

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

FORM 10-Q

Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act
of 1934

For the quarter ended DECEMBER 31, 1997

Commission file number 0-8927

NEVADA GOLD & CASINOS, INC.
(Exact name of registrant as specified in its charter)

NEVADA
(state or other Jurisdiction
of incorporation)

88-0142032
(IRS Employer
Identification Number)

3040 POST OAK BLVD. SUITE 675, HOUSTON, TEXAS 77056
(Address of principal executive offices) (Zip Code)

(713) 621-2245
Registrant's telephone number:

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 X No

As of December 31, 1997 there were 8,537,224 shares of common stock outstanding.

NEVADA GOLD & CASINOS, INC.
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NEVADA GOLD & CASINOS, INC.
BALANCE SHEETS

December 31, 1997	March 31, 1997
-----	-----
(Unaudited)	(Audited)

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 83,381	\$ 78,245
Short term investments	18,121	17,408
Other assets	66,416	65,000
	-----	-----
TOTAL CURRENT ASSETS	167,918	160,653
Investment in Isle of Capri-Black Hawk	901,685	-
Property and assets held for development	2,166,269	4,203,418
Mining properties & claims	480,812	480,812
Furniture, fixtures and equipment, net	100,876	111,140
	-----	-----
TOTAL ASSETS	\$ 3,817,560	\$ 4,956,023
	=====	=====
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 73,284	\$ 261,930
Accrued interest payable	31,793	63,963
Short term notes payable	257,099	1,504,367
Current portion of long term debt	79,405	112,492
	-----	-----
TOTAL CURRENT LIABILITIES	441,581	1,942,752
	-----	-----
LONG TERM DEBT		
Mortgages payable, net of current portion	120,066	176,632
Notes payable, net of current portion	525,131	32,268
	-----	-----
TOTAL LONG TERM DEBT	645,197	208,900
	-----	-----
TOTAL LIABILITIES	1,086,778	2,151,652
	-----	-----
STOCKHOLDERS' EQUITY		
Preferred stock, \$10 par value, 500,000 shares authorized, 141,490 and 90,100 shares outstanding at December 31, and March 31, 1997, respectively	1,414,900	901,000
Common stock, \$.12 par value, 10,000,000 shares authorized, 8,537,224 and 8,349,046 shares outstanding at December 31, and March 31, 1997, respectively	1,024,467	1,001,886
Additional paid in capital	6,233,444	5,956,959
Accumulated deficit prior to development stage (12/27/93)	(2,296,077)	(2,296,077)
Accumulated deficit during development stage	(3,645,952)	(2,759,397)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	2,730,782	2,804,371
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,817,560	\$ 4,956,023
	=====	=====

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

NEVADA GOLD & CASINOS, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended December 31,	
	----- 1997 -----	----- 1996 -----
REVENUES		
Royalty income	\$ -	\$ 10,000
Other income	107,045	39,290
	-----	-----
TOTAL REVENUES	107,045	49,290
	-----	-----
EXPENSES		
General & administrative	115,286	68,870
Interest expense	28,288	171,016
Salaries	80,292	57,119
Legal & professional fees	32,899	52,875
Other	18,058	24,638
	-----	-----
TOTAL EXPENSES	274,823	374,518

EQUITY IN EARNINGS (LOSS) OF ISLE OF CAPRI-BLACK HAWK	(590,000)	-
NET INCOME (LOSS)	\$ (757,778)	\$ (325,228)
PER SHARE INFORMATION		
Weighted average number of common shares and equivalent outstanding	8,506,888	8,280,272
Net income (loss) per common share	\$ (.09)	\$ (.04)

