stock without shareholder approval. Future issuance of common stock could be at values substantially below the exercise price of the warrants, and therefore could represent further substantial dilution to you as an investor in this offering. In addition, we could issue large blocks of voting stock to fend off unwanted tender offers or hostile takeovers without further shareholder approval.

Our corporate charter makes certain limitations on director liability.

Our Articles of Incorporation provide, as permitted by Utah law, that our directors shall not be personally liable to the corporation or our stockholders for monetary damages for breach of fiduciary duty as a director, with certain exceptions. These provisions may discourage stockholders from bringing suit against a director for breach of fiduciary duty and may reduce the likelihood of derivative litigation brought by stockholders on behalf of us against directors. In addition, our Articles of Incorporation and bylaws provide for mandatory indemnification of directors and officers to the fullest extent permitted by Utah law.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential shareholders could lose confidence in our financial reporting, which would harm our business and the trading price of our stock.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide financial reports or prevent fraud, our business reputation and operating results could be harmed. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

Members of our management have conflicts of interest.

Our directors, are, or may become in their individual capacity, officers, and directors, controlling shareholders and/or partners of other entities engaged in a variety of businesses. Thus, they may develop conflicts of interest including, among other things, time, effort, and corporate opportunity, involved in participation with such other business entities. The amount of time that our directors will devote to our business will be limited.

Current difficult conditions in the financial services markets may materially and adversely impact our business

Dramatic declines in the values of, among other things, various derivative instruments, credit default swaps and the housing market during the prior years, with falling home prices and increasing foreclosures and unemployment, have resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities and major commercial and investment banks. Many lenders and institutional investors have reduced, and in some cases, ceased to provide funding to borrowers, including other financial institutions. This market turmoil and tightening of credit have also led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility and possibly a general reduction of business activity. A continuation of these conditions could have, among other things, the following potential negative effects:

1.

A reduction in discretionary spending by consumers could significantly impact the customer traffic and revenues of our casino operations; and

2.

While we do not depend on credit from the financial markets to finance our operations, most of our long-term debt has matured and must be refinanced. As of June 30, 2012 a

note payable to the seller of the Doc Holliday Casino in the amount of \$366,667 had matured on March 31, 2009, and was therefore in default. Since default, we have made interest payments under the default terms of the note. At the request of the note holder and beginning in January 2010, we had been making interest and additional monthly principal reduction payments of \$12,500. Beginning in January 2011, we notified the noteholder that we would not be able to continue making the monthly principal reduction payments on the note until the cash flows of the Doc Holliday Casino allow for additional principal reductions. With the noteholder's acquiescence, but not express agreement, we have been making interest only payments and smaller principal reduction payments, however the note holder has not executed the modification agreement or a forbearance agreement, and as such all principal is considered in technical default. At June 30, 2012 the note had a principal balance of \$190,667. And, as of the date of this report, other junior mortgage debt totaling \$100,400 had also matured on September 19, 2009, and efforts to refinance or modify the terms of these notes with the noteholders have not been successful. Since 2008, the financial markets have experienced disruption that has had a dramatic impact on the availability and cost of capital and credit. Our ability to re-finance our matured long-term debt will likely be affected by the current financial market conditions. If we are successful in obtaining financing of our long-term debt, there can be no assurance that we will be able to negotiate rates and terms similar to those we currently have, and such negotiated rates could be significantly higher than those currently existing on our long-term debt.

Risks Related to General Economic Conditions

Current economic conditions and in the global economy generally, including ongoing disruptions in the debt and equity capital markets, may adversely affect our business and results of operations, and our ability to obtain financing.

The global economic environment is currently volatile and uncertain, and the future economic environment may continue to be less favorable than that of recent years. The retail industry has experienced and may continue to experience significant downturns in connection with, or in anticipation of, declines in general economic conditions. The current economic environment has been characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, leading to lowered demand for products and resulting in fewer customers visiting, and customers spending less, which could adversely affect our revenues. In addition, further declines in consumer and commercial spending may drive us and our competitors to reduce pricing, which would have a negative impact on our gross profit. We are unable to predict the timing, duration, and severity of any disruptions in debt and equity capital markets and adverse economic conditions in the United States and other countries, which could have an adverse effect on our business and results of operations, in part because we are dependent upon customer behavior and the impact on consumer spending that market disruptions may have.

The global stock and credit markets have recently experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective and outstanding debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings materially less attractive, and in certain cases have resulted in the unavailability of certain types of financing. This volatility and illiquidity has negatively affected a broad range of mortgage and asset-backed and other fixed income securities. As a result, the market for fixed

income securities has experienced decreased liquidity, increased price volatility, credit downgrade events, and increased defaults. Global equity markets have also been experiencing heightened volatility and turmoil, with issuers exposed to the credit markets particularly affected. These factors and the continuing market disruption have an adverse effect on us, in part because we, like many companies, from time to time may need to raise capital in debt and equity capital markets including in the asset-backed securities markets.

In addition, continued uncertainty in the stock and credit markets may negatively affect our ability to access additional short-term and long-term financing, including future securitization transactions, on reasonable terms or at all, which would negatively impact our liquidity and financial condition. In addition, if one or more of the financial institutions that support our future credit facilities fails, we may not be able to find a replacement, which would negatively impact our ability to borrow under the credit facilities. These disruptions in the financial markets also may adversely affect our credit rating and the market value of our common stock. If the current pressures on credit continue or worsen, we may not be able to refinance, if necessary, our outstanding debt when due, which could have a material adverse effect on our business. If our operating results worsen significantly and our cash flow or capital resources prove inadequate, or if interest rates increase significantly, we could face liquidity problems that could materially and adversely affect our results of operations and financial condition.

A worsening of the United States economy could materially adversely affect our business.

The success of our business operations depends significantly on consumer confidence and spending, which have deteriorated as a result of the worldwide economic downturn. This economic downturn and decrease in consumer spending adversely impacted our revenue, and it may continue to adversely impact our revenue, ability to market our products, build customer loyalty, or otherwise implement our business strategy. If the current economic situation persists, or deteriorates significantly, our business could be negatively impacted.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None

ITEM 2. PROPERTIES

Corporate Offices

We utilize certain office functions and systems managed by the Company's president and chief executive officer in Boulder, Colorado. We do not expect additional further office space or services will be required under the current

corporate operating structure.

Operating Subsidiaries

The facilities and properties of the Company's operating subsidiaries are more fully described in Item 1 of this Report and are incorporated herein by this reference.

The Company believes that each of its facilities is adequate for its intended purpose and does not plan any significant investment in additional facilities during the next year.

ITEM 3. LEGAL PROCEEDINGS The Company and its subsidiary, Doc Holliday Casino II, LLC, were named in a civil action captioned: *Rail and Martinez vs. Global Casinos, Inc., et.al.*, United States District Court for the District of Colorado, Civil Action No. 1:11-cv-01408-REB -MJW.

This matter involved claims of sexual harassment brought by two former employees of Doc Holliday Casino. The Claims were brought under the Civil Rights Act of 1964, 42 U.S.C. Section 2000e, et.seq. and common law claims. The claims were first brought in the EEOC which reviewed the allegations and took no action.

Effective January 10, 2012, an Order of Dismissal was entered by the Court pursuant to a Stipulation for Dismissal with Prejudice.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

By written consents dated March 8, 2012, the holders of 51.26% of our issued and outstanding shares of Common Stock (our Majority Shareholders) approved the following actions (collectively the Shareholder Actions):

1.

The ratification and approval of the Split-Off Agreement, together with all ancillary documents and agreements provided for therein or contemplated thereby (collectively the Split-Off Documents) providing for, *inter alia*, the sale of Global Casino, Inc. s casino gaming operations and assets to Gemini Gaming, LLC, subject to all associated liabilities (the Split-Off);

2.

The ratification and approval of the Stock Purchase Agreement, together with all ancillary documents and agreements provided for therein or contemplated thereby (collectively the Stock Purchase Documents) providing for, *inter alia*, Global Casinos, Inc. s purchase of 100% of the issued and outstanding equity securities of Georgia Healthcare REIT, Inc., subject to all liabilities; and,

3.

The adoption of the Amended and Restated Articles of Incorporation providing for, among other things, the change of the name of the Company to: Global Healthcare REIT, Inc. and the adoption of provisions intended to comply with the requirements applicable to entities electing to be treated as a Real Estate Investment Trust (REIT) under the Internal Revenue Code of 1986, as amended (IRC) and regulations promulgated thereunder.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

The outstanding shares of Common Stock are traded over-the-counter and quoted on the OTC Bulletin Board ("OTCBB") under the symbol "GBCS". On April 25, 2011, the quotation was moved from the OTCBB to the OTCQB due to the lack of a market maker. The reported high and low bid and ask prices for the common stock are shown below for the period from July 1, 2011 through June 30, 2012.

	<u>High</u>	<u>Low</u>
July - Sept 2010	\$0.24	\$0.11
Oct Dec 2010	0.20	0.08
Jan Mar 2011	0.19	0.09
Apr June 2011	0.37	0.10
July - Sept 2011	\$0.56	\$0.15
Oct Dec 2011	0.62	0.33
Jan Mar 2012	0.55	0.39
Apr June 2012	0.56	0.36

The bid and ask prices of the Company's common stock as of October 1, 2012 were \$0.12 and \$0.50 respectively, as reported on the OTCQB. The OTCBB and OTCQB prices are bid and ask prices which represent prices between broker-dealers and do not include retail mark-ups and mark-downs or any commissions to the broker-dealer. The prices do not reflect prices in actual transactions. As of October 2, 2012, there were approximately 713 record owners of the Company's common stock.

The OTC Bulletin Board is a registered quotation service that displays real-time quotes, last sale prices and volume information in over-the-counter (OTC) securities. An OTC equity security generally is any equity that is not listed or traded on NASDAQ or a national securities exchange. The OTCBB is not an issuer listing service, market or exchange. Although the OTCBB does not have any listing requirements, per se, to be eligible for quotation on the OTCBB, issuers must remain current in their filings with the SEC or applicable regulatory authority.

The Company's Board of Directors may declare and pay dividends on outstanding shares of common stock out of funds legally available therefore in its sole discretion; however, to date other than the 8% dividend payable on our outstanding shares of Series D Preferred Stock, no dividends have been paid on common stock and the Company does not anticipate the payment of dividends in the foreseeable future. Further, under the terms of the convertible preferred stock issued by the Company, the Company is restricted from paying cash dividends on common stock during the period that the convertible preferred stock is outstanding.

Recent Sales of Unregistered Securities

None, except as previously reported on Forms 8-K.

EQUITY COMPENSATION PLAN INFORMATION

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column (a) (b))
Equity compensation plans approved by security holders	-0-	\$0.00	-0-
Equity compensation plans not approved by security holders ⁽¹⁾	135,000	\$1.00	-0-
Total	135,000	\$1.00	-0-

(1) Includes nonqualified options granted to directors and officers.

ITEM 6. Selected Financial Data (restated)

We have set forth below certain selected financial data. The information has been derived from the financial statements, financial information and notes thereto included elsewhere in this report.

	(restated) Year Ended June 30, 2012	Year Ended June 30, 2011
Statement of Operations Data:		
Total net revenues	\$ 5,154,967	\$ 5,516,147
Operating expenses	\$ 5,608,461	\$ 6,786,685
Net income (loss)	\$ (845,271)	\$ (1,379,431)
Net income (loss) attributable to common shareholders	\$ (902,204)	\$ (1,436,209)
Basic earnings (loss) per common share	\$ (0.13)	\$ (0.22)
Shares used in computing basic earnings per share	6,818,616	6,533,855
Diluted earnings per share	\$ (0.13)	\$ (0.22)

Shares used in computing diluted earnings per share 6,818,616 6,533,855

Balance Sheet Data:	Year Ended June 30, 2012	Year Ended June 30, 2011
Working capital (deficit)	\$ (852,649)	\$ (472,057)
Total assets	\$ 3,846,451	\$ 3,541,228
Total liabilities	\$ 2,099,414	\$ 1,802,347
Stockholders' equity	\$ 1,747,037	\$ 1,738,881

**ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (restated)**

Certain statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations which are not historical facts are forward-looking statements such as statements relating to future operating results, existing and expected competition, financing and refinancing sources and availability and plans for future development or expansion activities and capital expenditures. Such forward-looking statements involve a number of risks and uncertainties that may significantly affect our liquidity and results in the future and, accordingly, actual results may differ materially from those expressed in any forward-looking statements. Such risks and uncertainties include, but are not limited to, those related to effects of competition, leverage and debt service financing and refinancing efforts, general economic conditions, changes in gaming laws or regulations (including the legalization of gaming in various jurisdictions) and risks related to development and construction activities. The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report.

Overview

We operate in the domestic gaming industry. We were organized as a holding company for the purpose of acquiring and operating casinos, gaming properties and other related interests.

As of June 30, 2012, our operating subsidiaries were Casinos USA, Inc. ("Casinos USA," a Colorado corporation), which owns and operates the Bull Durham Saloon and Casino ("Bull Durham"), located in the limited stakes gaming district of Black Hawk, Colorado, and Doc Holliday Casino II, LLC (a Colorado limited liability company), which operates the Doc Holliday Casino (Doc Holliday), located in the limited stakes gaming district of Central City, Colorado.

Our operations are seasonal. Our casinos typically experience a significant increase in business during the summer tourist season.

We operate in a highly regulated environment subject to the political process. Our retail gaming licenses are subject to annual renewal by the Colorado Division of Gaming. Changes to existing statutes and regulations could have a negative effect on our operations.

Definitive Agreements

On June 1, 2012, we entered into two definitive agreements: one which will result in the sale and divestiture of all of our gaming interests; and the second that will result in the Company acquiring a real estate investment trust (REIT) engaged in the acquisition of real estate interests focused on the healthcare industry.

Split-Off Agreement: Effective June 1, 2012, the Company entered into a definitive Split-Off Agreement with Gemini Gaming LLC (Gemini), to sell all of its gaming properties, interests and operations (the Split-Off). Gemini is controlled by Clifford Neuman, the Company s President and Director, Pete Bloomquist, a Director, and Doug James, the General Manager of the Company s two casinos.

Gemini will purchase the outstanding equity of Split-Off Subsidiary in consideration of (i) the assumption of all responsibility for any debts, obligations and liabilities associated with the Gaming Assets, plus (ii) payment in an amount equal to the Company's net tangible book value, excluding the Company's 5% Convertible Notes in the aggregate principal amount of \$120,000 and further excluding approximately \$500,000 in a note receivable the Company advanced to Georgia Healthcare REIT, Inc. (Georgia REIT), on June 22, 2012. The Purchase Price will be evidenced by a promissory note which will be payable, together with interest at the rate of 4% per annum, in quarterly installments over a term of 20 years. The Note will be secured by a pledge of all of the outstanding equity securities of Split-Off Subsidiary.

Consummation of the Split-Off is subject to numerous conditions, including the approval of the Global shareholders, the approval of a Change of Ownership of the two casino licenses by the Colorado Division of Gaming, the concurrent closing of the Company's acquisition of Georgia REIT, and other conditions customary in transactions of this nature. Gemini Gaming has applied for a Change of Ownership with the Division of Gaming, which application is pending. No prediction can be made when the Split-Off will be consummated.

Stock Purchase Agreement: Also effective June 1, 2012, we entered into a definitive Stock Purchase Agreement (Stock Purchase), to acquire 100% of the issued and outstanding shares of equity securities of Georgia REIT, which was formed and organized to acquire real estate interests focused in the healthcare industry. The purchase price will consist of advances to Georgia REIT as discussed above, which will be eliminated on consolidation upon consummation of the Stock Purchase, and \$100 in cash.

Consummation of the Stock Purchase is subject to numerous conditions, including the approval of the Georgia REIT shareholder, the approval of a Change of Ownership of the two casino licenses by the Colorado Division of Gaming, the concurrent closing of the Split-Off Agreement, a definitive Information Statement under Sections 14(c) and 14(f) of the Exchange Act is filed with the SEC and mailed to the Company's shareholders, and other conditions customary in transactions of this nature.

Results of Operations Year Ended June 30, 2012 Compared to the Year Ended June 30, 2011

We recognized a net loss attributable to common shareholders after \$56,933 of dividends on our Series D preferred stock of \$(902,204), \$(0.13) per share) for the year ended June 30, 2012, compared to a net loss attributable to common shareholders after dividends of \$56,778, of \$(1,436,209) \$(0.22) per share) for the year ended June 30, 2011. The net losses for the year ended June 30, 2012 is primarily attributable to declining casino revenues, and certain costs incurred associated with the contemplated split-off and share purchase agreements discussed above under Definitive Agreements as well as interest expenses resulting from the issuance of convertible debt during the second and third quarters. The net losses for the year ended June 30, 2011 is primarily attributable to impairment charges on our goodwill that resulted from our purchase of the Doc Holliday Casino, and impairment of our investment in ImageDoc.com. The casinos continue to suffer declines in gaming revenues due to the continuing poor local and regional economic environment.

Revenues

Casino revenues for the year ended June 30, 2012 were \$5,365,533 compared to \$5,694,309 for the year ended June 30, 2011, a decrease of \$(328,776) or 5.8%. Total casino revenues for the Bull

Durham were \$3,323,818 and \$3,594,373 for the years ended June 30, 2012 and 2011, respectively, a decrease of \$(270,555) or 7.5%. Total casino revenues for Doc Holliday were \$2,041,715 and \$2,099,936 for the years ended June 30, 2012 and 2011, respectively, a decrease of \$(58,221) or 2.8%. Total casino coin-in was down 3.3% for the year ended June 30, 2012 compared to the year ended June 30, 2011. We also experienced a decrease of 0.14% in our hold percentage for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Promotional allowances primarily include anticipated redemptions associated with the Bull Durham Casino's Sharpshooter's Club which awards customers with cash payouts dependent upon the frequency and amount of their gaming activities on our slot machines. The total allowances increased by \$32,404 from \$178,162 to \$210,566, for the years ended June 30, 2011 and 2012, respectively.

