

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2002**

**TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-27339

**BINGO.COM, INC.**

(Exact name of registrant as specified in its charter)

**FLORIDA**  
(State or Other Jurisdiction of Incorporation)

**98-0206369**  
(IRS Employer Identification No.)

**Suite 1405, 1166 Alberni Street,  
Vancouver, British Columbia,  
Canada, V6E 3Z3**  
(Address of Principal Executive Offices)

**(604) 694-0300**

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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

**APPLICABLE ONLY TO CORPORATE ISSUERS**

The number of outstanding shares of the Registrant's Common Stock, par value \$0.001 per share, was 11,104,608 on November 14, 2002.

**BINGO.COM, INC.**  
**QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2002**  
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## PART I — FINANCIAL INFORMATION

### ITEM 1. Financial Statements.

**BINGO.COM, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(EXPRESSED IN U.S. DOLLARS)**

	September 30, 2002 (Unaudited)	December 31, 2001
<b>ASSETS</b> Current assets:		
Cash and cash equivalents	\$ 35,178	\$ 14,028
Accounts receivable, net of allowance for doubtful accounts of \$nil (2001 - \$46,185)	33,642	351,330
Prepaid expenses	20,483	9,179
Total Current Assets	89,303	374,537
Fixed assets	181,195	477,554
Security Deposits	29,664	27,559
Domain name rights, net	966,928	1,257,241
	\$ 1,267,090	\$ 2,136,891
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
Current liabilities:		
Accounts payable	\$ 726,973	\$ 870,660
Accrued liabilities	194,945	165,077
Unearned revenue	8,500	—
Contract payable — current portion	—	184,772
Loan payable	196,302	45,385
Capital leases — current portion	125,147	163,221
Total Current Liabilities	1,251,867	1,429,115
Debentures payable (note 3)	1,395,000	1,100,000
Capital leases, net of current portion	437	25,974
Stockholders' (deficiency):		
Common stock — \$0.001 par value; authorized 50,000,000 shares; issued and outstanding: 11,104,608 shares at September 30, 2002 and 10,854,608 shares at December 31, 2001 (Note 4)	11,105	10,855
Additional paid-in-capital	7,660,826	7,669,826
Accumulated deficit	(9,075,348)	(8,129,172)
Accumulated other comprehensive income	23,203	30,293
	(1,380,214)	(418,198)
	\$ 1,267,090	\$ 2,136,891

Commitments (note 5)  
Subsequent events (note 6)

See accompanying notes to consolidated financial statements.

**BINGO.COM, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(EXPRESSED IN U.S. DOLLARS)**  
**NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001**  
**(UNAUDITED)**

	Nine Months		Three Months	
	ended September 30,		ended September 30,	
	2002	2001	2002	2001
Revenue	\$ 558,847	\$ 1,391,471	\$ 142,443	\$ 333,603
Cost of revenue	287,827	851,423	30,693	143,573
Gross profit	271,020	540,048	111,750	190,030
Operating Expenses:				
Sales and marketing	76,793	221,272	27,741	56,960
General and administrative	332,068	1,301,128	114,245	325,746
Interest expense	136,824	99,900	51,939	41,238
(Profit) / Loss on the disposal of fixed assets	237,831	—	—	—
Depreciation and amortization	433,680	495,992	130,266	159,362
	1,217,196	2,118,292	324,191	583,306
Net loss	\$ (946,176)	\$ (1,578,244)	\$ (212,441)	\$ (393,276)
Net loss per share,				
basic and diluted	\$ (0.09)	\$ (0.15)	\$ (0.02)	\$ (0.04)
Weighted average common shares outstanding, basic and diluted	10,902,402	10,311,135	10,997,465	10,756,190

See accompanying notes to consolidated financial statements.