The accompanying notes are an integral part of these financial statements

NEVADA GOLD & CASINOS, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Nine Months Ended December 31,		Cumulative Amounts During Development Stage (Since 12/27/93)
	1997	1996	
REVENUES			
Royalty income	\$ 15,000	\$ 15,000	\$ 219,000
Other income	648,164	63,890	1,144,333
TOTAL REVENUES	663,164	78,890	1,363,333
EXPENSES			
General & administrative	436,163	371,770	1,565,318
Interest expense	140,516	286,839	627,537
Salaries	191,511	100,020	470,496
Legal & professional fees	153,008	304,999	1,420,959
Other	38,520	71,043	334,975
TOTAL EXPENSES	959,718	1,134,671	4,419,285
EQUITY IN EARNINGS (LOSS) OF ISLE OF CAPRI-BLACK HAWK	(590,000)	-	(590,000)
NET LOSS	\$ (886,554)	\$ (1,055,781)	\$ (3,645,952)
PER SHARE INFORMATION			
Weighted average number of common shares and equivalent outstanding	8,438,845	8,183,158	6,758,831
Net loss per common share	\$ (.11)	\$ (.13)	\$ (.54)

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

NEVADA GOLD & CASINOS, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended December 31,		Cumulative Amounts During Development Stage (Since 12/27/93)
	1997	1996	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (886,554)	\$ (1,055,781)	\$ (3,645,952)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Depreciation	18,697	19,959	65,167
Consultant and investment banker option expense	-	-	320,625
Equity in earnings (loss) of Isle of Capri-Black Hawk	590,000	-	590,000
Changes in operating assets and liabilities:			
Receivable	(2,129)	109,179	204,396
Accounts payable and accrued			

liabilities	43,998	448,035	1,111,039
NET CASH USED IN OPERATING ACTIVITIES	(235,988)	(478,608)	(1,354,725)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property and assets held for development	(46,532)	(19,075)	(1,319,046)
Purchase of furniture, fixtures and equipment	(17,530)	-	(46,568)
Disposition of property	195,557	-	195,557
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	131,495	(19,075)	(1,170,057)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from debt	879,894	634,616	4,466,056
Common stock issued for cash, net of offering costs	181,500	31,250	1,203,063
Fractional shares redeemed	-	(36)	(36)
Payments on debt	(951,765)	(180,165)	(3,363,707)
Salaries contributed by officers	-	-	1,000
Prepaid stock subscription	-	-	295,500
NET CASH PROVIDED BY FINANCING ACTIVITIES	109,629	485,665	2,601,876
Net increase (decrease) in cash	5,136	(12,018)	77,094
Beginning cash balance	78,245	76,371	6,287
Ending cash balance	\$ 83,381	\$ 64,353	\$ 83,381
SUPPLEMENTAL INFORMATION:			
Cash paid for interest	\$ 93,634	\$ 146,884	\$ 358,077
Cash paid for taxes	\$ -	\$ -	\$ -

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

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997
NOTES TO INTERIM FINANCIAL STATEMENTS

ITEM 1.

GENERAL BUSINESS

Nevada Gold & Casinos, Inc.'s (the "Company") principal business historically was mineral exploration and development of properties indirectly, principally through investments in partnerships and joint ventures. On December 27, 1993, control of the Company changed and the Company began to explore the real estate development and gaming businesses in Colorado. The Company is considered to be in the development stage since December 27, 1993. In January 1994, the Company changed its name from Pacific Gold Corporation to Nevada Gold & Casinos, Inc. While the Company is maintaining its mining business, it is anticipated that its growth will be in the real estate and gaming businesses.

GAMING DEVELOPMENT

In June 1997, through wholly-owned subsidiaries of each company, Nevada Gold & Casinos, Inc. and Casino America, Inc. entered into a joint venture to develop a new Isle of Capri casino in Black Hawk, Colorado, 30 miles west of Denver. The joint venture plans to develop, own and operate the Isle of Capri-Black Hawk as a premier casino gaming facility. The casino will be one of the first gaming facilities encountered by customers traveling from Denver to the Black Hawk market and, upon completion, it will be one of the largest gaming facilities in Colorado. It will feature 101,000 square feet on one level with 1,100 slot machines, 24 blackjack and poker games, a fine dining restaurant, a delicatessen, a Las Vegas style buffet, and an event center. The facility also will include 1,000 on-site parking spaces. The Isle of Capri-Black Hawk will be designed and constructed pursuant to a bonded "guaranteed maximum price" design/build agreement, which also provides for the addition of a hotel at the option of the venture for an agreed-upon increase to the guaranteed maximum price.