Operating Expenses

Casino operations: Includes all expenses associated with the operations of the Bull Durham Casino and the Doc Holliday Casino for the years ended June 30, 2012 and 2011. The following table summarizes such expenses for comparison and discussion purposes:

	For the years ended			%
	June 30, 2012	June 30, 2011	\$ Change	Change
Labor & Benefits	\$1,905,437	\$2,044,393	\$(138,956)	-6.8%
Marketing & Advertising	1,238,599	1,244,040	(5,441)	-0.4%
Depreciation & Amortization	341,900	432,541	(90,641)	-21.0%
Food & Beverage	307,592	339,696	(32,104)	-9.5%
Repair, Maintenance & Supplies	236,800	249,616	(12,816)	-5.1%
Device fees	424,093	421,806	2,287	0.5%
Professional fees	97,150	48,170	48,980	101.7%
Insurance, Taxes & Licenses	190,144	206,807	(16,663)	-8.1%
Utilities & Telephone	153,876	172,924	(19,048)	-11.0%
Occupancy	235,288	281,615	(46,327)	-16.5%
Other casino expenses	57,002	42,277	14,725	34.8%
	\$5,187,881	\$5,483,885	\$(296,004)	-5.4%

Labor & Benefits: Includes all salary and contract labor costs associated with the operations of the casinos, payroll taxes, as well as costs associated with the casinos' employee benefit and health insurance plans. The 6.8% decrease is primarily attributable to adjustments to casino labor based on casino gaming activity. Total labor and benefits costs as a percentage of casino revenues decreased from 35.9% to 35.5% for the years ended June 30, 2011 and 2012, respectively.

Marketing & Advertising: Includes all costs associated with our advertising and marketing efforts including promotional activities designed to drive customers to our casinos, and programs designed to foster customer loyalty.

Depreciation & Amortization: Primarily includes depreciation on our gaming equipment, casino building improvements, furniture and fixtures, as well as amortization on our customer tracking software. The year-over-year decrease of \$(90,641) is attributable to decreases in the casino depreciable asset bases resulting from our efforts to upgrade existing slot machines versus purchasing of new machines due to capital constraints and efforts to reduce operating expenses. Dependent upon the availability of capital, we are continuing our efforts to upgrade and maintain the quality and appearance of the machines in both casinos as part of our strategy to provide the best customer experience possible to enhance customer loyalty.

Food & Beverage: Includes all costs associated with our bar and limited menu food services. Total food and beverage costs as a percentage of casino revenues were 5.7% and 6.0% for the years ended June 30, 2012 and 2011, respectively.

Repair, Maintenance & Supplies: Includes costs associated with the general upkeep of the facility, as well as parts and repair efforts to maintain the quality of our slot machines. Total repair, maintenance and supplies costs as a percentage of casino revenues were 4.4% for each of the years ended June 30, 2012 and 2011.

Device Fees: Includes fees paid to the local jurisdictions of the casinos based on the number of slot machines in operation.

Professional Fees: Includes all costs and fees associated with the casinos' legal services, accounting and auditing services, and the Board of Directors of Casinos USA (d/b/a The Bull Durham Saloon & Casino). The increase is primarily attributable to the defense and settlement of a sexual harassment lawsuit brought by certain former employees of the Doc Holliday Casino.

Insurance, Taxes & Licenses: Includes all non-payroll taxes, liability and property insurance, and licenses associated with the operation of the casinos. Total insurance, taxes and licenses as a percentage of casino revenues were 3.5% and 3.6% for the years ended June 30, 2012 and 2011, respectively.

Utilities & Telephone: Includes all costs associated with the casinos telephone systems, cell phone usage, and utility costs. Total utilities and telephone expenses as a percentage of revenues were 2.9% and 3.0% for the years ended June 30, 2012 and 2011, respectively.

Occupancy: Includes lease costs of the Doc Holliday Casino, which leases approximately 13,000 square feet of space used for its gaming activities, supporting offices and storage space under an

operating lease that terminates in July 2015. The lease requires the Casino to pay for a portion of the building expenses until the landlord secures additional tenants to occupy the remaining building space. To the extent the Casino pays total building expenses in excess of the Casino's portion as defined by the lease, any excess amounts paid are credited to the following lease year's rent payments. As of June 30, 2012, prepaid rent credits available to offset future rent payments was approximately \$48,000 and are recorded as prepaid expenses and other current assets. The difference between the amount recorded as occupancy expense and the scheduled rent payments is due to the amortization of available prepaid rent credits resulting from certain prior payments of building expenses as discussed above.

On January 29, 2010 the landlord of the Doc Holliday Casino property agreed to rent abatement in the total aggregate amount of \$40,000 prorated over a six-month term in the amount of \$6,667 per month beginning in February 2010, and continued through July 2010. In consideration of the rent abatement the Company we replaced all carpeting on the first floor of the premises, which was completed in February 2010, at a cost of approximately \$29,000. The amount of the rent abatement in excess of the cost of the carpet replacement, or approximately \$11,000, was recorded as deferred rent and is being amortized to rent expense over the remaining life of the lease.

On December 31, 2010 the landlord of the Doc Holliday Casino property agreed to further amend the lease agreement. As a result, for the period commencing January 1, 2011 and ending December 31, 2011 the base rent was \$250,000, payable at a rate of \$20,833 per month. The amendment resulted in a monthly reduction of the base rent of approximately \$4,500 per month during the abatement period. The total rent abatement under the agreement of approximately \$54,000 was recorded as deferred rent and is being amortized to rent expense over the remaining life of the lease. All existing agreements with respect to triple net expenses and the cap on the Company's liability for annual increases in such expenses remain in effect for the lease period. In consideration of the rent abatement, the Company agreed that the digital surveillance system installed on the premises would be deemed the sole and separate property of the landlord upon termination of the lease. At June 30, 2012 the system had a net book value of approximately \$34,000. Beginning January 1, 2012, the Company has continued to pay rent at the modified rate agreed to for 2011 with the landlord's acquiescence but without a formal extension agreement.

Other Casino Expenses: Includes all other costs of the casino operations not included in the above categories, including travel, armored car services, postage, casino entertainment, employee education programs, bank and other financing fees, and lease costs associated with off-site storage units. Total other casino expenses as a percentage of revenues were 1.1% and 0.7% for the years ended June 30, 2012 and 2011, respectively.

Operating, general, and administrative expenses: Generally includes all expenses associated with the operations of the parent entity, Global Casinos, Inc., including legal and executive services provided by the company's principal executive officer, accounting services provided by the company's principal accounting officer, as well as clerical and bookkeeping services, corporate marketing and financing, and stock-based compensation costs relating to the company's executive officers, directors, and subsidiary management.

Total operating, general, and administrative costs were \$410,728, as compared to \$171,886 for the years ended June 30, 2012 and 2011, respectively, an increase of \$238,842, or 138.9%. The net increase is primary attributable to four

items.

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First, we have incurred legal expenses associated with the Company's current offering of securities which is discussed in detail below, as well as legal costs associated with the Company's defense and settlement of claims of sexual harassment brought by two former employees of the Doc Holliday Casino. These costs account for approximately \$61,000 of the year-over-year increase.

Second, we engaged the services of a broker-dealer as a selling agent to assist in our offering of the 8% Convertible debt during the second and third quarters. On sales involving the assistance of the selling agent, the selling agent was entitled to a fee equal to 5% of the price of the securities, and 10% common stock and warrant coverage on all shares of common stock underlying the securities sold by the selling agent. As of June 30, 2012 the Company had paid to the agent a total of \$42,500.

In addition to the agent's cash fees, the agent was entitled to 255,000 Class A warrants for sales of units involving the agent's assistance. The estimated fair value of the warrants in the amount of \$110,300 has been allocated to stockholders' equity and a non-cash charge to operations as financing costs for the year ended June 30, 2012.

Third, the participants of our loan participation obligations were entitled to loan participation fees on the second annual anniversary of the transaction of 53,000 shares of the Company's common stock. The first anniversary shares were issued in February 2011, at a total value of \$6,270, reflecting the closing prices of the Company's common stock on the anniversary dates. The second anniversary shares were issued in February 2012, at a total value of \$23,670, reflecting the closing prices of the Company's common stock on the second anniversary dates.

Fourth, during the quarter ended December 31, 2011 we incurred approximately \$16,000 of costs associated with the renewal of our Colorado gaming license.

Finally, on March 18, 2011, the Company's board of directors granted a total of 325,000 shares of the Company's common stock to members of senior management as consideration of services provided by the Company's directors and executive officers. The services were valued at \$.10 per share as determined by market trading activity on and around the award date, and as such \$32,500 of stock based compensation was recognized and included in operating, general and administrative expenses for the year ended June 30, 2011. No stock based compensation was recognized during the year ended June 30, 2012.

Loss on asset disposals

We disposed certain casino equipment with a remaining book value of \$9,852. There were no proceeds received regarding these disposals. The resulting \$9,852 loss was recorded as a loss on asset disposals during the year ended June 30, 2012. During the year ended June 30, 2011 we disposed certain casino equipment with a remaining book value of \$2,418. There were no proceeds received regarding these disposals. The resulting \$2,418 loss was recorded

as a loss on asset disposals.

Interest Expense

Net interest expense was \$391,777 for the year ended June 30, 2012 compared to \$108,893 for the year ended June 30, 2011, and primarily represents regularly scheduled payments on various mortgages collateralized by the Bull Durham Saloon and Casino real estate, certain debt incurred to

facilitate the acquisition of the Doc Holliday Casino in March 2008, and interest on our loan participation obligations and convertible debt.

In addition to regular interest associated with the instruments above, the 8% Convertible debt sold during the second and third quarters included detachable warrants. The estimated fair value of the warrants was \$439,200, which was allocated to stockholders' equity and recorded as a discount to the face value of the convertible notes. This amount is being amortized over the two-year life of the debt to interest expense. During the year ended June 30, 2012, \$116,396 of the discount was amortized representing a non-cash charge to interest expense. Furthermore, the conversion terms of the 8% Convertible debt also included a beneficial conversion feature totaling \$410,800. This amount is also being amortized over the two-year life of the debt to interest expense. During the year ended June 30, 2012, \$133,271 of the discount was amortized representing a non-cash charge to interest expense.

Interest expense is partially offset by interest income earned on certain cash balances maintained at financial institutions.

Other

Series D Preferred Stock: Holders of our Series D Preferred Stock are entitled to receive dividends at the rate of 8% per year, declared quarterly and payable the 15th day of April, July, October and January of each year. For the years ended June 30, 2012 and 2011, dividends of \$56,933 and \$56,778, respectively, were declared on the Series D Preferred Stock. Dividends declared on June 30, 2012 and 2011 were subsequently paid in July 2012 and 2011, respectively.

Net Operating Loss Carryover: For federal income tax purposes, Global has a net operating loss carryover (NOL) approximating \$6,805,000, which can be used to offset future taxable income, if any. Under the Tax Reform Act of 1986, the amounts of and the benefits from NOL's are subject to certain limitations including restrictions imposed when there is a loss of business continuity or when ownership changes in excess of 50% of outstanding shares, under certain circumstances. There is no guarantee that Global will be able to utilize its NOL before it expires and accordingly, no potential benefit has been recorded in the financial statements.

Inflation did not have a material impact on the Company's operations for the period.

Other than the foregoing, management knows of no trends, demands, or uncertainties that are reasonably likely to have a material impact on the Company's results of operations.

Liquidity and Capital Resources

Our primary source of cash is internally generated through operations. As of June 30, 2012, neither the Company nor its subsidiaries have commercial bank credit facilities. Consequently, we believe that cash necessary for future operations must be internally generated through our casino operations. Cash flow at one of the Company's operating subsidiaries, Bull Durham, has been sufficient to fund operations and we believe that cash flow will be sufficient during the next twelve months to continue our operations. Cash flows from our other operating subsidiary, Doc Holliday, have not been sufficient to fund its operations and necessary capital improvements. From time to time, we have depended on funds received through debt and equity financing to address operating shortfalls and capital requirements. We have also relied, from time to time, upon loans from affiliates to meet immediate cash demands. There can be no assurance that these affiliates or other related parties will

continue to provide funds to us in the future if necessary, as there is no legal obligation on these parties to provide such loans.

The report of the independent accountant that audited the Company's financial statements for the year ended June 30, 2012 includes a qualification that the Company may not continue as a going concern. In that event, the Company might be liquidated and its assets sold to satisfy any claims of creditors. See Note 1 to the financial statements attached to this report for a more complete description of this contingency.

Effective September 19, 2009, all of the secured obligations of Casinos, USA, Inc., a wholly-owned subsidiary of Global Casinos, Inc. had matured and became due and payable. The secured obligations are secured by deeds of trust encumbering the Bull Durham Casino property located in Blackhawk, Colorado.

On November 30, 2009 we consummated a Loan Document Purchase and Assignment Agreement with the holder of the senior mortgage of the Bull Durham Casino in which the Company obtained all of the rights, title and interest in and to the Note and Loan Agreement. The total amount of consideration paid to the holder was \$730,710 which included principal of \$721,021, interest accrued to the purchase date of \$5,689, and a fee of \$4,000 to cover legal and administrative costs of the holder. Also on November 30, 2009 we executed a Loan Participation Agreement whereby the Company assigned to an unaffiliated third party an undivided 34.7% interest in the Note for total consideration of \$250,000 and a loan participation fee of 50,000 shares of the Company's common stock valued at \$0.38 per share.

And on December 30, 2009 the Company executed a Loan Participation Agreement whereby the Company assigned to a director an undivided 2.08% interest in the Note for total consideration of \$15,000 and a loan participation fee of 3,000 shares of the Company's common stock valued at \$0.39 per share. The remaining undivided 63.22% interest in the Note is owned by the Company and is eliminated in consolidation as the debtor is a wholly owned operating subsidiary. The Note has not been modified and continues to be in technical default.

On December 30, 2009 we consummated an Allonge and Modification Agreement with the holder of a second deed of trust note on the Bull Durham Casino. Immediately prior to the modification the Note had a principal balance of \$616,988. The agreement required a principal pay down of \$100,000, monthly principal and interest payments of \$5,596 beginning on January 1, 2010, and extended the maturity date of the Note to December 31, 2010. In December 2010, the Company exercised its option to extend the maturity date of this Note to December 31, 2011 by an additional \$50,000 principal pay down of the Note. In December 2011, the Company exercised its option to extend the maturity date of this Note to December 31, 2012 by an additional \$50,000 principal pay down of the Note. After December 31, 2012 the maturity date will only be further extended by written mutual agreement upon terms acceptable to both parties.

On March 22, 2010, we consummated an Allonge and Modification Agreement with the holder of a junior deed of trust note on the Bull Durham Casino. Immediately prior to the modification the Note had a principal balance of \$176,540. The agreement requires monthly principal and interest payments of \$1,911 beginning on April 1, 2010, and extended the maturity date of the Note to April 1, 2013.

While no additional agreements have been reached as of the date of this report, we have been in communication with the remaining junior mortgage note holders concerning the need to extend the

maturity dates of the notes. Until their maturity, all payments required under the notes had been made in a timely fashion, and we intend to continue to make payments under the notes pending our efforts to renegotiate their maturity dates.

In addition, the note payable to the seller of Doc Holliday Casino acquired in March 2008, matured on March 31, 2009. The note did not bear interest, however upon its maturity a default interest rate of 8% with interest payments due monthly became effective. Since default, we have made interest payments under the default terms of the note. At the request of the note holder and beginning in January 2010, we had been making interest and additional monthly principal reduction payments of \$12,500. Beginning in January 2011, we notified the noteholder that we would not be able to continue making the monthly principal reduction payments on the note. With the noteholder's acquiescence, but not express agreement, we have been making interest only payments and as cash flows allow, smaller principal reduction payments that have totaled \$20,000 during the year ended June 30, 2012. As of June 30, 2012, the note holder has not executed any modification agreement, and as such all the note principal in the amount of \$190,667 is considered in technical default and is classified as a current obligation.

At June 30, 2012, the Company had cash and cash equivalents of \$492,199. Approximately half of that cash is utilized in our casino operations. Pursuant to state gaming regulations, the casinos are required to maintain cash balances sufficient to pay potential jackpot awards. Our cash balances at June 30, 2012 were in excess of funds required by gaming regulations.

Our working capital deficit increased by \$380,592 to a working capital deficit of \$(852,649) at June 30, 2012 from a working capital deficit of \$(472,057) at June 30, 2011. The working capital deficit is primarily due to mortgage debt associated with the Bull Durham casino now due or maturing within one year as discussed above, debt associated with the acquisition of the Doc Holliday casino, and the loan participation obligations that are classified as short-term liabilities at June 30, 2012 and 2011. Cash flows generated from our operations have been sufficient to service the monthly installments on our mortgage debt.

Cash used in operating activities was \$(22,284) for the year ended June 30, 2012. For the year ended June 30, 2011, operating activities provided net cash of \$300,870. The year-over-year decrease in cash provided by operating activities was primarily the result of the operating loss for the ended June 30, 2012, the effect of non-cash impairment charges to goodwill and our investment in ImageDoc.com during the year ended June 30, 2011, and to a lesser degree, changes in certain current assets and liabilities, and in our accrued gaming income during the year ended June 30, 2012, which represents the deposits of cash held in our gaming machines at June 30, 2012.

Cash used in investing activities was \$(582,228) for the year ended June 30, 2012. On June 22, 2012, we advanced a loan to Georgia Healthcare REIT, Inc., a Georgia corporation (REIT) in the original principal amount of \$500,000 plus interest at the rate of 5% per annum, interest payable monthly, with the total outstanding principal balance due on June 30, 2013. The Note is secured by a stock pledge agreement covering 100% of the issued and outstanding shares of membership interest of REIT. See further discussion above regarding further proposed transactions under the heading **Definitive Agreements**. In addition, we purchased \$82,228 of gaming and security equipment.