**BINGO.COM, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY**  
**(EXPRESSED IN U.S. DOLLARS)**  
**NINE MONTHS ENDED SEPTEMBER 30, 2002**  
**(UNAUDITED)**

	Common Stock		Additional	Accumulated		Total
	Shares	Amount	Paid in	other		Stockholders'
			Capital	comprehensive		Deficiency
				income		
				Foreign		
				Currency		
				Translation		
				Adjustment	Deficit	
Balance, December 31, 2001	10,854,608	\$ 10,855	\$ 7,669,826	\$ 30,293	\$ (8,129,172)	\$ (418,198)
Issuance of common stock	250,000	250	10,000	—	—	10,250
Mark-to-market of variable stock option awards	—	—	(19,000)	—	—	(19,000)
Comprehensive loss:						
Net loss	—	—	—	—	(946,176)	(946,176)
Foreign currency translation adjustment	—	—	—	(7,090)	—	(7,090)
						(953,266)
Balance, September 30, 2002	11,104,608	\$ 11,105	\$ 7,660,826	\$ 23,203	\$ (9,075,348)	\$ (1,380,214)

See accompanying notes to consolidated financial statements.

**BINGO.COM, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(EXPRESSED IN U.S. DOLLARS)  
NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001  
(UNAUDITED)

	2002	2001
Cash flows from operating activities:		
Net loss	\$ (946,176)	\$ (1,578,244)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	433,680	495,992
Cancellation of shares	—	(12,500)
Loss on disposal of Fixed Assets	237,831	—
Stock based compensation costs	(8,750)	37,500
Change in operating assets and liabilities:		
Accounts receivable	317,688	97,989
Prepaid expenses	(11,304)	(39,140)
Note receivable	—	31,405
Other assets	(2,105)	13,921
Accounts payable and accrued liabilities	(114,596)	350,372
Unearned revenue	8,500	—
Cash used in operating activities	(85,232)	(602,705)
Cash flows from investing activities:		
Acquisition of property and equipment	(81,648)	(30,751)
Acquisition of Skill-Bingo game	—	(169,278)
Acquisition of Bingo.com (UK) plc	(61,440)	—
Cash Acquired from Subsidiary undertakings	59,026	—
Payments on domain name contract payable	(184,772)	(270,163)
Cash used in investing activities	(268,834)	(470,192)
Cash flows from financing activities:		
Capital lease repayments	(63,611)	(58,284)
Loan payable	150,917	78,000
Proceeds from debenture debt	295,000	900,000
Cash provided by financing activities	382,306	919,716
Net increase (decrease) in cash and cash equivalents	28,240	(153,181)
Effect of exchange rates on cash and cash equivalents	(7,090)	2,952
Cash and cash equivalents at beginning of period	14,028	174,463
Cash and cash equivalents at end of period	\$ 35,178	\$ 24,234
Supplemental disclosure of cash flow information:		
Cash interest paid	\$ 26,180	\$ 64,029
Income Tax Paid	—	—
Non Cash Transactions:		
Barter transactions	\$ 2,500	\$ 371,566
Issuance of common stock for services rendered	\$ —	\$ 37,500
The Acquisition of 99% of Bingo.com (UK) plc during August 2002		
Cash	\$ 59,026	\$ —
Accounts Payable	(777)	—
Premium on Acquisition	3,191	—
Net cash outflow from Acquisition	\$ 61,440	\$ —

See accompanying notes to consolidated financial statements.

## **BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
(Expressed in U.S. dollars)

Nine months ended September 30, 2002 and 2001  
(Unaudited)

### **1. Basis of Presentation:**

The accompanying unaudited interim financial statements have been prepared in conformity with generally accepted accounting principles applicable to interim financial information and with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed, or omitted, pursuant to such rules and regulations. In the opinion of management, the unaudited interim financial statements include all adjustments necessary for the fair presentation of the results of the interim periods presented. These financial statements should be read in conjunction with Bingo.com, Inc.'s (the "Company") audited consolidated financial statements and notes thereto for the year ended December 31, 2001, included in the Company's Annual Report on Form 10-K, filed April 1, 2002 with the Securities and Exchange Commission. The results of operations for the interim period are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

### **2. Going Concern:**

These unaudited interim consolidated financial statements have been prepared on the going concern basis, which presumes the realization of assets and the settlement of liabilities and commitments in the normal course of operations. The application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continued operations, or, in the absence of adequate cash flows from operations, obtaining additional financing.