The Company holds its interest in the Isle of Capri-Black Hawk through a wholly owned subsidiary, Black Hawk Gold, Ltd., a Colorado corporation ("Black Hawk Gold"). The Company, through Black Hawk Gold, made a capital contribution valued under the joint venture agreement at \$7.5 million. The contribution

consisted of land valued at \$7.9 million, subject to a note payable with a balance, including principal and interest, of approximately \$400,000 that was paid by the joint venture. The property included lots 5, 6, 7 and 8 of Block 51, and adjoining land comprised of over three acres located in Black Hawk, Colorado. Casino America, Inc. will manage the casino under a long-term management agreement for a fee based upon the revenues generated by the project. The development of the project is subject to a number of conditions, including the receipt of all required regulatory approvals, particularly approval from the Colorado Gaming Commission.

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997
NOTES TO INTERIM FINANCIAL STATEMENTS

In March 1996, Nevada Gold & Casinos, Inc. and Caesar's World Gaming Corporation ("Caesar's"), a subsidiary of ITT Corporation, had announced joint development plans for this project. Although all the necessary land was assembled, designs were completed, and operating agreements were signed, no further action was taken. In August 1997, Casino America purchased Caesar's interest in this project.

Under the terms of the original agreement with Casino America, the Company would have retained about 48% interest in the joint venture and Casino America would have owned about 52%. In July 1997, the operating agreement with Casino America was amended. The Company's ownership was decreased to 45% and Casino America's ownership was increased to 55% to compensate Casino America for providing a Completion Capital Commitment and the Managers Subordination Agreement. Pursuant to the amended operating agreement, the Company received from Casino America a \$500,000 loan, \$700,000 in cash for sale of part of its ownership interest in the joint venture, and an additional commitment to fund up to \$800,000 toward the Company's future cash requirements. The Company's ownership of the joint venture was reduced to approximately 41% upon receipt by the Company of the initial \$1,200,000 and the ownership has subsequently been reduced to 40% because of the use of \$133,333 of the \$800,000 commitment. Its ownership will be reduced to approximately 36% if all of the additional \$800,000 commitment is used. Substantially all of the original \$1,200,000 proceeds were paid directly to creditors of the Company in full payment of the Company's outstanding obligations to such creditors. The Company has the option to repurchase the sold portion of its ownership interest in the project within 180 days after the date of each funding. The loan bears interest at the higher of 14.5% or Casino America's highest cost of funds plus two percentage points and is due on August 20, 2000.

In January 1997, the Company engaged Jefferies and Company, Inc., a nationally known investment banking concern prominent in the gaming industry, as its exclusive financial advisor in connection with the structuring and financing of the casino project. In August 1997, first mortgage notes in the aggregate amount of \$75,000,000 were issued by Isle of Capri Black-Hawk, LLC and its wholly owned subsidiary, Isle of Capri-Black Hawk Capital Corp. (collectively the "Issuers"). These notes mature on August 31, 2004 and bear interest at 13% per annum. Interest on the notes is payable semi-annually on each February 28 and August 31, commencing February 28, 1998. Contingent interest is payable on the notes, on each interest payment date, in an aggregate amount equal to 5% of the Isle of Capri-Black-Hawk, LLC's consolidated cash flow for the two fiscal quarters ending during the January or July immediately preceding such interest payment date. The notes are secured by a first lien on substantially all of the existing and future assets of the Issuers and are without recourse to the members of Isle of Capri-Black Hawk, LLC or their respective parent or affiliate entities.

The Company conveyed property to the City of Black Hawk for the realignment of Miners Mesa Road in exchange for a fifteen-foot strip of adjoining gaming property which would increase the square footage available for gaming and provide additional land to the joint venture.