Cash used in investing activities was \$(161,068) for the year ended June 30, 2011, and primarily represents a \$120,000 investment in common stock and stock purchase warrants of ImageDoc.com,

as well as purchases of gaming and security equipment totaling \$41,068. The investment in ImageDoc.com was considered impaired at June 30, 2011.

For the year ended June 30, 2013 and depending upon available capital resources, we expect to acquire gaming equipment and other capital items up to approximately \$200,000, primarily to continue our efforts to upgrade and purchase new slot machines and leasehold improvements at the Doc Holliday Casino designed to improve the customer experience. We are also contemplating installing a customer tracking system at the Doc Holliday casino similar to the system operating at the Bull Durham casino. Such a system would require the outlay of approximately \$500,000.

Cash flows provided by financing activities were \$565,503 for the year ended June 30, 2012 compared to cash used of \$(144,498) during the year ended June 30, 2011. Net cash provided by financing activities for the year ended June 30, 2012 represents funds received from the sale of 8% Convertible debt as discussed below, principal payments on our long-term debt and participation obligations, as well as dividend payments on our Series D Preferred Stock.

On September 26, 2011 the Company's Board of Directors approved a private offering of units of the Company's securities of up to \$720,000. On February 2, 2012, the Company's Board of Directors approved an increase of the private offering of up to \$850,000. As of June 30, 2012 all \$850,000 of units had been sold and mature in October 2013 and February 2014.

Each unit consists of an 8% Convertible Note and one Class A Warrant for each \$1.00 in Note purchased. The Class A Warrants are exercisable into shares of the Company's common stock for a period of three years at an exercise price of \$0.50 per share. The price of the offering was the principal amount of the Note. The Convertible Notes accrue interest at 8% per year, mature two years from the date of issuance with all principal and interest due at maturity. At the option of the holder, the Note principal and accrued interest are convertible to shares of the Company's common stock at a conversion price of \$0.50 per share. In addition, for every \$1.00 in Note principal converted, the holder will receive one additional share of Common Stock and two Class B Warrants, each exercisable for a period of three years at an exercise price of \$0.75 per share. As of March 31, 2012 none of the Notes have been converted.

During the quarter ended December 31, 2011 a total of \$703,500 of units were sold and mature on October 31, 2013. We applied the provisions of ASC 470-20 Debt With Conversions and Other Options in which the fair value of the warrants are allocated to stockholders' equity and considered as a discount to the face amount of the Note principal. The resulting discount to the Notes is amortized to interest expense on a straight-line basis over the life of the Notes. Should a Note be converted or paid prior to the maturity date, the related discount would be charged off, pro-rata, to interest expense. The initial estimated fair value of the warrants of \$322,000 was determined using the following assumptions:

Expected volatility

139%

Contractual term

3 years

Risk free interest rate

0.48%

Expected dividend rate

0%

In addition, based on the trading price of the Company's common stock on the date of issue of the Notes, in accordance with ASC 470 the conversion terms were considered a beneficial conversion features, and as such \$381,500 representing the intrinsic value of the beneficial conversion features

has been allocated to stockholders' equity and is reflected as a discount to the amount of the note amounts which is being amortized to interest expense over the term of the notes.

During the quarter ended March 31, 2012 an additional \$146,500 of units were sold and mature on February 7, 2014. We applied the provisions of ASC 470-20 Debt With Conversions and Other Options in which the fair value of the warrants are allocated to stockholders' equity and considered as a discount to the face amount of the Note principal. The resulting discount to the Notes is amortized to interest expense on a straight-line basis over the life of the Notes. Should a Note be converted or paid prior to the maturity date, the related discount would be charged off, pro-rata, to interest expense. The initial estimated fair value of the warrants of \$43,500 was determined using the following assumptions:

Expected volatility

138%

Contractual term

3 years

Risk free interest rate

0.35%

Expected dividend rate

0%

In addition, based on the trading price of the Company's common stock on the date of issue of the Notes, in accordance with ASC 470 the conversion terms were considered a beneficial conversion features, and as such \$29,300 representing the intrinsic value of the beneficial conversion features has been allocated to stockholders' equity and is reflected as a discount to the amount of the note amounts which is being amortized to interest expense over the term of the notes.

We engaged the services of a broker-dealer as a selling agent to assist in this offering of securities. On sales involving the assistance of the selling agent, the Company paid the selling agent a fee equal to 5% of the price of the securities, and 10% common stock and warrant coverage on all shares of common stock underlying the securities sold by the selling agent. We paid to the agent a total of \$42,500, and was charged to operations for the year ended June 30, 2012.

With respect to the second quarter sale of \$703,500 of units, in addition to the agent's cash fees, the agent was entitled to 211,050 Class A warrants for sales of units involving the agent's assistance. The estimated fair value of the

warrants in the amount of \$97,200 has been allocated to stockholders' equity and charged to the Company's operations as financing costs during the year ended June 30, 2012. The estimated fair value of the warrants was determined using the following assumptions:

Expected volatility

139%

Contractual term

3 years

Risk free interest rate

0.48%

Expected dividend rate

0%

With respect to the third quarter sale of \$146,500 of units, in addition to the agent's cash fees, the agent was entitled to 43,950 Class A warrants for sales of units involving the agent's assistance. The estimated fair value of the warrants in the amount of \$13,100 has been allocated to stockholders' equity and charged to the Company's operations as financing costs during the year ended June 30, 2012. The estimated fair value of the warrants was determined using the following assumptions:

Expected volatility

138%

Contractual term

3 years

Risk free interest rate

0.35%

Expected dividend rate

0%

In addition to the cash fees and warrant coverage for selling agent assisted sales, for each \$100 of Notes converted, the agent would be entitled to an additional 10 shares of the company's common stock and 20 Class B Warrants. Each Class B Warrant is exercisable for a period of three years at an exercise price of \$0.75 per share. A contingency exists for this feature, the outcome of which cannot be determined.

As discussed above, on November 30, 2009 we consummated a Loan Document Purchase and Assignment Agreement with the holder of the senior mortgage of the Bull Durham Casino in which the Company obtained all of the rights, title and interest in and to the Note and Loan Agreement. Also on November 30, 2009 we executed a Loan Participation Agreement whereby the Company assigned to an unaffiliated third party an undivided 34.7% interest in the Note for total consideration of \$250,000 and a loan participation fee of 50,000 shares of the Company's common stock valued at \$0.38 per share. And on December 30, 2009 the Company executed a Loan Participation Agreement whereby the Company assigned to a director an undivided 2.08% interest in the Note for total consideration of \$15,000 and a loan participation fee of 3,000 shares of the Company's common stock valued at \$0.39 per share.

During the years ended June 30, 2012 and 2011 we made \$30,802 and \$27,335, respectively, in principal payments under the loan participation agreements.

In March 2008, we completed a private offering of 700,000 shares of Series D Preferred stock with a stated value of \$1.00 per share. The preferred stock is redeemable at any time only at the option of the Company. At the option of the holder, each preferred share is convertible to one share of the Company's common stock. Holders of our Series D Preferred Stock are entitled to receive dividends at the rate of 8% per year, declared quarterly and payable the 15th day of April, July, October and January of each year. During the nine months ended March 31, 2012 and 2011, dividends declared on June 30, September 30, December 31, and March 31 totaling \$56,933 and \$56,778, respectively, were paid to the holders of the Series D Preferred Stock.

Effective January 1, 2010, Casinos USA entered into a Credit Agreement with Doc Holliday Casino II, LLC pursuant to which Casinos USA agreed to make available to Doc Holliday a revolving line of credit with a maximum loan balance of \$500,000. The Credit Agreement is secured by a UCC security interest in all of the assets of Doc Holliday. The obligation under the Credit Agreement is eliminated in consolidation.

During the year ended June 30, 2011 we completed a private offering of securities consisting of \$120,000 in 5% Unsecured Convertible Debentures. The Debentures will mature and be due and payable in July and August 2013. The principal amount of the Debentures accrue interest at the rate of 5% per annum and will be payable at the maturity date. As of June 30, 2012 a total of \$11,570 of interest has been accrued on these notes. The Debentures are convertible, at anytime at the option of the investor, into shares of the Company's Series E Convertible Preferred Stock at a conversion price equal to \$0.25 per share of Series E Preferred. The Debentures will automatically convert into shares of Series E Preferred Stock under certain circumstances.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Securities and Exchange Commission regulation S-K.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates included herein relate to the recoverability of assets, the value of long-lived assets and liabilities, including estimates of liabilities incurred under customer rewards programs, the value of share based compensation transactions, the value of common stock purchase warrants, the long-term viability of the business, the future impact of gaming regulations, and future obligations under various tax statutes. Actual results may differ from estimates.

Other than the foregoing, management knows of no trends, demands, or uncertainties that are reasonably likely to have a material impact on the Company's liquidity and capital resources.

ITEM 7A.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT

MARKET RISK.

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our short term money market investments. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Company does not have any credit facilities with variable interest rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are located in Item 15 beginning on page F-1 of this Annual Report on Form 10-K and are incorporated herein by reference

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company's Chief Financial Officer and with the participation of the Company's President and Chief Executive Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of June 30, 2012. In performing its assessment of the Company's internal control over financial reporting, management used the criteria set forth in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of that date for purposes of recording, processing, summarizing and timely reporting material information required to be disclosed in reports that the Company files under the Securities Exchange Act of 1934.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States, and includes those policies and procedures that:

- 1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and,

3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Furthermore, smaller reporting

companies face additional limitations. Smaller reporting companies employ fewer individuals and find it difficult to properly segregate duties. Often, one or two individuals control every aspect of the Company's operation and are in a position to override any system of internal control. Additionally, smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's Chief Financial Officer, and with the participation of the Company's President and Chief Executive Officer, has conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of June 30, 2012, based on the criteria for effective internal control described in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment, management concluded that the Company's internal control over financial reporting was not effective as of June 30, 2012.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the year ended June 30, 2012, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations of Internal Controls

Our principal executive and financial officer do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our principal executive and financial officer have determined that our disclosure controls and procedures are effective at doing so, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

ITEM 9B. OTHER INFORMATION

None.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.****Directors and Executive Officers**

The name, position with the Company, age of each Director and executive officer of the Company is as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Director/Officer Since</u>
Clifford L. Neuman	64	President & Director	1997
Pete Bloomquist	55	Secretary & Director	2005
Todd Huss	60	Chief Financial Officer	2006
A. Leonard Nacht	82	Director	2012

Clifford L. Neuman has served as a Director of the Company since 1997. Mr. Neuman is a licensed, practicing attorney and a partner in the law firm of Clifford L. Neuman, P.C., with offices located in Boulder, Colorado. Mr. Neuman also serves as a director of two tax-exempt non-profits: The Ratna Foundation and Medicine Horse Program. Mr. Neuman received his Bachelor of Arts degree from Trinity College in 1970 and his Juris Doctorate degree from the University of Pennsylvania School of Law in 1973.

Pete Bloomquist. From 2006 to 2009, Mr. Bloomquist has served as VP Corporate Finance with Smart Move, Inc. From July 1997 to 2006, Mr. Bloomquist was employed by Bathgate Capital Partners LLC in the corporate finance group. Bathgate Capital Partners, currently known as GVC Capital, LLC, is a full service investment bank, working with micro-cap companies. From August 1994 to June 1997 Mr. Bloomquist was the Chief Financial Officer and a Director of Global Casinos, Inc. From May 1989 to August 1994 he was employed by Cohig & Associates, Inc. in the corporate finance group. Cohig & Associates, Inc. was a full service broker dealer. From September 1980 to May 1989 Mr. Bloomquist worked for local and national accounting firms in the area of taxation. He received his Bachelor of Science degree in Business Management with an emphasis in Accounting from the University of Northern Colorado in 1980.

Todd Huss. Mr. Huss has been the Chief Financial Officer of the Company since January, 2006. Since 2002, Mr. Huss has performed contract accounting services for various public companies. From 1996 to 2002, he served as the Chief Financial Officer for Premier Concepts, Inc., the publicly-traded owner and operator of a national chain of specialty retail jewelry stores. From 1991 to 1995 he served as the Chief Financial Officer for Gardenswartz Sportz, Inc., a privately-held corporation which owned and operated eight full service retail sporting goods stores in New Mexico and Texas. Mr. Huss graduated from California State University-Long Beach in 1984, with a Bachelor of Science degree in business administration and professional accounting, and subsequently worked for KPMG Peat Marwick in its Los Angeles, California, and Albuquerque, New Mexico offices until 1991.

A. Leonard Nacht. Dr. Nacht graduated from Washington University School of Dental Medicine in 1954, from which institution he also received a Bachelor of Science degree. He spent two years serving in the United States Air Force Dental Service and was discharged two years later with an Honorable Discharge. He then moved to Colorado Springs and established a private dental practice which he continued until 1995.

Beginning in 1972, Dr. Nacht acquired and developed real property located in Edwards, Colorado through various partnerships and entities, including Riverwalk at Edwards, LLLP, Eagle II Developers, Riverwalk Associates and Edwards Land Investors. He is currently a principal in Riverwalk at Edwards, a mixed-use residential and commercial development in Edwards, Colorado.

All directors serve until their successors have been duly elected and qualified and are subject to reelection at the Company's regular Annual Meeting of Shareholders, unless they earlier resign.

Family Relationships

None.

Board Meeting and Compensation

During the fiscal year ended June 30, 2012 meetings of the Board of Directors were held both in person and telephonically, and business of the board was also conducted by written unanimous consent. All Board members attended 100% of the Board meetings. Directors are entitled to reimbursement of their expenses associated with attendance at such meeting or otherwise incurred in connection with the discharge of their duties as a Director. The Board of Directors has not adopted a compensation plan for outside directors.

During fiscal 2012 the entire Board of Directors assumed all responsibilities of the Audit, Compensation and Nominating Committees. The board had no formal standing committees, but plans to create those committees when it determines that those committees would be beneficial. No member of the Audit, Compensation or Nominating Committees will receive any additional compensation for his service as a member of that Committee.

Audit Committee

The Board as a whole serves as the audit committee.

Neither Mr. Neuman nor Mr. Bloomquist would be deemed to be "independent" within the meaning of the National Association of Securities Dealers, Inc.'s listing standards. For this purpose, an audit committee member is deemed to be independent if he does not possess any vested interests related to those of management and does not have any financial, family or other material personal ties to management.

The committee is responsible for accounting and internal control matters. The audit committee:

- reviews with management, the internal auditors and the independent auditors policies and procedures with respect to internal controls;
- reviews significant accounting matters;
- approves any significant changes in accounting principles of financial reporting practices;

- reviews independent auditor services; and
- recommends to the board of directors the firm of independent auditors to audit our consolidated financial statements.

In addition to its regular activities, the committee is available to meet with the independent accountants, controller or internal auditor whenever a special situation arises.

The Audit Committee of the Board of Directors will adopt a written charter, which when adopted will be filed with the Commission.

Compensation Advisory Committee

The composition of the compensation advisory committee has not been determined.

The compensation advisory committee did not meet during fiscal 2012. The compensation advisory committee:

- recommends to the board of directors the compensation and cash bonus opportunities based on the achievement of objectives set by the compensation advisory committee with respect to our chairman of the board and president, our chief executive officer and the other executive officers;
- administers our compensation plans for the same executives;
- determines equity compensation for all employees;
- reviews and approves the cash compensation and bonus objectives for the executive officers; and
- reviews various matters relating to employee compensation and benefits.

Nomination Process

The Board of Directors has not appointed a standing nomination committee and does not intend to do so during the upcoming year. The process of determining director nominees has been addressed by the board as a whole, which consists of two members. The board has not adopted a charter to govern the director nomination process.

Of the currently serving three directors, Mr. Neuman would not be deemed to be independent within the meaning of the National Association of Securities Dealers, Inc.'s listing standards. For this purpose, a director is deemed to be independent if he does not possess any vested interests related to those of management and does not have any financial, family or other material personal ties to management.

The board of directors has not adopted a policy with regard to the consideration of any director candidates recommended by security holders, since to date the board has not received from any security holder a director nominee recommendation. The board of directors will consider

candidates recommended by security holders in the future. Security holders wishing to recommend a director nominee for consideration should contact Mr. Clifford L. Neuman, President, at the Company's principal executive offices located in Boulder, Colorado and provide to Mr. Neuman, in writing, the recommended director nominee's professional resume covering all activities during the past five years, the information required by Item 401 of Regulation S-K, and a statement of the reasons why the security holder is making the recommendation. Such recommendation must be received by the Company before June 30, 2013.

The board of directors believes that any director nominee must possess significant experience in business and/or financial matters as well as a particular interest in the Company's activities.

All director nominees identified in this proxy statement were recommended by our President and Chief Financial Officer and unanimously approved by the board of directors.

Shareholder Communications

Any shareholder of the Company wishing to communicate to the board of directors may do so by sending written communication to the board of directors to the attention of Mr. Clifford L. Neuman, President, at the principal executive offices of the Company. The board of directors will consider any such written communication at its next regularly scheduled meeting.

Any transactions between the Company and its officers, directors, principal shareholders, or other affiliates have been and will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties on an arms-length basis and will be approved by a majority of the Company's independent, outside disinterested directors.

Code of Ethics

Our Board of Directors adopted a Code of Business Conduct and Ethics for all of our directors, officers and employees during the fiscal year ended June 30, 2004. We will provide to any person without charge, upon request, a copy of our Code of Business Conduct and Ethics. Such request should be made in writing and addressed to Investor Relations, Global Casinos, Inc. 1507 Pine Street, Boulder, CO 80302. Further, our Code of Business Conduct and Ethics was filed as an exhibit to our Annual Report on Form 10-KSB for the fiscal year ended June 30, 2004 and can be reviewed on the website maintained by the SEC at www.SEC.gov.