The Company has reported losses in the last three fiscal years, and has an accumulated deficit of \$9,075,000 at September 30, 2002, and, recurring negative cash flows from operations. Management continues to review operations in order to identify additional strategies designed to generate cash flow, improve the Company's financial position, and enable the timely discharge of the Company's obligations. If management is unable to identify sources of additional cash flow in the short term, it may be required to reduce or limit operations.

### **3. Debentures Payable:**

	<b>Holder</b>	<b>Amount</b>	<b>Issue Date</b>
Debenture "A"	Bingo, Inc	\$ 1,250,000	April 16, 2001
Debenture "B"	Unrelated parties	\$ 145,000	July 2, 2002

#### **Debenture "A"**

On April 16, 2001, the Company received a loan from and issued a secured convertible debenture to Redruth Ventures Inc., a British Virgin Islands corporation, for \$750,000, and to Bingo, Inc., an Anguilla corporation, for \$500,000 (collectively, "the Lenders"). Redruth Ventures Inc.' debenture of \$750,000 was subsequently purchased by Bingo, Inc. on May 21, 2002. Bingo, Inc. was not a related party when Debenture "A" agreement was signed; however, a current director and officer of the Company is the potential beneficiary of several discretionary trusts that hold approximately 80% of Bingo, Inc.

**BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
(Expressed in U.S. dollars)

Nine months ended September 30, 2002 and 2001  
(Unaudited)

**3. Debentures Payable Cont.**

Under the terms of Debenture "A", interest shall accrue on the principal amount from time to time outstanding under the Debenture "A" at a fixed rate of 12% per annum through April 16, 2003, at which time the interest will become payable. Thereafter, interest shall accrue and be payable on the first business day of each succeeding quarter through and including April 16, 2006. All principal, accrued but unpaid interest and any other amounts due, are due and payable at maturity on April 16, 2006. The accrued interest on Debenture "A" as at September 30, 2002 is \$169,000 (September 30, 2001 — \$34,000). This is included under Accrued Liabilities.

The Company has the option to pay all accrued interest in cash, common stock of the Company, or a combination of both cash and common stock. Any amounts remaining unpaid on the Debenture "A" at the maturity date, whether principal, interest or other amounts due, shall be paid in full in cash on such date. Any common stock of the Company delivered to the Lenders in payment of Debenture "A" will be valued at \$0.25 per share.

Bingo, Inc. has the right, but not the obligation, to elect to convert all, or part, of the outstanding principal amount of Debenture "A" into shares of the Company's common stock at a conversion price of \$0.125 per share until the third anniversary date of the Debenture "A". The common stock that would be issued upon conversion of Debenture "A" will be subject to certain resale restrictions, as prescribed in Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). The Debenture "A" is secured by all assets of the Company.

Bingo, Inc. received a total of 4,800,000 common stock purchase warrants with an exercise price of \$0.25 per share exercisable for a period of three years from the date of Debenture "A". The common stock that would be issued upon exercise of warrant will be subject to certain resale restrictions, as prescribed in Rule 144 under the Securities Act.

The Debenture "A" and the Warrants were issued outside the United States pursuant to an exemption from registration under Regulation S of the Securities Act. The Debenture "A" was issued to non U.S. persons located outside the United States.

**Debenture "B"**

On July 2, 2002 the Company entered into negotiations for an additional debenture. The negotiations were concluded on October 15, 2002. The effective date of the Debenture "B" is July 2, 2002. The Company received a loan and issued a convertible debenture for \$145,000 of which \$50,000 was received from Bingo, Inc. The remaining holders of the Debenture "B" are several unrelated non US persons located outside the United States. The funds will be used for working capital purposes.