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997
NOTES TO INTERIM FINANCIAL STATEMENTS

The Company's 40% ownership of the Isle of Capri-Black Hawk is being accounted for using the equity method of accounting. The Company's investment in the joint venture is stated at cost, adjusted for its equity in the undistributed earnings or losses of the project. The following is a summary of condensed unaudited financial information pertaining to the Isle of Capri-Black Hawk as of December 28, 1997:

(in thousands)	
Current assets	\$ 1,236
Property & Equipment	20,225
Other assets	71,002

	\$ 92,463
	=====
Current liabilities	\$ 3,933
Long-term debt	75,000
Stockholders' Equity	13,530

	\$ 92,463
	=====
Interest income	\$ 1,200
Interest expense	2,675
	=====
Net loss	\$ (1,475)
	=====

There have been no revenues from the Company's gaming joint venture to date since these are currently in the development stage. Revenues have not been sufficient to cover the Company's operating expenses during the past several years. Management does not expect significant increases in revenues from any of its operations over the next year. The long-term viability of the Company is dependent upon the successful completion and operation of a casino.

REAL ESTATE DEVELOPMENT

On September 9, 1994, Gold Mountain Development, LLC ("Gold Mountain") was formed. Per negotiated agreement with the other three members, Nevada Gold & Casino, Inc.'s ownership was 40%. On May 19, 1995, Nevada Gold transferred real estate and other assets to Gold Mountain in exchange for a note receivable from Gold Mountain. On September 26, 1995, the Company acquired the remaining 60% interest in Gold Mountain Development, making it a wholly-owned subsidiary. Inter-company balances have been eliminated in preparing the Company's financial statements as of December 31, and March 31, 1997.

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997

NOTES TO INTERIM FINANCIAL STATEMENTS

On July 9, 1996, President Clinton signed legislation authorizing a public-private land exchange with Gold Mountain Development that will make possible the creation of a major new residential and recreational development near the Black Hawk gaming area west of Denver, while also preserving 8,700 acres of pristine wilderness area throughout Colorado. Public law 104-158 authorizes the Bureau of Land Management to exchange 133 separate tracts of federal land comprised of over 300 acres for the wilderness areas. The wilderness area consists of two Colorado ranches that were acquired by an investor group not affiliated with Gold Mountain in January 1998. The two ranches will be transferred to the Bureau of Land Management in exchange for the federal land tracts in the Black Hawk area and a portion of those tracts will be acquired by Gold Mountain. The land exchange is expected to occur within 45 to 60 days, depending upon the need for additional appraisals, surveys and the requirements of the Bureau of Land Management.

Upon completion of the Bureau of Land Management acquisition and exchange, Gold Mountain will have approximately 170 contiguous acres available for development in the immediate area of Black Hawk, Colorado. The project is designed to provide housing, commercial infrastructure, retail and resort facilities for the fast-growing gaming area of Black Hawk and Central City. The various casinos in these two towns employ in excess of 4,500 individuals, all of whom must commute daily for distances of twenty-five miles or more each way because there is virtually no housing in the vicinity of Black Hawk. With the exception of the casinos, there are no commercial facilities to provide amenities for Black Hawk residents.

As of March 31, 1995, the Company entered into an agreement to purchase 100% of the outstanding common stock of Sunrise Land and Minerals, Inc. ("Sunrise"). The seller financed the entire purchase price of the acquisition through a non-recourse note. Effective August 23, 1996, the Company retired the short-term non-recourse note associated with the Sunrise purchase, through the issuance of 166,667 restricted shares of the Company's common stock.

MINING INTERESTS

The Company had a joint venture agreement with Cameco U.S., Inc. ("Cameco") which was terminated effective March 31, 1996. Effective November 1, 1996, the Company entered into a lease with Sagebrush Exploration, Inc., ("Sagebrush") permitting Sagebrush to explore, develop, and mine the properties in the Goldfield Mining District located in Nye and Esmeralda Counties, Nevada. Under the terms of this agreement, the Company was to receive advance minimum royalty payments, production royalty and 100,000 shares of the capital stock from Sagebrush's parent company, Coromandel Resources, Ltd., ("Coromandel"). Sagebrush agreed to incur expenditures for exploration and development of the property and any and all taxes and maintenance fees. Sagebrush has been in default of this lease since July 1997. Management is currently negotiating with a potential new lessee.