No family relationship exists between any director and executive officer.

There are no material proceedings to which any director, officer or affiliate of the Company, any owner of record or beneficially of more than five percent (5%) of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

Except as noted herein or below, during the last ten (10) years no director or officer of the Company has:

(1) had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(2) been convicted in a criminal proceeding or subject to a pending criminal proceeding;

(3) been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

(4) been found by a court of competent jurisdiction in a civil action, the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Any transactions between the Company and its officers, directors, principal shareholders, or other affiliates have been and will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties on an arms-length basis and will be approved by a majority of the Company's independent, outside disinterested directors.

Indemnification and Limitation on Liability of Directors

The Company's Articles of Incorporation provide that the Company shall indemnify, to the fullest extent permitted by Utah law, any director, officer, employee or agent of the corporation made or threatened to be made a party to a proceeding, by reason of the former or present official of the person, against judgments, penalties, fines, settlements and reasonable expenses incurred by the person in connection with the proceeding if certain standards are met. At present, there is no pending litigation or proceeding involving any director, officer, employee or agent of the Company where indemnification will be required or permitted. 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 Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

The Company's Articles of Incorporation limit the liability of its directors to the fullest extent permitted by the Utah Business Corporation Act. Specifically, directors of the Company will not be personally liable for monetary damages for breach of fiduciary duty as directors, except for (i) any breach of the duty of loyalty to the Company or its stockholders, (ii) acts or omissions not in good faith or that involved intentional misconduct or a knowing violation of law, (iii) dividends or other distributions of corporate assets that are in contravention of certain statutory or contractual restrictions, (iv) violations of certain laws, or (v) any transaction from which the director derives an improper personal benefit. Liability under federal securities law is not limited by the Articles. The officers of the Company will dedicate sufficient time to fulfill their fiduciary obligations to the Company's affairs. The Company has no retirement,

pension or profit sharing plans for its officers and Directors.

Compliance with Section 16(a) of the Exchange Act

Under the Securities Laws of the United States, the Company's Directors, its Executive (and certain other) Officers, and any persons holding more than ten percent (10%) of the Company's common stock are required to report their ownership of the Company's common stock and any changes in that ownership to the Securities and Exchange Commission. Specific due dates for these reports have been established and the Company is required to report in this report any failure to file by these dates. All of these filing requirements were satisfied by its Officers, Directors, and ten-percent holders except for Mr. Bloomquist who failed to file one report covering one transaction in a timely manner. In making these statements, the Company has relied on the written representation of its Directors and Officers or copies of the reports that they have filed with the Commission.

ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Introduction. This Compensation Discussion and Analysis (CD&A) provides an overview of the Company's executive compensation program together with a description of the material factors underlying the decisions which resulted in the compensation provided for 2010 to the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) (the Named Executive Officers or NEOs), as presented in the tables which follow this CD&A. The following discussion and analysis contains statements regarding future individual and Company performance targets and goals. These targets and goals are disclosed in the limited context of the Company's compensation programs and should not be understood to be statements of management's expectations or estimates of financial results or other guidance. The Company specifically cautions investors not to apply these statements to other contexts.

The Board has responsibility for determining and implementing the Company's philosophy with respect to executive compensation. To implement this philosophy, the Board oversees the establishment and administration of the Company's executive compensation program.

It is expected that the compensation of the executives in fiscal 2013, including equity awards, will be reviewed based on the expected performance of the Company as established by the Board of Directors

Compensation Philosophy and Objectives. The guiding principle of the Board's executive compensation philosophy is that the executive compensation program should enable the Company to attract, retain and motivate a team of highly qualified executives who will create long-term value for the Shareholders. To achieve this objective, the Board has developed an executive compensation program that is ownership-oriented and that rewards the attainment of specific annual, long-term and strategic goals that will result in improvement in total shareholder return. To that end, the Board believes that the executive compensation program should include both cash and equity-based compensation

that rewards specific performance. In addition, the Board continually monitors the effectiveness of the program to ensure that the compensation provided to executives remains competitive relative to the compensation paid to executives in a peer group comprised of select container industry and other manufacturing companies. The Board annually evaluates the components of the compensation program as well as the desired mix of compensation among these components. The Board believes that a substantial portion of

the compensation paid to the Company's NEOs should be at risk, contingent on the Company's operating and market performance. Consistent with this philosophy, the Board will continue to place significant emphasis on stock-based compensation and performance measures, in an effort to more closely align compensation with Shareholder interests and to increase executives' focus on the Company's long-term performance.

Role of Executive Officers in Compensation Decisions. The Board makes all compensation decisions for the CEO and the CFO. Decisions regarding the compensation of other employees are made by the CEO and CFO in consultation with the Board. In this regard, the CEO and CFO provide the Board evaluations of executive performance, business goals and objectives and recommendations regarding salary levels and equity awards.

Market-Based Compensation Strategy. The Board adopted the following market-based compensation strategy:

Pay levels are evaluated and calibrated relative to other companies of comparable size operating in the gaming industry (the Peer Group) as the primary market reference point. In addition, general industry data is reviewed as an additional market reference and to ensure robust competitive data.

Target total direct compensation (target total cash compensation plus the annualized expected value of long-term incentives) levels for NEOs are calibrated relative to the Peer Group.

Target total cash compensation levels (base salary plus target annual incentive) for NEOs are calibrated to the Peer Group.

The long-term incentive component of the executive compensation program is discretionary and viewed in light of the target total direct compensation level.

The Board retains discretion, however, to vary compensation above or below the targeted percentile based upon each NEO's experience, responsibilities and performance.

Total Direct Compensation

Our objective is to target total direct compensation at levels consistent with the surveyed companies, if specified corporate and business unit performance metrics and individual performance objectives are met. We selected this target for compensation to remain competitive in attracting and retaining talented executives. Many of our competitors are significantly larger and have financial resources greater than our own. The competition for experienced, technically proficient executive talent in the industry is currently particularly acute, as companies seek to draw from a limited pool of such executives.

We structure total direct compensation to the named executive officers so that some of this compensation is delivered in the form of equity awards in order to provide incentives to work toward long-term profitable growth that will enhance stockholder returns. We also structure their cash compensation so that a significant portion is at risk under the cash bonus plan, payable based on corporate, business unit and individual performance. In the following sections, we further detail each component of total direct compensation.

Components of Compensation. For the year ended June 30, 2012, the President & CEO received no base salary but rather was compensated on the basis of legal services which he performed for the Company in his capacity as legal counsel to the Company. For the year ended June 30, 2012, the CFO was paid a fixed hourly rate on all time devoted to his services to the Company. Neither the CEO nor CFO received a base salary. We did not provide additional compensation in the form of annual incentive bonus, long term incentives, retirement benefits, or perquisites.

The following tables and discussion set forth information with respect to all plan and non-plan compensation awarded to, earned by or paid to the Chief Executive Officer ("CEO"), and the Company's four (4) most highly compensated executive officers other than the CEO, for all services rendered in all capacities to the Company and its subsidiaries for each of the Company's last three (3) completed fiscal years; provided, however, that no disclosure has been made for any executive officer, other than the CEO, whose total annual salary and bonus does not exceed \$100,000.

SUMMARY COMPENSATION TABLE

Name and Principal	Year	Salary (\$)	Bonus	Stock Awards	Options Awards	Nonqualified		Compensation Earnings	All Other Compensation	Total
						Non equity Incentive Plan	Deferred Compensation			
Clifford L. Neuman, President & CEO	2012	\$-0-	-0-	\$-0-	-0-	-0-	-0-	-0-	-0-	\$-0-
	2011	\$-0-	-0-	\$30,000	-0-	-0-	-0-	-0-	-0-	\$30,000
	2010	\$-0-	-0-	\$30,000	-0-	-0-	-0-	-0-	-0-	\$30,000

(1) Mr. Neuman receives no compensation for his services as President & CEO. He provides legal services to the Company, for which he was paid fees for services in the amount of \$77,684.95 for the fiscal year 2012; \$59,723.62 for the fiscal year 2011; and, \$84,341 for the fiscal year 2010.

The following table sets forth information concerning compensation paid to the Company's directors during the most recently completed fiscal year:

DIRECTOR COMPENSATION TABLE

Fees Earned	Nonqualified	
	Non-Equity	Deferred

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Name	or Paid in Cash 0	Stock Awards \$0	Option Awards 0	Incentive Plan Compensation 0	Compensation Earnings 0	All Other Compensation 0	Total \$0
Clifford L. Neuman	0	\$0	0	0	0	0	\$0
Pete Bloomquist A. Leonard Nacht	0	\$0	0	0	0	0	\$0

Company Stock Incentive Plans

In 1993, the Board of Directors and the Shareholders of the Company adopted the Global Casinos, Inc., Stock Incentive Plan (the "Incentive Plan"). The Incentive Plan allows the Company to grant incentive stock options non-qualified stock options and/or stock purchase rights (collectively "Rights") to officers, employees, former employees and consultants of the Company and its subsidiaries. Options granted to eligible participants may take the form of Incentive Stock Options ("ISO's") under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") or options which do not qualify as ISO's ("Non-Qualified Stock Options" or "NQSO's"). As required by Section 422 of the Code, the aggregate fair market value (as defined by the Incentive Plan) of the Company's Common Stock (determined as of the date of grant of ISO) with respect to which ISO's granted to an employee are exercisable for the first time in any calendar year may not exceed \$100,000. The foregoing limitation does not apply to NQSO's. Rights to purchase shares of the Company's Common Stock may also be offered under the Incentive Plan at a purchase price under terms determined by the Incentive Plan Administrator.

Either the Board of Directors (provided that a majority of Directors are "disinterested" can administer the Incentive Plan), or the Board of Directors may designate a committee comprised of Directors meeting certain requirements to administer the Incentive Plan. The Administrator will decide when and to whom to make grants, the number of shares to be covered by the grants, the vesting schedule, the type of awards and the terms and provisions relating to the exercise of the awards.

An aggregate of 100,000 shares of the Company's Common Stock is reserved for issuance under the Incentive Plan. As of June 30, 2012, no options were outstanding under the Plan. However, options to purchase 135,000 shares of Common Stock were issued and outstanding with a weighted average exercise price of \$1.00 per share. No shares were available for future option grants.

The following table sets forth information concerning unexercised options, stock that has not vested and equity incentive plan awards for each named executive officer outstanding as of the end of the most recently completed fiscal year:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END TABLE

Name	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Options	Exercise Price	Exercise Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Other Rights	Unearned Shares, Units or Other	Unearned Shares, Units or Other
Clifford L. Neuman	50,000	-0-	-0-	\$1.00	2006	-0-	-0-	-0-	-0-
Pete Bloomquist	50,000	-0-	-0-	\$1.00	2006	-0-	-0-	-0-	-0-

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of October 4, 2012 and as adjusted for the sale of option and warrant stock, the stock ownership of (i) each person known by the Company to be the beneficial owner of five (5%) percent or more of the Company's Common Stock, (ii) all Directors individually, (iii) all Officers individually, and (iv) all Directors and Officers as a group. Each person has sole voting and investment power with respect to the shares shown, except as noted. In presenting the information contained in this Item 12, the Company has relied upon publicly available reports of beneficial ownership filed by persons required to do so pursuant to Section 13 of the Exchange Act.

Title Of Class	Name & Address of Beneficial Owner	Shares Beneficially Owned	
		Number	Percent⁽¹⁾
Common Stock	Clifford L. Neuman (2)		
	1507 Pine Street		
	Boulder, Colorado 80302	787,273	11.23
	Pete Bloomquist (3)		
	3600 Christy Ridge		
	Sedalia, CO 80135	337,897	4.82
	Todd Huss		
13802 Boulder Lane	130,605	1.88	
Larkspur, CO 80118			
A. Leonard Nacht (4)		1,038,800	14.92
10040 E. Happy Valley Rd. #			
417			
Scottsdale, AZ 85255			
All Officers and Directors as a Group (4 Persons)		2,294,575	32.96

- (1) Shares not outstanding but beneficially owned by virtue of the individuals' right to acquire them as of the date of this report or within sixty days of such date, are treated as outstanding when determining the percent of the class owned by such individual.
- (2) Includes options exercisable to purchase 50,000 shares at an exercise price of \$1.00 per share; 687,273 shares owned individually; and 50,000 shares owned of record by Ratna Foundation, of which Mr. Neuman is a Director.
- (3) Includes 236,417 shares owned individually, 51,480 shares owned of record by the Bloomquist Family Partnership, of which Mr. Bloomquist is a General Partner and 50% equity holder, and options exercisable to purchase 50,000 shares at an exercise price of \$1.00 per share.
- (4) Includes 288,800 shares owned by A. Leonard Nacht IRA.
- (5) Based on 6,961,490 shares issued and outstanding on October 2, 2012.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND
MANAGEMENT FOLLOWING THE CHANGE OF CONTROL**

The following table sets forth information with respect to the anticipated levels of beneficial ownership of our common stock owned after giving effect to the Split-Off Agreement by:

- Each person who we know will be the beneficial owner of 5% or more of our outstanding common stock;
- Each of our executive officers;
- Each of our directors; and,
- All of our executive officers and directors as a group.

<u>Title Of Class</u>	<u>Name & Address of Beneficial Owner</u>	<u>Shares Beneficially Owned</u>	
		<u>Number</u>	<u>Percent</u> ⁽¹⁾⁽⁵⁾
Common Stock	Clifford L. Neuman (2)		
	1507 Pine Street		
	Boulder, Colorado 80302	787,273	11.23%
	A. Leonard Nacht (3)	1,038,800	14.92%
	10040 E. Happy Valley Rd. # 417		
	Scottsdale, AZ 85255		
	Christopher & Connie Brogdon	295,026	4.24%
	Two Buckhead Plaza		
	3050 Peachtree Rd., Suite 355		
	Atlanta, Ga. 30305		
John Joseph Sheehan, Jr.	-0-	0%	
Two Buckhead Plaza			
3050 Peachtree Rd., Suite 355			
Atlanta, Ga. 30305			
Steven M. Bathgate (4)	310,000	4.45%	
5250 S. Roslyn, Suite 400			

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Greenwood Village, CO 80111

All Officers and Directors

605,026

8.69%

as a Group (3 Persons)

- (1) Shares not outstanding but beneficially owned by virtue of the individuals' right to acquire them as of the date of this annual report or within sixty days of such date, are treated as outstanding when determining the percent of the class owned by such individual.
- (2) Includes options exercisable to purchase 50,000 shares at an exercise price of \$1.00 per share; 687,273 shares owned individually; and 50,000 shares owned of record by Ratna Foundation, of which Mr. Neuman is a Director.

- (3) Includes 288,800 shares owned by A. Leonard Nacht IRA.
- (4) Does not include (i) a \$50,000 note convertible into an aggregate of 200,000 shares, (ii) a \$50,000 note convertible into an aggregate of 100,000 shares, or (iii) warrants exercisable to purchase 50,000 shares at an exercise price of \$.50 per share. These securities are subject to a limitation on conversion and exercise that precludes the holder from exercising conversion rights if such exercise or conversion results in the holder owning more than 4.99% of the Company's outstanding shares of common stock.
- (5) Based on 6,961,490 shares issued and outstanding on October 2, 2012.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Throughout its history, the Company has experienced shortages in working capital and has relied, from time to time, upon loans from affiliates to meet immediate cash demands. There can be no assurance that these affiliates or other related parties will continue to provide funds to the Company in the future, as there is no legal obligation to provide such loans.

In September 2008, Messrs. Neuman and Bloomquist were granted restricted stock awards consisting of 25,000 shares each for services as officers and directors. Mr. Huss was granted a restricted stock award consisting of 15,000 shares for his services as CFO.

In January 2010, Messrs. Neuman and Bloomquist were granted restricted stock awards consisting of 100,000 shares each for services as officers and directors. Mr. Huss was granted a restricted stock award consisting of 50,000 shares for his services as CFO.

In March 2011, Messrs. Neuman and Bloomquist were granted restricted stock awards consisting of 100,000 shares each for services as officers and directors. Mr. Huss was granted a restricted stock award consisting of 50,000 shares for his services as CFO.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table details the aggregate fees billed to the Company by Schumacher & Associates, Inc., its current accountant, for each of the last two fiscal years:

	<u>2012</u>	<u>2011</u>
Audit Fees	\$57,000	\$56,600

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Tax Fees	-0-	-0-
All Other Fees	<u>-0-</u>	<u>-0-</u>
Total	\$57,000	\$56,600

The caption "Audit Fees" includes professional services rendered for the audit of the annual consolidated financial statements and review of the quarterly consolidated financial statements.

It is the policy of the Board of Directors, acting as the audit committee to pre-approve all services to be performed by the independent accountants.