Debenture Holder	Debenture Amount	Warrant Issued
B.J. Standing	\$ 75,000	300,000
Bingo, Inc.	\$ 50,000	200,000
V. A. Dowty	\$ 10,000	40,000
N. Chow	\$ 10,000	40,000
Total	\$ 145,000	580,000

Under the terms of Debenture "B", interest shall accrue on the principal amount from time to time outstanding under the Debenture "B" at a fixed rate of 12% per annum through July 2, 2004, at which time the interest will become payable.

**BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
(Expressed in U.S. dollars)

Nine months ended September 30, 2002 and 2001  
(Unaudited)

**3. Debentures Payable Cont.**

Thereafter, interest shall accrue and be payable on the first business day of each succeeding quarter through and including July 2, 2006. All principal, accrued but unpaid interest and any other amounts due, are due and payable at maturity on July 2, 2006. The accrued interest on Debenture "B" as at September 30, 2002 is \$4,000. This is included under Accrued Liabilities.

The Company has the option to pay all accrued interest in cash, common stock of the Company, or a combination of both cash and common stock. Any amounts remaining unpaid on the Debenture "B" at the maturity date, whether principal, interest or other amounts due, shall be paid in full in cash on such date. Any common stock of the Company delivered to the holders of Debenture "B" in payment of Debenture "B" will be valued at \$0.25 per share.

The holders of Debenture "B" have the right, but not the obligation, to elect to convert all, or part, of the outstanding principal amount of Debenture "B" into shares of the Company's common stock at a conversion price of \$0.15 per share until the third anniversary date of the Debenture "B". The common stock that would be issued upon conversion of Debenture "B" will be subject to certain resale restrictions, as prescribed in Rule 144 under the Securities Act.

The holders of Debenture "B" received a total of 580,000 common stock purchase warrants with an exercise price of \$0.25 per share exercisable for a period of three years from the date of Debenture "B". The common stock that would be issued upon exercise of the warrants will be subject to certain resale restrictions, as prescribed in Rule 144 under the Securities Act.

Bingo, Inc. has the potential to become the largest single shareholder and a majority shareholder in the Company should Bingo, Inc. elect to convert any or all of the principal amount of Debenture "A" and its share of Debenture "B" into shares of the Company's common stock, or if the Company elects to repay the principal amount outstanding, and any accrued interest, in shares of the Company's common stock pursuant to the terms of Debenture "A" and Debenture "B".

The Debenture "B" and the Warrants were issued outside the United States pursuant to an exemption from registration under Regulation S of the Securities Act. The Debenture "B" was issued to non U.S. persons located outside the United States.

**4. Stockholders Equity:**

250,000 shares of common stock were issued on August 9, 2002 to the former Chief Executive Officer of the Company. The agreed value of \$42,500 for these shares was recorded in accrued liabilities at December 31, 2001. These shares were issued pursuant to an exemption from registration under the Securities Act in reliance upon Regulation S. The shares were issued to non U.S. persons located outside the United States.

During the quarter ended September 30, 2002, the Company granted options to purchase a total of 150,000 shares of the Company's common stock at an exercise price of \$0.15 per share to the chairman of the Advisory Board of the Company, a former director. The options vest 100% at the grant date. The options were granted under the terms of the Company's 1999 Stock Option Plan. The market price for the Company's common stock on the grant date was \$0.05

## **BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
(Expressed in U.S. dollars)

Nine months ended September 30, 2002 and 2001  
(Unaudited)

### **4. Stockholders Equity Cont.**

Additionally, the Company granted options to purchase a total of 535,000 shares of the Company's common stock at an exercise price of \$0.05 per share to employees of the Company. The options vest 10% at the grant date, 15% 12 months following the grant date, and 2% per month thereafter. The options were granted under the terms of the Company's 2001 Stock Option Plan. The market price for the Company's common stock on the grant date was \$0.05. 400,000 stock options under the Company's 2001 Stock Option plan were cancelled.