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997

NOTES TO INTERIM FINANCIAL STATEMENTS

REVERSE COMMON STOCK SPLIT

On August 23, 1996, the Company's Board of Directors approved and declared a three-for-one reverse stock split of the Company's authorized, issued and outstanding shares of common stock, par value \$.04 per share. Holders of the Common Stock were not entitled to cumulative voting. The stock split was accompanied by an increase in the par value of the common stock from \$.04 per share to \$.12 per share. All references in the consolidated financial statements referring to shares, share prices, per share amounts and stock plans have been adjusted retroactively for the three-for-one reverse stock split.

INCREASE IN AUTHORIZED SHARES OF COMMON STOCK

On December 18, 1997, the Board of Directors passed a resolution recommending an increase in the number of authorized shares of common stock of the Company by 10,000,000 shares to permit the Company to raise additional capital and to explore acquisitions and mergers. The increase in authorized shares was approved at the annual stockholders' meeting on February 9, 1998.

PREFERRED STOCK

Effective December 31, 1996, the Board of Directors and the holders of the Company's common stock having at least a majority of the voting power of the shares, approved and authorized the issuance of 500,000 shares of Preferred Stock, \$10 par value per share. The resolution authorized the preferred stock to be issued in one or more series which may be determined at the time of issuance by the Board of Directors, without further action by shareholders.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included.

These financial statements are consolidated for all wholly-owned subsidiaries. All significant inter-company transactions and balances have been eliminated in the financial statements. The equity method of accounting is used for the Isle of Capri-Black Hawk joint venture.

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997

ITEM 2

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED DECEMBER 31, 1997 COMPARED WITH THREE MONTHS ENDED DECEMBER 31, 1996

Revenues increased \$57,755 for the three months ended December 31, 1997

compared to the same period in the prior year. The current year includes a gain of \$103,454 for the sale of part of the Company's interest in the Isle of Capri-Black Hawk joint venture. The prior year included \$36,756 interest income from BSH, Inc., an affiliate of the Secretary, and \$10,000 royalty income under the terms of the Sagebrush Exploration rental agreement.

General and administrative expenses increased \$46,416 for the three months ended December 31, 1997 compared to the same period in the prior year. The prior year included a \$32,100 reimbursement received from Sagebrush for a portion of expenses for annual maintenance fees in association with the Company's Goldfield properties that were originally paid and expensed in September 1996.

Interest expense decreased \$142,728 for the three months ended December 31, 1997 as compared to the same period last year. The prior year included interest on short terms notes and interest on accrued expenses related to the management agreement with Aminex.

Salaries increased \$23,173 for the three months ended December 31, 1997 as compared to the same period last year, due to the hiring of additional personnel to handle accounting, legal and other functions previously outsourced by the Company.

Legal and professional fees decreased \$19,976 including a decrease of \$29,558 in legal and professional fees, partially offset by an increase of \$4,089 in accounting expense for the revision of the March 31, 1997 10K and an increase of \$4,500 in consulting fees.

Other expenses decreased \$6,580, including a decrease of \$7,627 in printing expense. The prior year included expenses for SEC filings.

The current year includes the Company's equity of \$590,000 in the net loss of Isle of Capri-Black Hawk, primarily resulting from interest expense on the long-term debt.

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997

NINE MONTHS ENDED DECEMBER 31, 1997 COMPARED WITH NINE MONTHS ENDED DECEMBER 31, 1996

Revenues increased \$584,274 for the nine months ended December 31, 1997 compared to the same period in the prior year. The current year includes gains of \$646,873 for the sale of part of the Company's interest in the Isle of Capri-Black Hawk joint venture. The prior year included \$36,756 interest income from BSH, Inc., an affiliate of the Secretary, and interest earned on the proceeds of commercial paper in the amount of \$2,000,000.