PART IV**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

	Exhibit No.	Title
(1)	1.0	Articles of Amendment to the Articles of Incorporation dated June 22, 1994
(1)	3.1	Amended and Restated Articles of Incorporation
(1)	3.2	Bylaws
(1)	3.3	Certificate of Designations, Preferences, and Rights of Series A Convertible Preferred Stock
(5)	3.4	Certificate of Designations, Preferences, and Rights of Series B Convertible Preferred Stock
(5)	3.5	Certificate of Designations, Preferences, and Rights of Series C Convertible Preferred Stock
(5)	3.6	Agreement Respecting Rights of Holders of Series C Convertible Preferred Stock
(17)	3.7	Certificate of Designations, Preferences, and Rights of Series E Convertible Preferred Stock
(18)	3.8	Form of Registration Rights Agreement
(1)	4.1	Specimen Certificate of Common Stock
(1)	4.2	Specimen Class A Common Stock Purchase Warrant
(1)	4.3	Specimen Class B Common Stock Purchase Warrant
(1)	4.4	Specimen Class C Common Stock Purchase Warrant
(1)	4.5	Warrant Agreement
(19)	4.6	Form of Series 2010 5% Convertible Debenture
(20)	4.7	Form of Common Stock and Warrant Purchase Agreement
(1)	5.0	Opinion of Neuman & Drennen, LLC regarding the legality of the securities being registered
(1)	10.1	Selling Agent Agreement
(1)	10.2	The Casino-Global Venture I Joint Venture Agreement
(1)	10.3	Assignment of Casino-Global Joint Venture Agreement dated January 31, 1994
(1)	10.4	Nonresidential Lease Agreement between Russian-Turkish Joint Venture Partnership with Hotel Lazurnaya and Global Casino Group, Inc. dated September 22, 1993
(1)	10.5	Contract by and between Aztec-Talas-Four Star, Inc. and Global Casinos Group, Inc. dated April 12, 1993, and Addendum to Agreement by and between Aztec-Talas-Four Star, Inc., Global Casinos Group, Inc. and Restaurant "Naryn" dated June 29, 1993.
(1)	10.6	Agreement and Plan of Reorganization among Silver State Casinos, Inc., Colorado Gaming Properties, Inc. and Morgro Chemical Company, dated September 8, 1993, incorporated by reference from the Company's Current Report on Form 8-K, dated September 20, 1993
(1)	10.7	Agreement and Plan of Reorganization among Casinos U.S.A., Lincoln Corporation, Woodbine Corporation and Morgro Chemical Company, dated October 15, 1993, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
(1)	10.8	Stock Pooling and Voting Agreement, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993

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- (1) 10.9 Employment Agreement, dated September 28, 1993, between Morgro Chemical Company and Nathan Katz, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
- (1) 10.10 Employment Agreement, dated October 15, 1993, between Morgro Chemical Company and William P. Martindale, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
- (1) 10.11 Asset Acquisition Agreement by and among Global Casinos, Inc., Morgro, Inc. and MDO, L.L.C., dated as of February 18, 1994, incorporated by reference from the Company's Current Report on Form 8-K, dated February 18, 1994
- (1) 10.12 Stock Purchase Agreement, dated March 25, 1994, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
- (1) 10.13 Articles of Incorporation of BPJ Holding N.V., incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
- (1) 10.14 Aruba Caribbean Resort and Casino Lease Agreement, dated January 18, 1993, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
- (1) 10.15 Aruba Gaming Permit issued to Dutch Hotel and Casino Development Corporation, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
- (1) 10.16 Letter Agreement between Astraea Investment Management, L.P. and Global Casinos, Inc. dated May 11, 1994
- (1) 10.17 Guaranty from Global Casinos, Inc. to Astraea Investment Management, L.P. dated May 19, 1994
- (1) 10.18 Secured Convertible Promissory Note in favor of Global Casinos, Inc. from Astraea Investment Management, L.P. dated May 19, 1994
- (1) 10.19 Registration Rights Agreement between Global Casinos, Inc. and Astraea Investment Management, L.P. dated May 11, 1994
- (1) 10.20 Employment Agreement, dated July 1, 1994, between Global Casinos, Inc. and Peter Bloomquist
- (2) 10.21 Letter of Agreement, dated September 16, 1994 between Astraea Management Services, L.P., Casinos U.S.A., Inc. and Global Casinos, Inc.
- (3) 10.23 Letter of Agreement dated June 27, 1995, between Global Casinos, Inc., Global Casinos International, Inc., Global Casinos Group, Inc., Broho Holding, N.V., and Kenneth D. Brown individually.
- (1) 10.24 Second Amended Plan of Reorganization of Casinos USA, Inc., and Order Confirming Plan
- (1) 10.25 Warrant Agreement
- (4) 10.26 Stock Purchase and Sale Agreement between Alaska Bingo Supply, Inc., Global Alaska Industries, Inc. and Mark Griffin
- (5) 10.27 Convertible Promissory Note in the amount of \$450,000 dated March 31, 1998 in favor of Mark Griffin
- (4) 10.28 General Security Agreement from Global Alaska Industries, Inc. to Mark Griffin
- (4) 10.29 Stock Pledge Agreement from Global Alaska Industries, Inc. to Mark Griffin
- (5) 10.30 Agreement to Convert Debt dated March 31, 1998 with Mark Griffin
- (5) 10.31 Tollgate Casino Lease and Option Agreement
- (5) 10.32 Equipment Lease with Plato Foufas & Co., Inc.
- (5) 10.33 Employment Agreement of Eric Hartsough
- (6) 10.34 Stock Purchase Agreement dated December 30, 1999 between Arufinance, N.V. and Global Casinos, Inc.
- (7) 10.35

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Term Sheet dated July 24, 2002 between Global Casinos, Inc., Astraea Investment Management L.P. and others.

F-2

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- (7) 10.36 Agreement dated September 17, 2002 among Global Casinos, Inc., Casinos, U.S.A., Inc. and Astraea Investment Management L.P.
- (7) 10.37 Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos U.S.A., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of \$249,418.48.
- (7) 10.38 Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos U.S.A., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of \$750,000.
- (7) 10.39 Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos U.S.A., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of \$783,103.56.
- (7) 10.40 Assumption Agreement dated September 17, 2002 among, Global Casinos, Inc., Casinos U.S.A., Inc. and Astraea Investment Management L.P.
- (7) 10.41 Bill of Sale, Assignment and Assumption dated October ____, 2002 between Global Casinos, Inc. and Casinos, U.S.A., Inc.
- (7) 10.42 Option Agreement dated September 17, 2002 by and between Astraea Investment Management L.P. and Global Casinos, Inc.
- (7) 10.43 Security Agreement dated September 17, 2002 by Casinos U.S.A., Inc. in favor of Astraea Investment Management L.P.
- (7) 10.44 Service Agreement dated as of September 17, 2002 between Casinos U.S.A., Inc. and Global Casinos, Inc.
- (7) 10.45 Stock Pledge Agreement dated as of September 17, 2002 between Global Casinos, Inc. and Astraea Investment Management L.P.
- (7) 10.46 Voting Agreement dated as of September 17, 2002 between Casinos U.S.A., Inc. and Global Casinos, Inc.
- (9) 10.47 Asset Purchase and Sale Agreement dated June 14, 2007.
- (9) 10.48 Escrow Agreement dated June 20, 2007
- (10) 10.49 Amendment No. 1 to Asset Purchase and Sale Agreement dated June 14, 2007
- (8) 14. Code of Ethics
- (11) 10.50 Amendment No. 2 to Asset Purchase and Sale Agreement dated June 14, 2007.
- (12) 10.51 Amendment No. 3 to Asset Purchase and Sale Agreement dated June 14, 2007.
- (13) 10.52 Amendment No. 4 to Asset Purchase and Sale Agreement dated June 14, 2007.
- (15) 10.53 Amendment No. 5 to Asset Purchase and Sale Agreement dated June 14, 2007.
- (15) 10.54 Articles of Organization of Doc Holliday Casino II, LLC
- (15) 10.55 Operating Agreement of Doc Holliday Casino II, LLC
- (15) 10.56 Certificate of Series D for Global Casinos Inc
- (15) 10.57 Consent to Assignment of Lease to Global Casinos
- (15) 10.58 Consent to Assignment of Lease to Doc Holliday Casino II
- (15) 10.59 Assignment & Assumption of Lease by Doc Holliday II
- (15) 10.60 Promissory Note \$550,000
- (15) 10.61 Promissory Note \$400,000
- (15) 10.62 Promissory Note \$155,000
- (15) 10.63 Bill of Sale
- (15) 10.64 Noncompetition and Confidentiality Agreement
- (15) 10.65 Consultation Agreement
- (16) 10.66 Lease Agreement
- (16) 10.67 Addendum to Lease Agreement
- (16) 10.68 Addendum No. 2 to Lease Agreement

(16)	10.69	Loan Agreement with Astraea Investment Management
(16)	10.70	Assignment of Note
(16)	10.71	Assignment and Assumption Agreement

(16)	10.72	Second Amendment to Promissory Note
(21)	10.73	Astraea Loan Document Purchase and Assignment Agreement
(22)	10.74	Martindale Allonge and Loan Participation Agreement
(23)	10.75	Montrose Allonge and Modification Agreement
(24)	10.76	Bloomquist Allonge and Loan Participation Agreement
(25)	10.77	Shupp Allonge and Modification Agreement
(26)	10.78	Amendment to Lease Agreement dated December 28, 2010
(27)	10.79	Class A Stock Purchase Warrant
(27)	10.79	Series 2011 8% unsecured convertible note
(28)	10.80	Split-Off Agreement
(28)	10.81	Stock Purchase Agreement
(29)	10.82	Promissory Note
(29)	10.83	Stock Pledge Agreement
*	31	Certification Pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	32	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	101.INS	XBRL Instance
*	101.SCH	XBRL Taxonomy Extension Schema
*	101.CAL	XBRL Taxonomy Extension Calculation
*	101.DEF	XBRL Taxonomy Extension Definition
*	101.LAB	XBRL Taxonomy Extension Labels
*	101.PRE	XBRL Taxonomy Extension Presentation

- (1) Incorporated by reference to the Registrant's Registration Statement on Form SB-2, Registration No. 33-76204, on file with the Commission on August 11, 1994.
- (2) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for year ended June 30, 1994.
- (3) Incorporated by reference to the Registrant's Current Report on Form 8-K dated July 15, 1995.
- (4) Incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 1997, as filed with the Commission on August 14, 1997.
- (5) Incorporated by reference to the Registrant's Annual Report on Form 10KSB for the year ended June 30, 1999.
- (6) Incorporated by reference to the Registrant's Current Report on Form 8-K dated December 30, 1999, as filed with the Commission on January 14, 2000.
- (7) Incorporated by reference to the Registrant's Annual Report on Form 10KSB for the year ended June 30, 2002.
- (8) Incorporated by reference to the Registrant's Annual Report on Form 10KSB for the year ended June 30, 2004.
- (9) Incorporated by reference to the Registrant's Current Report on Form 8-K dated June 14, 2007 as filed with the Commission on June 19, 2007
- (10) Incorporated by reference to the Registrant's Current Report on Form 8-K/A dated September 28, 2007 as filed with the Commission on October 2, 2007.
- (11)

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Incorporated by reference to the Registrant's Current Report on Form 8-K dated November 30, 2007 as filed with the Commission on December 3, 2007.

(12) Incorporated by reference to the Registrant's Current Report on Form 8-K dated December 5, 2007 as filed with the Commission on December 6, 2007.

F-4

- (13) Incorporated by reference to the Registrant's Current Report on Form 8-K dated January 30, 2008 as filed with the Commission on February 4, 2008.
- (14) Incorporated by reference to the Registrant's Current Report on Form 8-K dated March 6, 2008 as filed with the Commission on March 6, 2008.
- (15) Incorporated by reference to the Registrant's Current Report on Form 8-K dated March 18, 2008 as filed with the Commission on March 24, 2008.
- (16) Incorporated by reference to the Registrant's Current Report on Form 8-K/A dated March 18, 2008 as filed with the Commission on May 29, 2008.
- (17) Incorporated by reference to the Registrant's Current Report on Form 8-K dated July 12, 2010 as filed with the Commission on July 14, 2010.
- (18) Incorporated by reference to the Registrant's Current Report on Form 8-K dated July 19, 2010 as filed with the Commission on July 20, 2010.
- (19) Incorporated by reference to the Registrant's Current Report on Form 8-K dated July 16, 2010 as filed with the Commission on July 20, 2010.
- (20) Incorporated by reference to the Registrant's Current Report on Form 8-K dated July 16, 2010 as filed with the Commission on July 20, 2010.
- (21) Incorporated by reference to the Registrant's Current Report on Form 8-K dated November 30, 2009 as filed with the Commission on December 3, 2009.
- (22) Incorporated by reference to the Registrant's Current Report on Form 8-K dated November 30, 2009 as filed with the Commission on December 3, 2009.
- (23) Incorporated by reference to the Registrant's Current Report on Form 8-K dated December 30, 2009 as filed with the Commission on December 31, 2009.
- (24) Incorporated by reference to the Registrant's Current Report on Form 8-K dated December 30, 2009 as filed with the Commission on January 5, 2010.
- (25) Incorporated by reference to the Registrant's Current Report on Form 8-K dated March 25, 2010 as filed with the Commission on March 25, 2010.
- (26) Incorporated by reference to the Registrant's Current Report on Form 8-K dated December 28, 2010 as filed with the Commission on December 29, 2010 as amended by Form 8-K/A filed with the Commission on February 10, 2011.
- (27) Incorporated by reference to the Registrant's Current Report on Form 8-K dated December 20, 2011 as filed with the Commission on December 20, 2011.
- (28) Incorporated by reference to the Registrant's Current Report on Form 8-K dated June 1, 2012 as filed with the Commission on June 6, 2012.
- (29) Incorporated by reference to the Registrant's Current Report on Form 8-K dated June 25, 2012 as filed with the Commission on June 28, 2012.

Current Report on Form 8-K, Item Nos. 1.01 and 9.01, dated June 1, 2012 as filed with the Commission on June 6, 2012

Current Report on Form 8-K, Item No. 7.01, dated June 6, 2012 as filed with the Commission on June 11, 2012.

Current Report on Form 8-K, Item No. 1.01, dated June 25, 2012 as filed with the Commission on June 28, 2012

Current Report on Form 8-K, Item No. 1.01, dated June 22, 2012 as filed with the Commission on July 3, 2012.

Current Report on Form 8-K, Item No. 3.02, dated July 25, 2012 as filed with the Commission on August 2, 2012 as amended by Form 8-K/A filed with the Commission on August 15, 2012.

*

Filed herewith

The following consolidated financial statements are filed as part of this report:

1. Report of Independent Registered Public Accounting Firm
2. Consolidated Balance Sheets as of June 30, 2012 (restated) and June 30, 2011
3. Consolidated Statements of Operations for the Years Ended June 30, 2012 (restated) and 2011
4. Consolidated Statement of Stockholders' Equity for the Years Ended June 30, 2012 (restated) and 2011
5. Consolidated Statements of Cash Flows for the Years Ended June 30, 2012 (restated) and 2011
6. Notes to Consolidated Financial Statements (restated)

F-5

F-6

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Report of Independent Registered Public Accounting Firm

Board of Directors

Global Casinos Inc.

We have audited the accompanying consolidated balance sheets of Global Casinos Inc. and Subsidiaries as of June 30, 2012 and 2011, and the related Consolidated Statements of Operations, Stockholders' Equity, and Cash Flows for the two years ended June 30, 2012 and 2011. 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 the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. 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 our audits provide 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 Global Casinos, Inc. and Subsidiaries as of June 30, 2012 and 2011, and the results of its operations and cash flows for the two years ended June 30, 2012 and 2011, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 1, the Company has suffered significant losses, and has working capital and stockholders' deficits, which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

SCHUMACHER & ASSOCIATES, INC.

Denver, Colorado

October 11, 2012, except for Note 1, as to which the date is February 15, 2012

F-7

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<i>June 30, 2012</i> <i>(restated)</i>	<i>June 30, 2011</i>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 492,199	\$ 531,208
Accrued gaming income	234,883	275,425
Inventory	24,481	23,101
Prepaid expenses and other current assets	51,835	31,165
Total current assets	803,398	860,899
Note receivable, Georgia REIT	500,000	-
Land, building and improvements, and equipment:		
Land	517,950	517,950
Building and improvements	4,138,220	4,138,220
Equipment	3,266,252	3,156,685
Total land, building and improvements, and equipment	7,922,422	7,812,855
Accumulated depreciation	(5,379,369)	(5,132,526)
Land, building and improvements, and equipment, net	2,543,053	2,680,329
Goodwill	-	-
Total assets	\$ 3,846,451	\$ 3,541,228

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The accompanying notes are an integral part to these consolidated financial statements

F-8

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GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>LIABILITIES AND</u> <u>STOCKHOLDERS' EQUITY</u>	<u>June 30,</u> <u>2012 (restated)</u>	<u>June 30,</u> <u>2011</u>
Current liabilities:			\$
Accounts payable, trade		\$ 94,002	108,717
Accounts payable, related parties		12,641	14,073
Accrued expenses		279,351	304,186
Accrued interest		64,817	15,370
Other current liabilities		125,147	62,451
Joint venture obligation		23,605	25,750
Current portion of long-term debt		861,999	771,607
Current portion of loan participation obligations		194,485	30,802
Total current liabilities		1,656,047	1,332,956
Long-term debt, less current portion		-	154,906
Loan participation obligations, less current portion		-	194,485
Convertible debt, 2013 5%		120,000	120,000
Convertible debt, 2013 8%, net of discount of \$526,633		323,367	-
Total liabilities		2,099,414	1,802,347
Commitments and contingencies			
Stockholders' equity:			
Preferred stock: 10,000,000 shares authorized			
Series A - no dividends, \$2.00 stated value, non-voting,			
2,000,000 shares authorized, 200,500 shares issued and outstanding		401,000	401,000
Series B - 8% cumulative, convertible, \$10.00 stated value,			
non-voting,			-
400,000 shares authorized, no shares issued and outstanding		-	
Series C - 7% cumulative, convertible, \$1.20 stated value, voting			-
600,000 shares authorized, no shares issued and outstanding		-	
Series D - 8% cumulative, convertible, \$1.00 stated value,		700,000	700,000
non-voting			

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1,000,000 shares authorized, 700,000 shares issued and outstanding
 Series E - convertible, \$0.25 stated value, non-voting

600,000 shares authorized, no shares issued and outstanding
 Common stock - \$0.05 par value; 50,000,000 shares authorized;