### **5. Commitments :**

- (a) As previously disclosed in the Company's filings with the Securities and Exchange Commission (the "SEC"), on April 16, 2001 Company issued warrants (the "Warrants") in connection with Debenture "A" issued to Redruth Ventures Inc., and to Bingo. Warrants grant the Holders of Debenture "A" the right to purchase up to an additional 12,000,000 shares of the Company's common stock at an exercise price of \$0.25 per share until the fifth (5th) anniversary date of the Debenture "A".

Effective as at the end of business on May 21, 2002 Redruth Ventures Inc. agreed to surrender for cancellation all of the 7,200,000 Warrants issued to them in connection with Debenture "A", in exchange for eighteen (18) months of unused advertising inventory on the bin website.

As of the date of this report, none of the Warrants have been exercised, and with the surrender for and cancellation of all of the 7,200,000 Warrants issued to Redruth Ventures Inc. previously disclosed, there remains 4,200,000 Warrants outstanding under this debenture Debenture "A" and the Warrants were issued pursuant to an exemption from registration under the Securities Act in reliance upon Regulation S.

- (b) The Company entered into a management consulting agreement with Bromley Accounting Services Ltd., an England and Wales incorporated company and Mr. Bromley dated July 2, 2002 (the "Bromley Agreement"), in connection with the provision of services by Mr. Bromley as Chief Financial Officer of the Company. The monthly fee stipulated in the Bromley Agreement is three thousand hundred and sixty seven pounds sterling (£3,667).
- (c) As discussed in note 3, the company has a commitment to pay interest under the Debenture "A" and Debenture "B".

### **Debenture "A"**

Under the terms of Debenture "A", interest shall accrue on the principal amount from time to time outstanding under the debenture at a rate of 12% per annum through April 16, 2003, at which time the interest will become payable. Thereafter, interest shall accrue and be payable on the first business day of each succeeding quarter through and including April 16, 2006. All principal, accrued but unpaid interest and other amounts due, are due and payable at maturity on April 16, 2006. The accrued interest on Debenture "A" as at September 30, 2002 was \$169,000 (September 30, 2001 — \$34,000). This is included under Accrued Liabilities.

The Company has the option to pay all accrued interest in cash, common stock of the Company, or a combination of both cash and stock. Any amounts remaining unpaid on the Debenture "A" at the maturity date, whether principal, interest or other amounts due, will be paid in full in cash on such date. Any common stock of the Company delivered to the Lenders in payment of Debenture "A" will be valued at \$0.25 per share.

Bingo, Inc. received a total of 4,800,000 common stock purchase warrants with an exercise price of \$0.25 per share exercisable for a period of three years from the date of Debenture "A". The common stock that would be issued upon exercise of the Warrants will be subject to resale restrictions, as prescribed in Rule 144 under the Securities Act.

The Debenture "A" and the Warrants were issued outside the United States pursuant to an exemption from registration under Regulation S of the Securities Act. The Debenture "A" was issued to non U.S. persons located outside the United States.

## **BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
(Expressed in U.S. dollars)

Nine months ended September 30, 2002 and 2001  
(Unaudited)

### **5. Commitments (continued):**

#### **Debenture "B"**

Under the terms of Debenture "B", interest shall accrue on the principal amount from time to time outstanding under the Debenture fixed rate of 12% per annum through July 2, 2004, at which time the interest will become payable. Thereafter, interest shall accrue on payable on the first business day of each succeeding quarter through and including July 2, 2006. All principal, accrued but unpaid any other amounts due, are due and payable at maturity on July 2, 2006. The accrued interest on Debenture "B" as at September 30, \$4,000. This is included under Accrued Liabilities.

The Company has the option to pay all accrued interest in cash, common stock of the Company, or a combination of both cash and stock. Any amounts remaining unpaid on the Debenture "B" at the maturity date, whether principal, interest or other amounts due, in full in cash on such date. Any common stock of the Company delivered to the holders of Debenture "B" in payment of Debenture be valued at \$0.25 per share.