General and administrative expenses increased \$64,393 for the nine months ended December 31, 1997 compared to the same period in the prior year, including increases of \$55,700 in commission expense and \$33,574 in land maintenance fees, partially offset by a decrease of \$25,680 in contract labor. The current year included fees in the amount of \$79,700 related to the casino project and the acquisition of financing. The same period last year included \$24,000 related to the acquisition of financing. The prior year also included a \$32,100 reimbursement for land maintenance fees paid and expensed in September 1996.

Interest expense decreased \$146,323 for the nine months ended December 31, 1997 as compared to the same period last year. The prior year included interest on short terms notes and interest on accrued expenses related to the management agreement with Aminex. The prior year also included \$30,000 interest expense on commercial paper in the amount of \$2,000,000.

Salaries increased \$91,491 for the nine months ended December 31, 1997 as compared to the same period last year, due to the hiring of additional personnel to handle accounting, legal, and other functions previously outsourced by the Company.

Legal and professional fees decreased \$151,991, including decreases of \$47,354 in accounting expense, \$41,754 in consulting fees and \$62,883 for legal and professional fees. The prior year included consulting and legal fees associated with the acquisition of capital and audit and accounting fees associated with the Company's annual audit.

Other expenses decreased \$32,523, including a decrease of \$24,997 in printing expense. The prior year included expenses for SEC filings.

The current year includes the Company's equity of \$590,000 in the net loss of Isle of Capri-Black Hawk, primarily resulting from interest expense on the long-term debt.

LIQUIDITY AND CAPITAL RESOURCES

Revenues from the Company have not been sufficient to cover the Company's operating expenses during the past two years. In addition, there have been no revenues from the Company's gaming joint venture to date since these are currently in the development stage. Management does not expect significant increases in revenues from any of its operations over the next year.

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997

During the nine months ended December 31, 1997, the Company received proceeds from short-term debt of \$879,894 to cover its operating deficit and for scheduled payments on its long-term debt. Additional funds were obtained through private sales of restricted Company Stock to "accredited" investors, as such term is defined under Securities and Exchange Commission Regulation D.

Pursuant to an amended operating agreement with Casino America, the Company received from Casino America a \$500,000 loan, \$700,000 in cash for sale of part of its ownership interest in the joint venture, and an additional commitment to fund up to \$800,000 toward the Company's future cash requirements. The Company's ownership of the joint venture was reduced to approximately 41% upon receipt by the Company of the initial \$1,200,000 and the ownership has subsequently been reduced to 40% because of the use of \$133,333 of the \$800,000 commitment. Its ownership will be reduced to approximately 36% if all of the additional \$800,000 commitment is used. Substantially all of the \$1,200,000 proceeds were paid directly to creditors of the Company in full payment of the Company's outstanding obligations to such creditors. The Company has the option to repurchase the sold portion of its ownership interest in the project within 180 days after the date of each funding. The loan bears interest at the higher of 14.5% or Casino America's highest cost of funds plus two percentage points and is due on August 20, 2000.

During the year ended March 31, 1996, the Company offered \$8,500,000 in Convertible Secured Notes. As of August 23, 1996, the company withdrew this debt offering. Funds in escrow were returned in compliance with the terms of the offering.

On July 5, 1996, the Company issued \$2,030,000 in discounted commercial paper with a 31-day term for which it received proceeds of \$2,000,000. The commercial paper was paid in full at maturity.

In January 1997, the Company engaged Jefferies and Company, Inc., a nationally known investment banking concern prominent in the gaming industry, as its exclusive financial advisor in connection with the structuring and financing of the casino project. In August 1997, first mortgage notes in the aggregate amount of \$75,000,000 were issued by the Isle of Capri-Black Hawk, LLC and its wholly-owned subsidiary, Isle of Capri-Black Hawk Capital Corp. (collectively the "Issuers"). These notes mature on August 31, 2004 and bear interest at 13% per annum. Interest on the notes is payable semi-annually on each February 28 and August 31, commencing February 28, 1998. Contingent interest is payable on the notes, on each interest payment date, in an aggregate amount equal to 5% of the Isle of Capri-Black Hawk, LLC's consolidated cash flow for the two fiscal quarters ending during the January or July immediately preceding such interest payment date. The notes are secured by a first lien on substantially all of the existing and future assets of the Issuers and are without recourse to the members of the Isle of Capri-Black Hawk, LLC or their respective parents or affiliate entities.