6,851,488 and 6,798,488 shares issued and outstanding	342,575	339,925
Additional paid-in capital	15,110,935	14,203,225
Accumulated deficit	(14,807,473)	(13,905,269)
Total equity	1,747,037	1,738,881
		\$
Total liabilities and stockholders' equity	\$ 3,846,451	3,541,228

The accompanying notes are an integral part to these consolidated financial statements

F-9

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
for the years ended June 30, 2012 and 2011

	2012 (restated)	2011
Revenues:		
Casino	\$ 5,365,533	\$ 5,694,309
Promotional allowances	(210,566)	(178,162)
Net Revenues	5,154,967	5,516,147
Expenses:		
Casino operations	5,187,881	5,483,885
Operating, general, and administrative	410,728	171,886
Loss on asset disposals	9,852	2,418
Impairment - Goodwill	-	1,008,496
Impairment - Investment in ImageDoc	-	120,000
	5,608,461	6,786,685
Loss from operations	(453,494)	(1,270,538)
Other income (expense):		
Interest	(391,777)	(108,893)
Loss before provision for income taxes	(845,271)	(1,379,431)
Provision for income taxes	-	-
Net loss	(845,271)	(1,379,431)
Series D Preferred dividends	(56,933)	(56,778)
Net loss attributable to common shareholders	\$ (902,204)	\$ (1,436,209)
Loss per common share:		
Basic and diluted	\$ (0.13)	\$ (0.22)
Weighted average shares outstanding:		
Basic and diluted	6,818,616	6,533,855

The accompanying notes are an integral part to these consolidated financial statements

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
July 1, 2010 through June 30, 2012 (restated)

	SERIES A PREFERRED STOCK	SERIES D PREFERRED STOCK	COMMON STOCK	Additional	Accumulated	Total	
	Number of Shares	Amount of Shares	Number of Shares	Amount of Shares	Paid In Capital	(Deficit)	
Balance as of June 30, 2010	200,500	\$ 700,000	420,488	\$ 321,025	\$ 14,183,355	\$ (12,469,060)	\$ 3,136,320
Common stock issued to officers and directors	401,000	700,000	325,000	16,250	16,250		32,500
Common stock issued under loan participation agreement			50,000	2,500	3,500		6,000
Common stock issued to director under loan participation agreement			3,000	150	120		270
Series D Preferred dividends						(56,778)	(56,778)
Net loss						(1,379,431)	(1,379,431)
Balance as of June 30, 2011	200,500	\$ 700,000	798,488	\$ 339,925	\$ 14,203,225	\$ (13,905,269)	\$ 1,738,881
Allocation of beneficial conversion feature, 8% convertible debt	401,000	700,000			410,800		410,800
Allocation of common stock purchase warrants issued in private placement of 8% convertible debt					475,800		475,800
Common stock issued under loan participation agreement			53,000	2,650	21,110		23,760
Series D Preferred dividends						(56,933)	(56,933)
Net loss						(845,271)	(845,271)
Balance as of June 30, 2012	200,500	\$ 700,000	851,488	\$ 342,575	\$ 15,110,935	\$ (14,807,473)	\$ 1,747,037

The accompanying notes are an integral part to these consolidated financial statements

F-11

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended June 30, 2012 and 2011

	<i>2012 (restated)</i>	<i>2011</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (845,271)	\$ (1,379,431)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	591,567	432,541
Loss on disposals of fixed assets	9,852	2,418
Impairment - Goodwill	-	1,008,496
Impairment - Investment in ImageDoc	-	120,000
Warrants issued to convertible debt placement agent	110,300	-
Loan participation fees paid with common stock	23,760	6,270
Stock based compensation	-	32,500
Changes in operating assets and liabilities		
Accrued gaming income	40,542	18,636
Inventories	(1,380)	(465)
Other current assets	(20,670)	58,862
Accounts payable and accrued expenses	(40,982)	(9,038)
Joint venture obligation	(2,145)	-
Accrued interest	49,447	4,249
Other current liabilities	62,696	5,832
Net cash provided by (used in) operating activities	(22,284)	300,870
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of Note receivable - Georgia REIT	(500,000)	-
Purchase of trading securities	-	(120,000)
Purchases of building improvements and equipment	(82,228)	(41,068)
Net cash used in investing activities	(582,228)	(161,068)

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The accompanying notes are an integral part to these consolidated financial statements

F-12

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GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds upon issuance of convertible debt	850,000	120,000
Principal payments on long-term debt	(196,762)	(180,385)
Payments on loan participation obligations	(30,802)	(27,335)
Payment of Series D preferred stock dividends	(56,933)	(56,778)
Net cash provided by (used in) financing activities	565,503	(144,498)
Net decrease in cash	(39,009)	(4,696)
Cash at beginning of period	531,208	535,904
	\$	
Cash at end of period	492,199	\$ 531,208
SUPPLEMENTAL CASH FLOW INFORMATION:		
	\$	
Cash paid for interest	92,383	\$ 104,749
	\$	
	-	
Cash paid for income taxes		\$ -
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
	\$	
Equipment financing obligations	132,248	\$ 28,417
	\$	
Accrued and unpaid dividends on Series D preferred stock	14,156	\$ 14,156
	\$	
Allocation of fair value of warrants to convertible debt	365,500	\$ -
	\$	
Allocation of beneficial conversion feature to convertible debt	410,800	\$ -

The accompanying notes are an integral part to these consolidated financial statements

GLOBAL CASINOS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 (restated)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Global Casinos, Inc. (Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Amended and Restated Financial Statements

This amended Report on Form 10-K as of and for the year ended June 30, 2012 is prepared to reflect an understatement of non-cash financing fees resulting from incorrect calculations regarding the total number of Class A common stock purchase warrants due the placement agent for services associated with the Company's private offering of 8% Convertible Debt completed during the quarters ended December 31, 2011 and March 31, 2012. The Class A warrants are exercisable to purchase shares of the Company's common stock for three years at an exercise price of \$0.50 per share. We had initially determined the placement agent was entitled to 170,000 common stock purchase warrants. However, we have now determined the placement agent was entitled to an additional 85,000 Class A warrants for the agent's placement services. The non-cash charges against earnings for the value of the 85,000 additional Class A warrants increased the net loss for the year ended June 30, 2012, as well as increased the additional paid-in capital and accumulated deficit at June 30, 2012. The following table illustrates the effects to the financial statement line items as of and for the year ended June 30, 2012:

Consolidated Balance Sheet

	June 30, 2012		
	As Previously Reported	Adjustment	As Restated
Additional paid-in capital	\$ 15,074,335	\$ 36,600	\$ 15,110,935
Accumulated deficit	\$(14,770,873)	\$(36,600)	\$(14,807,473)

Consolidated Statement of Operations

Year ended June 30, 2012	Adjustment	As Restated

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	As Previously Reported		
General and administrative expenses	\$ 374,128	\$ 36,600	\$ 410,728
Loss from operations	\$(416,894)	\$(36,600)	\$(453,494)
Net loss	\$(808,671)	\$(36,600)	\$(845,271)
Net loss attributable to common shareholders	\$(865,604)	\$(36,600)	\$(902,204)

F-14

Consolidated Statement of Stockholders' Equity

	June 30, 2012		
	As Previously Reported	Adjustment	As Restated
Allocation of common stock purchase warrants issued in private placement of 8% convertible debt	\$ 439,200	\$ 36,600	\$ 475,800
Net loss	\$ (808,671)	\$ (36,600)	\$ (845,271)
Additional paid-in capital	\$ 15,074,335	\$ 36,600	\$ 15,110,935
Accumulated deficit	\$(14,770,873)	\$ (36,600)	\$(14,807,473)

Consolidated Statement of Cash Flows

	June 30, 2012		
	As Previously Reported	Adjustment	As Restated
Net loss	\$(808,671)	\$ (36,600)	\$ (845,271)
Warrants issued to convertible debt placement agent	\$ 73,700	\$ 36,600	\$ 110,300

Organization and Consolidation

Global Casinos, Inc. (the "Company" or "Global"), a Utah corporation, has two subsidiaries that operate two gaming casinos.

As of June 30, 2012, the Company's operating subsidiaries were Casinos USA, Inc. ("Casinos USA," a Colorado corporation), which owns and operates the Bull Durham Saloon and Casino ("Bull Durham"), located in the limited stakes gaming district of Black Hawk, Colorado, and Doc Holliday Casino II, LLC (a Colorado limited liability company), which operates the Doc Holliday Casino (Doc Holliday), located in the limited stakes gaming district of Central City, Colorado.

The consolidated financial statements of the Company include the accounts of its wholly owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

Basis of Presentation Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. However, the Company has suffered significant losses primarily attributable to the Doc Holliday Casino operations since its purchase in 2008, and has working capital and shareholders' deficits at June 30, 2012, that raise substantial doubt about its ability to continue as a going concern. In view of these matters, realization of certain of the assets in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financial requirements, raise additional capital, and generate revenues and profits from operations.

The financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue.

as a going concern.

Management's plans addressing the going concern are discussed in Note 15 – Definitive Agreements regarding the proposed split-off of its casino assets and the proposed acquisition of Georgia Healthcare REIT, Inc.

Presentation and Comparability

Certain amounts from previously reported periods have been reclassified to conform to the current period presentations.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates included herein relate to the recoverability of assets, the value of long-lived assets and liabilities, the value of share based compensation transactions, the value of debt and equity instruments, the future obligations resulting from promotional activities, the long-term viability of the business, the future impact of gaming regulations, and future obligations under various tax statutes. Actual results may differ from estimates.

Risk Considerations

The Company operates in a highly regulated environment subject to the political process. Our retail gaming licenses are subject to annual renewal by the Colorado Division of Gaming. Changes to existing statutes and regulations could have a negative effect on our operations. The Colorado Gaming Commission requires that any beneficial owner of five percent or more of the Company's securities, including holders of common stock, file an application for a finding of suitability. The gaming authority has the power to investigate an owner's suitability and the owner must pay all costs of the investigation. If the owner is found unsuitable, then the owner may be required by law to dispose of the securities. The Colorado Division of Gaming is currently requiring certain of the Company's shareholders to file an application for finding of suitability. If they are found by the division to be unsuitable, they could be required to

divest their share positions. A contingency exists with respect this matter, the ultimate resolution of which cannot presently be determined.

In addition, since the Company's two gaming facilities are both located in the Central City and Black Hawk, Colorado geographic area, the potential for severe financial impact can result from negative effects of economic conditions within the market or geographic area. This concentration results in an associated risk and uncertainty.

F-16

Concentrations of Credit Risk

Financial instruments that potentially subject the company to concentrations of credit risk consist principally of cash and cash equivalents, and accounts receivables. At June 30, 2012, the Company had no cash or cash equivalents in financial institutions in excess of FDIC deposit insurance coverage.

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The Company's financial instruments include cash, accrued gaming income, notes receivable, accounts payable, accrued expenses, other current liabilities and long-term debt obligations. Except for long-term debt obligations, the carrying value of financial instruments approximated fair value due to their short maturities.

The carrying value of all long-term debt obligations approximated fair value because interest rates on these instruments are similar to quoted rates for instruments with similar risks.

Cash and Cash Equivalents

Cash consists of demand deposits and vault cash used in casino operations. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accrued Gaming Income

Gaming income represents the difference between the cash played by customers, and the cash paid out by the casino machines. On a regular basis, the cash representing the casino's revenue is pulled from the machines and deposited. However, this process does not always occur at the end of the last business day of the month. Accrued gaming income represents the amount of revenue (cash) in the machines that has not yet been pulled and deposited at the end of the reporting period. At June 30, 2012 and 2011, \$234,883 and \$275,425 of income, respectively, was accrued and recorded as a current asset.

Inventories

Inventories primarily consist of food and beverage supplies and are stated at the lower of cost or market. Cost is determined by the specific-cost method.

Land, Building and Improvements, and Equipment

Land, building and improvements, and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives. The building is depreciated over 31 years, and improvements and equipment are depreciated over five to seven years. Depreciation expense for the years ended June 30, 2012 and 2011 was \$341,900 and \$432,541, respectively.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value to future undiscounted cash flows expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is determined as the amount by which the carrying value exceeds the fair value of the assets.

Goodwill

Goodwill, which resulted from the purchase price in excess of the fair value of the underlying assets purchased and liabilities assumed in the acquisition of the Doc Holliday Casino (reporting unit or casino) in March 2008, was evaluated for impairment annually at the reporting unit level as of June 30, and whenever the occurrence of a significant event or a change in circumstances would suggest that the carrying value of the reporting unit including goodwill might be in excess of its fair value. Such factors include, but are not limited to, adverse changes in the business climate, and significant and unexpected changes in the reporting unit's cash flows. Goodwill is evaluated for impairment in a two-step process per ASC 350. Step 1 requires testing the recoverability of the reporting unit on a fair-value basis. If the fair value of the reporting unit is less than the carrying value of the reporting unit including goodwill, Step 2 is performed by assigning the reporting unit's fair value to its assets and liabilities in a manner similar to the allocation of purchase price in a business combination to determine the implied fair value of the goodwill. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, goodwill is deemed impaired, and is written down to the extent of the difference. The fair value of the reporting unit was determined from time-to-time using the discounted future cash flow method, the cost and market approach obtained by independent appraisal, or a combination thereof.

As of June 30, 2011 and 2012, all the goodwill resulting from the acquisition of the Doc Holliday Casino in March 2008, was deemed impaired.

See Note 4 for further discussion regarding the Company's goodwill.

Casino Chips and Tokens

Gaming chips and tokens are accounted for from the time the casino receives them even though they may not yet be issued and are held in reserve. The chip and token float is determined by the difference between the total amounts of chips and tokens placed in service and the actual inventory of chips and tokens held by the casino at any point in time. The chip and token float is included in other current liabilities.

F-18

Revenue Recognition

In accordance with gaming industry practice, the Company recognizes casino revenues as the net win from gaming activities, which is the difference between gaming wins and losses. Anticipated payouts resulting from our customer loyalty program (Sharpshooter's Club), in which registered customers are awarded cash based on the frequency and amounts of their gaming activities are included in promotional allowances. In accordance with gaming industry practice, these promotional allowances are presented as a reduction of casino revenues.

Advertising Costs

The Company expenses all advertising costs as they are incurred. Advertising costs were \$277 and \$1,155 for the years ended June 30, 2012 and 2011, respectively.

Consulting Expenses

From time-to-time the Company engages consultants to perform various professional and administrative functions including public relations and corporate marketing. Expenses for consulting services are generally recognized when services are performed and billable by the consultant. In the event an agreement requires payments in which the timing of the payments is not consistent with the performance of services, expense is recognized as either service events occur, or recognized evenly over the period of the consulting agreement where specific services performed under the agreement are not readily identifiable. Consulting agreements in which compensation is contingent upon the successful occurrence of one or more events are only expensed when the contingency has been, or is reasonably assured, to be met. The Company currently has no active consulting arrangements.

Income Taxes

The Company uses the liability method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates resulting from new legislation is recognized in income in the period of enactment. A valuation allowance is established against deferred tax assets when management concludes that the "more likely than not" realization criteria has not been met.

Earnings Per Common Share

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to common shareholders for the period by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed based on the weighted average number of common shares and potentially dilutive common shares outstanding. The calculation of diluted net income (loss) per share excludes potential common shares if the effect would be anti-dilutive. Potential common shares consist of incremental common shares issuable upon the exercise of stock options, warrants, and shares issuable upon the conversion of debt and preferred stock.

F-19

Potentially dilutive shares of 4,970,000 were not included in the calculations of diluted earnings per share for the year ended June 30, 2012, as their inclusion would have been anti-dilutive, and represent out of the money stock options and stock purchase warrants, and shares issuable upon conversion of debt and preferred stock. Potentially dilutive shares of 1,315,000 were not included in the calculations of diluted earnings per share for the year ended June 30, 2011, as their inclusion would have been anti-dilutive, and represent out of the money stock options and shares issuable upon conversion of debt and preferred stock.

Stock-Based Compensation

Financial Accounting Standards Board (FASB) Accounting Standards Codification (the ASC) Topic 718, *Stock Compensation*, establishes fair value as the measurement objective in accounting for share based payment arrangements, and requires all entities to apply a fair value based measurement method in accounting for share based payment transactions with employees. Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the period during which the holder is required to provide services in exchange for the award, i.e., the vesting period.

Comprehensive Income

Financial Accounting Standards Board (FASB) Accounting Standards Codification (the ASC) Topic 220, *Comprehensive Income*, provides guidance for reporting and display of comprehensive income, its components and accumulated balances. For the years ended June 30, 2012 and 2011, there were no differences between reported net income and comprehensive income.

Derivative Instruments and Hedging Activities

We have adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (the ASC) Topic 815, *Derivatives and Hedging*, which provides guidance for disclosure of derivative instruments and hedging activities.

Segment Information

The Company currently operates in one business segment as determined in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (the ASC) Topic 280, *Segment reporting*. The determination of reportable segments is based on the way management organizes financial information for making operating decisions and assessing performance. All operations are located in the United States of America.

Recent Pronouncements

There were various accounting standards and interpretations issued during 2012 and 2011, none of which are expected to have a material impact on the Company's consolidated financial position, operations, or cash flows.

2. NOTE RECEIVABLE

On June 22, 2012, the Company advanced a loan to Georgia Healthcare REIT, Inc., a Georgia corporation (Georgia REIT) in the original principal amount of \$500,000 plus interest at the rate of 5% per annum, interest payable monthly, with the total outstanding principal balance due on June 30, 2013. The Note is secured by a stock pledge agreement covering 100% of the issued and outstanding shares of membership interest of REIT.

See **Note 15 Definitive Agreements**, for further discussion of contemplated transactions with Georgia REIT.