The holders of Debenture "B" received a total of 580,000 common stock purchase warrants with an exercise price of \$0.25 per share exercisable for a period of three years from the date of Debenture "B". The common stock that would be issued upon exercise of the will be subject to certain resale restrictions, as prescribed in Rule 144 under the Securities Act.

The Debenture "B" and the Warrants were issued outside the United States pursuant to an exemption from registration under Regu the Securities Act. The Debenture "B" was issued to non U.S. persons located outside the United States.

- (d) On August 15, 2002 ("the Effective Date"), the Company, in a related party transaction, acquired from the Company's Chief Ex Officer, 99% of the share capital of Bingo.com (UK) plc. for \$61,000. Bingo.com (UK) plc. net assets were \$58,000 at the time of acquisition. The Company deems it in the best interest of the company to acquire a subsidiary registered in the United Kingdo purpose of establishing a company in the United Kingdom for future expansion.

The transaction for the acquisition of Bingo.com (UK) plc. was approved by the Company's Board of Directors on September 10, 20 Williams, the Company's Chief Executive Officer and the seller of the shares of Bingo.com (UK) plc. abstained from the vote by the Company's Board of Directors, due to his conflict of interest.

Under the terms of the Purchase agreement the Company paid half the purchase price (i.e. \$30,500) on the Effective Date. The balan purchase price plus interest will be paid no later than six months after the Effective Date. Interest shall accrue on the outstanding ar fixed rate of 5% per annum.

### **6. Subsequent Events:**

There were no material Subsequent Events as at time of filing this report.

## **ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties, as described below. Bingo.com, Inc.'s (the "Company", "Bingo.com", "we", or "us") actual results could differ materially from those anticipated in these forward-looking statements. The following discussion should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto included in Part I — Item 1 of this Quarterly Report, and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Conditions and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

## **BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
(Expressed in U.S. dollars)

Nine months ended September 30, 2002 and 2001  
(Unaudited)

### **FORWARD LOOKING STATEMENTS**

All statements contained in this Quarterly Report on Form 10-Q and the documents incorporated herein by reference, as well as statements made in press releases and oral statements that may be made by us or by officers, directors or employees acting on our behalf, that are not statements of historical fact constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Readers should consider statements that include the terms "believe," "belief," "expect," "plan," "anticipate," "intend" or the like to be uncertain and forward-looking. In addition, all statements, trends, analyses and other information contained in this report relative to trends in net sales, gross margin, anticipated expense levels and liquidity and capital resources, constitute forward-looking statements. Potential risks and uncertainties include, among others, those set forth in this Item 2. Particular attention should be paid to the cautionary statements involving the Company's limited operating history, the unpredictability of its future revenues, the Company's need for and the availability of capital resources, the evolving nature of its business model, and the risks associated with systems development, management of growth and business expansion. Except as required by law, the Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. All cautionary statements made herein should be read as being applicable to all forward-looking statements wherever they appear. In this connection, readers should consider the risks more fully described in the Company's Annual Report on Form 10-K for the year ended December 31, 2001 filed with the Securities and Exchange Commission (the "SEC") and should not place undue reliance on any forward-looking statements.

### **OVERVIEW**

The Company is in the business of developing and operating a bingo based Web portal designed to provide a variety of free games, and other forms of entertainment, including an online community, chat rooms, contests, sweepstakes, tournaments, and more. The Company envisions becoming the preeminent bingo-based Web portal on the Internet, using its bingo.com domain name and incorporating a variety of games and content to attract and retain a large number of subscribers. The Company's existing Website has attracted over 800,000 registered users; the Company intends to continue to build on this subscriber base to further develop its online presence.

The Company generates revenue principally from the free Website, which is supported by advertising revenue obtained by displaying advertisements on our Web site and delivering advertisements to our players by email.