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997

Effective December 31, 1996, the Board of Directors and the holders of the Company's common stock having at least a majority of the voting power of the shares, approved and authorized the issuance of 500,000 shares of Preferred Stock, \$10 par value per share. The Company has issued 141,490 shares of 12% cumulative preferred stock, \$10 par value, which are callable by the Company. These shares were issued in exchange for short-term notes payable to Clay County

Holdings, Inc., an affiliate of the Secretary of the Company, and accrued management fees due to Aaminex Capital Corp. ("Aaminex,") an affiliate of the President of the Company.

ITEM 3
Not applicable

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997

PART II. OTHER INFORMATION

- ITEM 1. LEGAL PROCEEDINGS
In October 1997, the Company became aware that a lawsuit had been filed in August 1997 under Case Number H-97-2955 in the United District Court for the Southern District of Texas, Houston, Texas by James R. Cleveland, Plaintiff, against the Company and twenty-three (23) other Defendants, including all of the Directors and two Officers of the Company. Mr. Cleveland, who is an inmate in a Texas county jail, proceeding under a pauper's affidavit, alleged that the Defendants conspired to defraud and deceive him for the purpose of securing an investment of funds in the Company. The Company's counsel responded to this lawsuit and the lawsuit was dismissed on or about December 17, 1997.
- ITEM 2. CHANGES IN SECURITIES.
Not applicable
- ITEM 3. DEFAULTS UPON SENIOR SECURITIES.
Not applicable
- ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.
By unanimous consent dated August 14, 1997, the Board of Directors of the Company and the Company as the sole stockholder of Blackhawk Gold, approved and authorized the conveyance of the Blackhawk Gold Parcel to the Isle of Capri-Black Hawk, LLC. The Board of Directors determined that stockholder approval and/or ratification of this transaction was not required under the applicable provisions of the Nevada Revised Statutes. At the request of Jefferies and Company, Inc., the underwriters for the Isle of Capri-Black Hawk, LLC's note offering, Winstock Mining Corporation, Clay County Holdings, Aaminex Capital Corporation, Paul J. Burkett, William J. Jayroe and Hubert T. Wen, holders of a majority of the outstanding common shares of the Company (collectively the "Majority Stockholders"), entered into a written agreement to approve and ratify, and did approve and ratify on October 31, 1997, the conveyance of the Blackhawk Gold Parcel to the Isle of Capri-Black Hawk LLC. The Majority Shareholders legally and beneficially owned an aggregate of 5,142,415 shares of the common stock of the Company, representing a majority of the outstanding shares of the Company authorized to vote.
- ITEM 5. OTHER INFORMATION.
Not applicable

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997

- ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.
- (A) INDEX TO EXHIBITS
- *3.1 - Articles of Incorporation
 - *3.2 - Amendment to Articles of Incorporation
 - *3.3 - By-laws
 - *4.1 - Deed of Trust
 - *4.2 - Master Secured Note
 - *4.3 - Note Participation Agreement
 - *10.1 - Operating Agreement Caesars Black Hawk, LLC

*10.2 - Operating Agreement of ICB LLC

*10.3 - Amended and Restated Operating Agreement of Isle of
Capri-Black Hawk, LLC

*10.4 - Members Agreement

*10.5 - License Agreement

27 - Financial Data Schedule

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*Exhibits were previously filed and are incorporated by reference.

NEVADA GOLD & CASINOS, INC.
DECEMBER 31, 1997

SIGNATURES

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

NEVADA GOLD & CASINOS, INC.
(Registrant)

By:/s/ ELIZABETH A. WOODS
Elizabeth A. Woods
Treasurer and
Chief Financial Officer

DATE: February 14, 1998

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