3. INVESTMENT IN IMAGEDOC USA, INC.

On July 19, 2010, the Company executed a Common Stock and Warrant Purchase Agreement (Purchase Agreement) with ImageDoc USA, Inc. (ImageDoc), a Colorado corporation wherein, the Company agreed to purchase, for an aggregate purchase price of up to \$120,000, up to an aggregate of 2,566,000 shares of common stock and warrants exercisable to purchase an additional 400,000 shares of common stock of ImageDoc for a period of five years at an exercise price of \$0.20 per share. The investment represents less than 10% of all outstanding common stock and common stock equivalents of ImageDoc at the closing date.

Also effective July 19, 2010 the Company and ImageDoc entered into a Registration Rights Agreement establishing the terms by which ImageDoc shall prepare and file a Registration Statement covering the spin-off to Global equity holders of the ImageDoc shares, which are the subject of the aforementioned Purchase Agreement. The Company completed the purchase of all 2,566,000 shares of common stock and warrants exercisable to purchase an additional 400,000 shares of common stock of ImageDoc. As of June 30, 2012 the warrants have not been exercised. No record date has been established for the spin-off of those shares and the distribution will not occur until such time a Registration Statement has been declared effective by the Securities Exchange Commission.

During the quarter ended June 30, 2011, the Company determined that ImageDoc's expected and realized cash flows were significantly less than initial expectations, which has delayed the preparation and filing of its Registration Statement as discussed above. This raised substantial doubt regarding the current value of the investment. As such, the Company recorded an impairment charge equal to the original investment at June 30, 2011.

4. GOODWILL

The Company's goodwill as recorded in our Doc Holliday Casino reporting unit is comprised of the following:

Total Goodwill	\$ 1,898,496
Impairment charges	(1,898,496)

Total Goodwill as of December 31, 2012 \$ -

F-21

Goodwill is evaluated for impairment annually at the reporting unit level as of June 30, and whenever the occurrence of an event or a change in circumstances would suggest that the carrying value of the reporting unit including goodwill might be in excess of its fair value. Such factors include, but are not limited to, adverse changes in the business climate, and significant and unexpected changes in the reporting unit's cash flows. As of December 31, 2011 all the goodwill recorded upon the purchase of the Doc Holliday Casino reporting unit in March 2008, was fully impaired. Impairment charges of \$890,000 and \$1,008,496 were recorded during the quarters ended March 31, 2010 and June 30, 2011, respectively.

5. NOTES PAYABLE AND LONG-TERM DEBT

Effective September 19, 2009, all of the secured obligations of Casinos, USA, Inc., a wholly-owned subsidiary of Global Casinos, Inc. matured and became due and payable. The secured obligations are collateralized by deeds of trust encumbering the Bull Durham casino property located in Blackhawk, Colorado. Until their maturity, all payments required under the notes had been made in a timely fashion. We have since purchased the senior loan and deed of trust and negotiated extensions of the second priority loan and deed of trust and a portion of the junior loans and deed of trust. We intend to continue to make payments under the notes pending our efforts to renegotiate their maturity dates.

On March 22, 2010 the Company consummated an Allonge and Modification Agreement with the holder of a junior deed of trust note on the Bull Durham Casino. Immediately prior to the modification the Note had a principal balance of \$176,540. The agreement extended the maturity date to April 1, 2013, established an interest rate of 8% per annum, and requires monthly principal and interest payments of \$1,911.

On December 30, 2009 the Company consummated an Allonge and Modification Agreement with the holder of a second deed of trust note on the Bull Durham Casino. Immediately prior to the modification the Note had a principal balance of \$616,988. The agreement required a principal pay down of \$100,000, monthly principal and interest payments of \$5,596 beginning on January 1, 2010, and extended the maturity date of the Note to December 31, 2010. Subject to the Note not being in default at the maturity date, and together with an additional \$50,000 pay down of the Note principal, the Company had the option to extend the maturity date of the Note to December 31, 2011. In December 2010, the Company exercised this option and made the \$50,000 pay down on the Note thereby extending the maturity date to December 31, 2011. In addition, subject to the Note not being in default at December 31, 2011, together with an additional \$50,000 pay down on the Note, the Company had an additional option to extend the maturity date to December 31, 2012. In December 2011, the Company exercised this option and made the \$50,000 pay down on the Note thereby extending the maturity date to December 31, 2012. After December 31, 2012 the maturity date will only be further extended by written mutual agreement upon terms acceptable to both parties.

On November 30, 2009 the Company consummated a Loan Document Purchase and Assignment Agreement with the holder of the senior mortgage of the Bull Durham Casino in which the Company obtained all of the rights, title and interest in and to the Note and Loan Agreement. The total amount of consideration paid to the holder was \$730,710

which included principal of \$721,021, interest accrued to the purchase date of \$5,689, and a fee of \$4,000 to cover legal and administrative costs of the holder. Also on November 30, 2009 the Company executed a Loan

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Participation Agreement whereby the Company assigned to an unaffiliated third party an undivided 34.7% interest in the Note for total consideration of \$250,000 and a loan participation fee of 50,000 shares of the Company's common stock valued at \$0.38 per share. And on December 30, 2009 the Company executed a Loan Participation Agreement whereby the Company assigned to a director an undivided 2.08% interest in the Note for total consideration of \$15,000 and a loan participation fee of 3,000 shares of the Company's common stock valued at \$0.39 per share. The remaining undivided 63.22% interest in the Note is owned by the Company and is eliminated in consolidation as the debtor is a wholly owned operating subsidiary. The Note has not been modified and continues to be in technical default. The resulting participation obligations are discussed further in the footnote Loan Participation Obligations.

In addition, a note payable to the seller of Doc Holliday Casino acquired in March 2008, matured on March 31, 2009. The note did not bear interest, however upon its maturity a default interest rate of 8% with interest payments due monthly became effective. Since default, we have made all required interest payments under the default terms of the note. At the request of the note holder and beginning in January 2010, we had been making interest and additional monthly principal reduction payments of \$12,500. Beginning in January 2011, we notified the noteholder that we would not be able to continue making the monthly principal reduction payments on the note until the cash flows of the Doc Holliday Casino allow for additional principal reductions. With the noteholder's acquiescence, but not express agreement, we have been making interest only payments and smaller principal reduction payments as the cash flows of the casino allow. The note holder has not executed any modification agreement, and as such all principal is considered in technical default and is classified as a current obligation.

At June 30, 2012, notes payable and long-term debt, exclusive of the Loan Participations discussed in Note 6, and convertible debt discussed in Note 7, consisted of the following:

Junior mortgage payable to private lender, collateralized by real estate, interest at 8%, monthly payments of \$5,596, maturing December 31, 2012.	\$ 333,780
Junior mortgage payable to private lender, collateralized by real estate, interest at 8%, monthly payments of \$1,911, maturing April 1, 2013.	154,905
Junior mortgages payable to private lenders, collateralized by real estate, interest at 4%, monthly payments of \$605. Notes matured September 19, 2009.	100,400
Installment note payable to equipment supplier, collateralized by equipment, requiring monthly payments of \$11,021, no interest, final payment due March 12, 2013.	82,247

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Note payable to seller of Doc Holliday Casino, uncollateralized, no interest. Note matured March 31, 2009. Default interest rate of 8% applies until note paid in full.

	<u>190,667</u>
Total notes payable and long-term debt	861,999
Less current portion	<u>(861,999)</u>
Long-term debt, net	<u>\$ -</u>

F-23

6. LOAN PARTICIPATION OBLIGATIONS

As discussed in Note 2: Notes Payable and Long Term Debt, on November 30, 2009 the Company consummated a Loan Document Purchase and Assignment Agreement with the holder of the senior mortgage of the Bull Durham Casino in which the Company obtained all of the rights, title and interest in and to the Note and Loan Agreement.

Then, and also on November 30, 2009 the Company executed a Loan Participation Agreement (Agreement) whereby the Company assigned to an unaffiliated third party an undivided 34.7% interest in the Note for total consideration of \$250,000 and a loan participation fee of 50,000 shares of the Company s common stock valued at \$0.38 per share. The Company is considered the Loan Servicing Agent under the Agreement. Monthly principal and interest payments began on January 1, 2010, and are based on a seven year amortization at 12% annual interest. The obligation matures on December 31, 2012. In addition, the participant is entitled to an additional 1% per year in year one, 2% per year in year 2, and 3% in year 3, as well as additional loan participation fees on the first and second annual anniversaries of 50,000 shares of the Company s common stock, provided that on each issue date there remains outstanding and unpaid any amount due and owing under the participant interest. The first anniversary shares were issued in February 2011, at a value of \$0.12 per share, the closing price of the Company s common stock on November 30, 2010. The second anniversary shares were issued in February 2012, at a value of \$0.45 per share, the closing price of the Company s common stock on November 30, 2011.

On December 30, 2009 the Company executed an additional Loan Participation Agreement whereby the Company assigned to a director an undivided 2.08% interest in the Note for total consideration of \$15,000 and a loan participation fee of 3,000 shares of the Company s common stock valued at \$0.39 per share. The Company is considered the Loan Servicing Agent under the Agreement. Monthly principal and interest payments began on January 1, 2010, and are based on a seven year amortization at 12% annual interest. The obligation matures on December 31, 2012. In addition, the participant is entitled to an additional 1% per year in year one, 2% per year in year 2, and 3% in year 3, as well as additional loan participation fees on the first and second annual anniversaries of 3,000 shares of the Company s common stock, provided that on each issue date there remains outstanding and unpaid any amount due and owing under the participant interest. The first anniversary shares were issued in February 2011, at a value of \$0.09 per share, the closing price of the Company s common stock on December 30, 2010. The second anniversary shares were issued in February 2012, at a value of \$0.42 per share, the closing price of the Company s common stock on December 30, 2011.

The remaining undivided 63.22% interest in the Note is owned by the Company and is eliminated in consolidation as the debtor is a wholly owned operating subsidiary. The Note has not been modified and continues to be in technical default.

At June 30, 2012, loan participation obligations consisted of the following:

Participation obligation payable to unaffiliated third party with an undivided 34.7% interest in senior mortgage secured by real estate, monthly principal and interest payments of \$4,417, plus additional interest of 1% in 2010, 2% in 2011, and 3% in 2012, due December 31, 2012.

\$ 183,325

Participation obligation payable to director with and undivided 2.08% interest in senior mortgage secured by real estate, monthly principal and interest payments of \$265 plus additional interest of 1% in 2010, 2% in 2011, and 3% in 2012, due December 31, 2012.

11,160

Total loan participation obligations, due December 31, 2012

\$ 194,485

7. CONVERTIBLE DEBT

5% Notes due 2013: On July 16, 2010, the Company's board of directors approved a private offering of its securities consisting of up to \$120,000 in 5% Unsecured Convertible Debentures ("Debentures"). All \$120,000 of debentures was sold in July and August 2010. The Debentures will mature and be due and payable in July and August 2013. The principal amount of the Debentures accrue interest at the rate of 5% per annum and will be payable at the maturity date. The Debentures are convertible, at the option of the investor, at any time, into shares of the Company's Series E Convertible Preferred Stock at a conversion price equal to \$0.25 per share of Series E Preferred. At the time of issuance and based on the Company's common stock trading activity, the Company determined that no beneficial conversion feature was associated with the Debentures. The Debentures will automatically convert into shares of Series E Preferred Stock under certain circumstances.

8% Notes due 2013 and Stock Purchase Warrants: On September 26, 2011 the Company's Board of Directors approved a private offering of units of the Company's securities of up to \$720,000. On February 2, 2012, the Company's Board of Directors approved an increase of the private offering of up to \$850,000.

Each unit consists of an 8% Convertible Note and one Class A Warrant for each \$1.00 in Note purchased. The Class A Warrants are exercisable into shares of the Company's common stock for a period of three years at an exercise price of \$0.50 per share. The price of the offering is the principal amount of the Note. The Convertible Notes accrue interest at 8% per year, mature two years from the date of issuance with all principal and interest due at maturity. At the option of the holder, the Note principal and accrued interest are convertible to shares of the Company's common stock at a conversion price of \$0.50 per share. In addition, for every \$1.00 in Note principal converted, the holder will receive one additional share of Common Stock and two Class B Warrants, each exercisable for a period of three years at an exercise price of \$0.75 per share. As of June 30, 2012 none of the Notes have been converted.

As of June 30, 2012 a total of \$850,000 of units had been sold. Of this amount, \$703,500 mature on October 31, 2013, and \$146,500 mature on February 7, 2014. We applied the provisions of

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ASC 470-20 Debt With Conversions and Other Options in which the fair value of the warrants are allocated to stockholders' equity and considered as a discount to the face amount of the Note principal. The resulting discount to the Notes is amortized to interest expense over the life of the Notes. Should a Note be converted or paid prior to the maturity date, the related discount would be charged off, pro-rata, to interest expense.

The estimated fair value of the investor warrants issued from the sale of \$703,500 of convertible notes on October 31, 2011 is \$322,000, and was determined using the following assumptions:

Expected volatility

139%

Contractual term

3 years

Risk free interest rate

0.48%

Expected dividend rate

0%

The estimated fair value of the warrants issued from the sale of \$146,500 of convertible notes on February 7, 2012 is \$43,500, and was determined using the following assumptions:

Expected volatility

138%

Contractual term

3 years

Risk free interest rate

0.35%

Expected dividend rate

0%

In addition, based on the trading price of the Company's common stock on the date of issue of these Notes, in accordance with ASC 470 the conversion terms were considered a beneficial conversion features. The beneficial conversion feature for the \$703,500 notes sold on October 31, 2011, representing the intrinsic value of the difference between the fair value of underlying common stock on the issue date and the terms of the conversion was calculated to be approximately \$520,000. However, ASC 470-20-30-8 limits the amount of the beneficial conversion feature to be allocated to the proceeds of the debt, after the allocation of the fair value of the warrants, to the total proceeds of the debt. Therefore, \$381,500 relating to the beneficial conversion features was allocated to stockholders' equity and is reflected as a discount to the amount of the notes and is being amortized to interest expense over the term of the notes.

An additional \$29,300 relating to the beneficial conversion features of the \$146,500 in convertible notes sold on February 7, 2012 was allocated to stockholders' equity and is reflected as a discount to the amount of the notes and is being amortized to interest expense over the term of the notes. Should a Note be converted or paid prior to the maturity date, the related discount would be charged off, pro-rata, to interest expense.

For the year ended June 30, 2012, interest expense relating to the amortization of the debt discount for the fair value of the warrants and the beneficial conversion feature was \$249,667.

The Company engaged the services of a broker-dealer as a selling agent to assist in this offering of securities. On sales involving the assistance of the selling agent, the Company paid the selling agent a fee equal to 5% of the price of the securities, and 10% common stock and warrant coverage on all shares of common stock underlying the securities sold by the selling agent. As of June 30, 2012 the Company had paid to the agent a total of \$42,500.

With respect to the sale of \$703,500 of convertible notes on October 31, 2011, in addition to the agent's cash fees, the agent was entitled to 211,050 Class A warrants for sales of units

involving the agent's assistance. The estimated fair value of the warrants in the amount of \$97,200 has been allocated to stockholders' equity and charged to the Company's operations as financing costs for the year ended June 30, 2011. The estimated fair value of the warrants was determined using the following assumptions:

Expected volatility

139%

Contractual term

3 years

Risk free interest rate

0.48%

Expected dividend rate

0%

With respect to the sale of \$146,500 of convertible notes on February 7, 2012, in addition to the agent's cash fees, the agent was entitled to 43,950 Class A warrants for sales of units involving the agent's assistance. The estimated fair value of the warrants in the amount of \$13,100 has been allocated to stockholders' equity and charged to the Company's operations as financing costs for the year ended June 30, 2011. The estimated fair value of the warrants was determined using the following assumptions:

Expected volatility

138%

Contractual term

3 years

Risk free interest rate

0.35%

Expected dividend rate

0%

In addition to the cash fees and warrant coverage for selling agent assisted sales, for each \$100 of Notes converted, the agent would be entitled to an additional 10 shares of the company's common stock and 20 Class B Warrants. Each Class B Warrant is exercisable for a period of three years at an exercise price of \$0.75 per share. A contingency exists for this feature, the outcome of which cannot be determined.

8. STOCKHOLDERS' EQUITY

Preferred Stock

The Company has authorized 10,000,000 shares of preferred stock. These shares may be issued in series with such rights and preferences as may be determined by the Board of Directors.

Series A Convertible Redeemable Preferred Stock

The Company's Board of Directors has authorized 2,000,000 shares of \$2.00 stated value, Series A Preferred Stock. The preferred stock has a senior liquidation preference value of \$2.00 per share. It does not bear dividends. The conversion privileges originally included with the stock have expired. The preferred stock originally contained a mandatory redemption feature that required the Company to redeem the outstanding stock on May 31, 1995 at a rate of \$2.00 per share. On May 31, 1995, a majority of the preferred stockholders agreed to waive the mandatory redemption in consideration for a lower conversion price into common shares at \$1.125 per share. Subsequently, holders of 1,205,750 shares of Series A preferred stock converted their holdings into common stock. The remaining 200,500 outstanding shares of Series A preferred stock are held by owners who chose not to participate in the revised offer and remain outstanding

at June 30, 2012. During the year ended June 30, 2005, the Company determined that the mandatory redemption feature expired due to the statute of limitations. Accordingly, the Series A preferred stock was reclassified from current liabilities to stockholders' equity.

Series B Convertible Redeemable Preferred Stock

The Company's Board of Directors has authorized 400,000 shares of \$10.00 stated value, Series B Convertible Preferred Stock. Each share of Series B preferred stock is convertible into one share of the Company's common stock or may be redeemed at an exercise price of \$10.00 per share. In addition, the Series B shares have a junior liquidation preference of \$10.00 per share. Holders of the Series B preferred stocks are entitled to receive an annual dividend payable at the rate of 8% per annum, which is cumulative, and unpaid dividends bear interest at an annual rate of 12%. As of June 30, 2012 there were no shares outstanding.

Series C Convertible Preferred Stock

In January 1999, the Board of Directors of the Company ratified the issuance of Series C preferred stock. The Company has authorized 600,000 Series C shares with a stated value of \$1.20 per share. Series C shares are convertible into common stock at a rate of \$1.20 per share. Holders of Series C preferred stock are entitled to vote and to receive dividends at the annual rate of 7% based on the stated value per share. In addition, the holders of Series C preferred stock are entitled to participate, pro rata, in dividends paid on outstanding shares of common stock. The dividends are cumulative and unpaid dividends bear interest at an annual rate of 10%. As of June 30, 2012 there were no shares outstanding.

Series D Convertible Preferred Stock

In February 2008, the Board of Directors of the Company established a series of the class of preferred stock designated Series D Convertible Preferred Stock (Series D preferred stock) and authorized an aggregate of 1,000,000 non-voting shares with a stated value of \$1.00 per share. Holders of the Series D preferred stock are entitled to receive dividends at the annual rate of eight percent (8%) based on the stated value per share computed on the basis of a 360 day year and twelve 30 day months. Dividends are cumulative, shall be declared quarterly, and are calculated from the date of issue and payable on the fifteenth day of April, July, October and January. The dividends may be paid, at the option of the holder either in cash or by the issuance of shares of the Company's common stock valued at the market price on the dividend record date. Shares of the Series D preferred stock are redeemable at the Company's option. At the option of the holder shares of the Series D preferred stock plus any declared and unpaid dividends are convertible to shares of the Company's common stock at a conversion rate of \$1.00 per share.

In March 2008, the Company completed a private offering of 700,000 shares of Series D Preferred stock. The \$700,000 proceeds from the private offering were used as partial payment to the seller of Doc Holliday at the acquisition closing on March 18, 2008.

On June 30, 2012, dividends of \$14,155 were declared and are included in accrued expenses at June 30, 2012. All other quarterly dividends declared have been paid.

F-28

Series E Convertible Preferred Stock

On July 12, 2010, the Company's Board of Directors approved an Amendment to the Articles of Incorporation of the Company to authorize a new series of preferred stock designated Series E Convertible Preferred Stock (Preferred Stock). The Amended and Restated Certificate of Designations, Preferences and Rights of Series E Convertible Preferred Stock authorized six hundred thousand (600,000) shares of the Company's authorized Preferred Stock to be designated as Series E Convertible Preferred Stock, having a stated value of \$0.25 per share. Holders of the Preferred Stock shall have no voting rights, but shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion. In addition, the holders of the Preferred Stock shall be entitled to participate, *pro rata*, in dividends paid on outstanding shares of common stock. The Preferred Stock is redeemable by the Company at its sole option and discretion at any time after six months from the initial issue date, at the Preferred Stock's stated value plus any accrued and unpaid dividends, if any, and may be paid in cash or in shares of common stock valued at 75% of the volume weighted-average price of the common stock for the ten trading days immediately prior to the date of the redemption notice. In addition, at any time prior to redemption, but after the earlier of ninety days from the date of issuance, or the effective date of a Registration Statement registering for sale the shares of the common stock issuable upon such conversion, holders of the Preferred Stock shall have the right to convert their shares into common stock, at a conversion rate of \$0.25 per share plus any accrued or unpaid dividends. As of June 30, 2012, no shares of Series E Convertible Preferred Stock have been issued.

Common Stock

The Company has authorized 50,000,000 shares of \$0.05 par value common stock.

As discussed in Loan Participation Obligations, in November 2009 the Company issued 50,000 shares of the Company's common stock valued at \$0.38 per share determined by market trading activity on and around the settlement date, as a participation fee to an unaffiliated third party. The participant was also entitled to 50,000 shares of the Company's common stock on the first and second annual anniversaries, provided that on each issue date there remains outstanding and unpaid any amount due and owing under the participant interest. The first anniversary shares were issued in February 2011, at a value of \$0.12 per share, the closing price of the Company's common stock on November 30, 2010. The second anniversary shares were issued in February 2012, at a value of \$0.45 per share, the closing price of the Company's common stock on November 30, 2011.

Also as discussed in Loan Participation Obligations, in December 2009 the Company issued 3,000 shares of the Company's common stock valued at \$0.39 per share determined by market trading activity on and around the settlement date, as a participation fee to a director. The participant was also entitled to 3,000 shares of the Company's common stock on the first and second annual anniversaries, provided that on each issue date there remains outstanding and unpaid any amount due and owing under the participant interest. The first anniversary shares were issued in February 2011, at a value of \$0.09 per share, the closing price of the Company's common stock on December 30, 2010. The second anniversary shares were issued in February 2012, at a value of \$0.42 per share, the closing price of the Company's common stock on December 30, 2011.

F-29

On March 18, 2011, the Company's board of directors granted a total of 325,000 shares of the Company's common stock to members of senior management as consideration of services provided by the Company's directors and executive officers. The services were valued at \$.10 per share as determined by market trading activity on and around the award date, and as such \$32,500 of stock based compensation was recognized and included in operating, general and administrative expenses for the year ended June 30, 2011.

On January 5, 2007, the stockholders approved a proposal to adopt and approve a reverse split of up to a ratio of one-for-five of the issued and outstanding shares of our common stock, and issued and outstanding options, warrants and other rights convertible into shares of our common stock, all at the discretion of our Board of Directors to be implemented in the future as and when determined by our Board of Directors. That reverse split has not been implemented.

9. COMMITMENTS AND CONTINGENCIES

Leases

The Doc Holliday Casino currently leases approximately 13,000 square feet of space used for its gaming activities, supporting offices and storage space for \$25,362 per month under an operating lease that terminates in July 2015. The lease requires the Casino to pay for all building expenses until the landlord secures additional tenants to occupy the remaining building space. If the building is fully leased the Casino's proportionate share will be equal to 32% of the total building expense burden. The lease also provides for a credit against future monthly rent payments to the extent the total building expenses paid by the casino increase by more than 3% over a 2004 base year calculation (floor).

The total amount of building expenses expected to be in excess of the floor is estimated and capitalized on a monthly basis and reconciled to the actual allowable excess annual expenses in April each year. The actual excess expenses are available for credit against rent payments beginning the following July each year under the lease. At June 30, 2012 the total credit available to apply against future rent payments was approximately \$48,000. Rent expense for the years ended June 30, 2012 and 2011, net of applied monthly expense credits was \$290,487 and \$296,417, respectively.

On January 29, 2010 the landlord of the Doc Holliday Casino property agreed to a rent abatement in the total aggregate amount of \$40,000 prorated over a six month term in the amount of \$6,667 per month beginning in February, 2010 and continuing through July 2010. In consideration of the rent abatement the Company agreed to replace all carpeting on the first floor of the premises, which was completed in February 2010, at a cost of approximately \$29,000. The amount of the rent abatement in excess of the cost of the carpet replacement, or approximately \$11,000, was recorded as deferred rent and is being amortized to rent expense over the remaining life of the lease.

On December 31, 2010 the Company and the landlord of the Doc Holliday Casino property agreed to amend the lease agreement noted above. As a result, for the period commencing January 1, 2011 and ending December 31, 2011 the

base rent was adjusted to \$250,000, payable at a rate of \$20,833 per month. The amendment resulted in a monthly reduction of the base rent of approximately \$4,500 per month during the abatement period. The total rent abatement under the agreement of approximately \$54,000 was recorded as deferred rent and is being amortized to rent expense over the remaining life of the lease. All existing agreements with respect to triple net expenses and the cap on the Company's liability for annual increases in such expenses

F-30

remained in effect for the lease period. In consideration of the rent abatement, the Company agreed that the digital surveillance system installed on the premises would be deemed the sole and separate property of the landlord upon termination of the lease. At June 30, 2012 the system had a net book value of approximately \$34,000.

Beginning January 1, 2012, the Company has continued to pay rent at the modified rate agreed to in 2011, with the acquiescence of the landlord but without a formal agreement extending the modification.

Future minimum lease payments considering the rent abatement but before application of rent credits for the fiscal years ending June 30 are as follows:

2013	\$	304,344
2014		304,344
2015		304,344
2016		25,362
Total	\$	938,394

10. INCOME TAXES

The Company and its subsidiaries are subject to income taxes on income arising in, or derived from, the tax jurisdictions in which they operate. The Company is current with all its federal and state tax filings, and no periods have been subjected to IRS examination.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets are comprised entirely of net operating loss carry-forwards.

For the years ended June 30, 2012 and 2011, the reconciliation between the statutory tax rate and the effective tax rate as a percentage is as follows:

	<u>2012</u>	<u>2011</u>
Statutory federal income tax rate	34%	34%
Statutory state income tax rate	4%	4%
Effect of net operating loss carry-forward	<u>(38)</u>	<u>(38)</u>
	<u>-%</u>	<u>-%</u>

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At June 30, 2012, the Company had net operating loss carry forwards of approximately \$6,805,000 available to reduce future taxable income. The net operating loss carry forwards expire in the years ending June 30 as follows:

2016	\$ 897,000
2017	518,000
2018	790,000
2019	1,985,000
2020	316,000
2021	985,000
2022	82,000

F-31

2029	30,000
2030	198,000
2031	327,000
2032	<u>677,000</u>
	<u>\$6,805,000</u>

When more than a 50% change in ownership occurs, over a three-year period, as defined, the Tax Reform Act of 1986 limits the utilization of net operating loss (NOL) carry forwards in the years following the change in ownership.

Therefore, the Company's utilization of its NOL carry forwards may be partially reduced as a result of changes in stock ownership. No determination has been made as of June 30, 2012, as to what implications, if any, there will be in the net operating loss carry forwards of the Company. In addition, the Company has a limited history of earnings, and there is no guarantee of future earnings to offset the net operating loss carry forwards. The deferred tax asset resulting from the net operating loss carry forwards of approximately \$2,314,000 is offset by a valuation allowance due to the uncertainty of the realization of the net operating loss carry forwards. The net increase in the valuation allowance was approximately \$230,000 from June 30, 2011 to June 30, 2012, and primarily results from the operating loss for the year ended June 30, 2012.

11. STOCK INCENTIVE PLAN

The Company has a Stock Incentive Plan (the "Incentive Plan"), that allows the Company to grant incentive stock options and/or purchase rights (collectively "Rights") to officers, employees, former employees and consultants of the Company and its subsidiaries.

A summary of stock option activity is as follows:

	Number of Shares	Weighted average Exercise Price
Balance at June 30, 2010	135,000	\$ 1.00
Granted	-	
Exercised	-	
Surrendered	-	
Balance at June 30, 2011	135,000	\$ 1.00
Granted	-	
Exercised	-	
Surrendered	-	
Balance at June 30, 2012	135,000	\$ 1.00

F-32

The following table summarizes information about fixed-price stock options at June 30, 2012:

Exercise Price	Weighted Average Number <u>Outstanding</u>	<u>Outstanding</u> Weighted Average Contractual <u>Life</u>	Weighted- Average Exercise <u>Price</u>	<u>Exercisable</u> Number <u>Exercisable</u>	Exercise <u>Price</u>
\$ 1.00	135,000	0.5 years	\$ 1.00	135,000	\$ 1.00

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility as well as expected trends for any known or expected events that might affect the volatility of our future stock prices. Because of the lack of historical forfeiture data, no adjustments to the expected option life were made for expected forfeitures. The expected life represents an estimate of the time options are expected to remain outstanding. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. treasury yield in effect at the time of grant.

For the years ended June 30, 2011 and 2012, no options or warrants to purchase common stock were granted under the stock incentive plan, and as such we recorded no compensation expense under the requirements as discussed above.

12. CONSULTING AGREEMENTS

The Company had no significant consulting agreements during the years ended June 30, 2012 or 2011.

13. RELATED PARTIES

An officer and director operates a law firm that provides legal services to the Company. During the years ended June 30, 2012 and 2011, his billings to the Company totaled \$93,750 and \$71,921, respectively. At June 30, 2012 and 2011, amounts due to him were \$7,891 and \$12,198, respectively, and are included in accounts payable, related parties.

The Company contracts with an officer to provide management and accounting services to the Company. During the years ended June 30, 2012 and 2011, his billings to the company for services were \$34,750 and \$29,000, respectively. At June 30, 2012 and 2011, amounts due him were \$4,750 and \$1,875, respectively, and are included in accounts payable, related parties.

On March 18, 2011, the Company's board of directors granted a total of 325,000 shares of the Company's common stock to members of senior management as consideration of services provided by the Company's directors and executive officers. The services were valued at \$.10 per share as determined by market trading activity on and around the award date.

On December 30, 2009 the Company executed an Allonge and Loan Participation Agreement whereby the Company assigned to a director for an undivided 2.08% interest in a mortgage note receivable from the Bull Durham Casino for total consideration of \$15,000 and a loan participation fee of 3,000 shares of the Company's common stock valued at \$0.39 per share. As discussed above, the participant is also entitled to 3,000 shares of the Company's common stock

on the first and second annual anniversaries, provided that on each issue date there remains outstanding and unpaid any amount due and owing under the participant interest. The first anniversary shares were issued in February 2011, at a value of \$0.09 per share, the closing price of the Company's common stock on the anniversary date. The second anniversary shares were issued in February 2012, at a value of \$0.42 per share, the closing price of the Company's common stock on December 30, 2011. This transaction is further discussed in footnote titled "Loan Participation Obligations."

14. JOINT VENTURE OBLIGATION

On February 28, 2006, the Company entered into an Organization Agreement with a certain individual to form a for-profit limited liability company under the name of Global Gaming Technologies, LLC ("GGT"). Under the terms of the Agreement, the individual contributed to GGT all of his intellectual property rights related to two games of poker. The Company agreed to make an initial cash capital contribution to GGT of \$100,000, for which it received a 25% equity interest in GGT. At the Company's election, it may make an additional \$100,000 cash capital contribution to GGT for which it will receive an additional 25% equity interest.

As of June 30, 2012 the further development of the two games has been suspended. As of June 30, 2012, the Company had made cash payments directly to or on behalf of GGT of \$76,395 as part of the initial \$100,000 cash capital payments required under the Agreement. The remaining \$23,605 obligation is recorded as a current liability pending the determination of any future activity of this joint venture. As of June 30, 2012, GGT had no revenues.

15. DEFINITIVE AGREEMENTS

On June 1, 2012, the Company entered into two definitive agreements: one which would result in the sale and divestiture of all of its gaming interests; and the second that would result in the Company acquiring a real estate investment trust ("REIT") engaged in the acquisition of real estate interests focused on the healthcare industry.

Split-Off Agreement: Effective June 1, 2012, the Company entered into a definitive Split-Off Agreement with Gemini Gaming LLC ("Gemini"), to sell all of its gaming properties, interests and operations (the "Split-Off"). Gemini is controlled by Clifford Neuman, the Company's President and Director, Pete Bloomquist, a Director, and Doug James, the General Manager of the Company's two casinos.

Gemini will purchase the outstanding equity of Split-Off Subsidiary in consideration of (i) the assumption of all responsibility for any debts, obligations and liabilities associated with the Gaming Assets, plus (ii) payment in an amount equal to the Company's net tangible book value, excluding the Company's 5% Convertible Notes in the

aggregate principal amount of \$120,000 and further excluding approximately \$500,000 in a note receivable the Company advanced to Georgia Healthcare REIT, Inc. (Georgia REIT), on June 22, 2012 which is further discussed above in Note 2 Note Receivable. The Purchase Price will be evidenced by a promissory note which will be payable, together with interest at the rate of 4% per annum, in quarterly installments over a term of 20 years. The Note will be secured by a pledge of all of the outstanding equity securities of Split-Off Subsidiary.

F-34

Consummation of the Split-Off is subject to numerous conditions, including the approval of the Global shareholders, the approval of a Change of Ownership of the two casino licenses by the Colorado Division of Gaming, the concurrent closing of the Company's acquisition of Georgia REIT, and other conditions customary in transactions of this nature. Gemini Gaming has applied for a Change of Ownership with the Division of Gaming, which application is pending. No prediction can be made when the Split-Off will be consummated.

Stock Purchase Agreement: Also effective June 1, 2012, the Company entered into a definitive Stock Purchase Agreement ("Stock Purchase"), to acquire 100% of the issued and outstanding shares of equity securities of Georgia REIT, which was formed and organized to acquire real estate interests focused in the healthcare industry. The purchase price will consist of advances to Georgia REIT as discussed above, which will be eliminated on consolidation upon consummation of the Stock Purchase, and \$100 in cash.

Consummation of the Stock Purchase is subject to numerous conditions, including the approval of the Georgia REIT shareholder, the approval of a Change of Ownership of the two casino licenses by the Colorado Division of Gaming, the concurrent closing of the Split-Off Agreement, a definitive Information Statement under Sections 14(c) and 14(f) of the Exchange Act is filed with the SEC and mailed to the Company's shareholders, and other conditions customary in transactions of this nature.

16. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the time of issuance of the financial statements.

Conversion of 5% Convertible Note: On July 25, 2012, the Company issued an aggregate of 110,014 shares of its \$.05 par value common stock, valued at \$0.25 per share resulting from conversion of both (i) a 5% promissory note in the principal amount of \$25,000, plus accrued interest, which converted into shares of Series E Convertible Preferred Stock and (ii) the conversion of such Series E Preferred Shares into Common Stock of the Company.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

GLOBAL CASINOS, INC.

Date: February 19, 2013

By: /s/ Clifford L. Neuman

Clifford L. Neuman

President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
<u>/s/ Clifford L. Neuman</u> Clifford L. Neuman	President & Director	February 19, 2013
<u>/s/ Pete Bloomquist</u> Pete Bloomquist	Secretary & Director	February 19, 2013
<u>/s/ Todd Huss</u> Todd Huss	Chief Financial Officer	February 19, 2013
<u>/s/ A. Leonard Nacht</u> A. Leonard Nacht	Director	February 19, 2013