The free site provides content to our players in the form of free-to-play, multiplayer theme bingo games, such as Astrology Bingo, Cupid Bingo, and the like, as well as online video poker, sweepstakes and slot machines. We also offer our registered players other forms of entertainment such as fortune telling, chat rooms, and member profiles.

We intend to continue to build on the success of the existing free site by offering a greater depth and variety of content that we expect will hold subscribers and allow us to generate more revenue through advertising. We also intend to add enhanced content available to users for a monthly subscription charge in order to further grow our revenue base. We intend to provide non-North American players with the opportunity to play traditional bingo for cash.

The Company has incurred significant losses since inception, and as of September 30, 2002 had an accumulated deficit of \$9,075,000. Bingo.com will continue to incur losses until revenue grows sufficiently to cover ongoing operating costs, including the costs of sales and marketing efforts. There can be no assurances that this will occur.

**BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
(Expressed in U.S. dollars)

Nine months ended September 30, 2002 and 2001  
(Unaudited)

**OVERVIEW Cont.**

Bingo.com has made a significant investment in the development of the Company's website, purchase of domain name, branding, marketing, and maintaining operations.

As of the date of this report, the Company has utilized substantially all of its available funding. The Company's continuation as a going concern will depend on its ability to generate sufficient cash flow from operations to cover operating costs, or to raise additional capital. No assurance can be given that the Company will be able to generate adequate cash flow to fund ongoing operating costs or to raise additional funds. In the absence of sufficient cash flow, the Company may be required to limit operations.

**SOURCES OF REVENUE AND REVENUE RECOGNITION**

Bingo.com generates the majority of its revenue from the sale of advertising on its website. Advertising revenue is recognized as the advertising campaign or impressions and clicks are made on the website and the sale of our email address lists.

The Company manages its own sales of advertising; hosts the Company's Website; and serves its own ads.

In fiscal 2000, the Company adopted EITF No. 99-17 "Accounting for Advertising Barter Transactions". EITF 99-17 provides that the Company recognize revenue and advertising expenses from barter transactions at the fair value only when it has a historical practice of receiving or paying cash for similar transactions. Bingo.com barter portions of the unsold advertising impressions generated by its website in exchange for advertising in media properties owned by third parties. The Company records revenues and costs for such barter transactions at the market value of the advertising exchanged, with no net income or loss recognized. Barter revenue totaled \$2,500 for the nine months ended September 30, 2002 and \$372,000 for the nine months ended September 30, 2001.

**RESULTS OF OPERATIONS****Revenue**

Revenue declined to \$142,000 for the quarter ended September 30, 2002, a decrease of 57% from revenue of \$334,000 for the same period in the prior year. The reduction in revenue for the third quarter of 2002 can be explained generally by the downturn in the North American economy and the erosion of the market for Internet advertising. More specifically, the Company had fewer people focused on selling advertising during the quarter ended September 30, 2002, largely because of the restructuring of the business of the Company that took place during the previous year and the cancellation of the outside parties sales contracts effected during the second quarter of 2002. In addition there has been a downturn in Internet advertising by online gaming companies due to certain credit card companies no longer accepting online gaming transactions. Therefore many of these companies have reduced their online advertising expenditures at Bingo.com website. Finally the summer months had a weaker than usual advertising expenditure by online advertisers.

**Cost of revenue**

Bingo.com recorded cost of revenue of \$31,000 during the quarter ended September 30, 2002, a drop of \$113,000 or 79% compared to costs of \$144,000 for the same period in the prior year. The gross margin increased to 78% in the quarter ended September 30, 2002 from 57% in the third quarter of the prior year. Cost of revenue consists primarily of commissions paid on the sale of advertising and the cost of hosting the website. The decrease in cost of revenue is due to fewer people focused on selling advertising therefore less commissions and fewer barter transactions than in the prior year quarter.

**BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
(Expressed in U.S. dollars)

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(Unaudited)

**OVERVIEW Cont.****Sales and marketing expenses**

Sales and marketing expenses dropped to \$28,000 for the quarter ended September 30, 2002, a decrease of \$29,000 (51%) over 2001 third quarter expenses of \$57,000. Sales and marketing expenses include principally costs for marketing, co-brand advertising and keyword buys for our game site. The balance of marketing and advertising expenses consists of payroll, consultant, and travel costs. All of these amounts decreased in 2002 as a result of changes to the business, particularly as a result of fewer employees being focused on selling. Subsequent to May 2002 the Company has taken over the advertising, Website hosting and ad serving itself.

**General and administrative expenses**

General and administrative expenses consist primarily of payroll costs for the Company's executive staff, accounting and administrative personnel, premises costs for the Company's office, legal and professional fees, and other general corporate and office expenses. General and administrative expenses decreased to \$114,000 for the third quarter of 2002, a reduction of 65% over costs of \$326,000 for the same period last year. General and administrative expenses declined from the prior year as a result of changes that took place during the previous year, including moving the Company's offices from California to Vancouver, and lower executive payroll. Company management also made greater efforts to control operating costs in order to reduce administrative and other expenses.

**Depreciation and amortization**

Depreciation and amortization includes depreciation on the Company's fixed assets, as well as amortization of the Bingo.com domain name. The Company capitalized the cost of the purchase of the domain name and is amortizing the cost over five years from the date of commencement of operations. Fixed assets are depreciated using the declining balance method over the useful lives of the assets, ranging from three to five years. Depreciation and amortization decreased to \$130,000 during the quarter ended September 30, 2002, a reduction of 18% over costs of \$159,000 during the same quarter in the prior year. The changes in depreciation and amortization can be explained due to the average age of the Company's assets being older in fiscal 2002, resulting in a lower depreciation base. Finally the decrease is additionally due to the write-down of capital assets in the second quarter of 2002.

**Interest expenses**

Interest expense consists of accrued interest on the convertible debentures and other debt instruments, such as leases. Interest expense increased to \$52,000 for the three months ended September 30, 2002, an increase of 26% over interest expense of \$41,000 for the same period in the prior year. The increase is attributable to the increase in the interest payable under the debenture issued by the Company in 2001. This increase is offset by the reduction in interest on Capital Leases due to outstanding debt on the Capital Leases reaching maturity.

**Net loss and loss per share**

Net loss for the three months ended September 30, 2002 amounted to \$212,000, a loss of \$0.02 per share, compared to a loss of \$393,000 or \$0.04 per share for the same period in 2001.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company does not currently have an adequate source of reliable, long-term revenue to fund operations. As a result, Bingo.com is reliant on outside sources of funding. There can be no assurances that the Company will in the future achieve a consistent and reliable revenue stream adequate to support continued operations. In addition, there are no assurances that the Company will be able to secure adequate sources of new capital, whether it be in the form of share capital, debt, or other financing sources.

**BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
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**OVERVIEW Cont.**

Bingo.com had cash and cash equivalents of \$35,000 and a working capital deficit of \$1,162,000 at September 30, 2002. This compares to cash and cash equivalents of \$14,000 and a working capital deficit of \$1,055,000 at December 31, 2001. The Company continued to incur costs but did not secure adequate new revenue to cover the costs.

During the nine months ended September 30, 2002, Bingo.com used cash of \$85,000 in operating activities compared to using cash of \$603,000 in the same period in the prior year. The significant improvement in cash flow from operating activities in 2002 demonstrates the effectiveness of the Company's efforts to reduce operating costs in late 2001 and in 2002.

During the quarter ended September 30, 2002, Bingo.com received proceeds of \$145,000 from the convertible debenture (Debenture "B") issued by the Company in July 2002. The funds will be used to fund working capital requirements. The Debenture "B" bears interest at a rate of 12% per year and is due in July 2006.

**RISKS RELATED TO THE COMPANY'S BUSINESS*****Need for additional capital***

The Company has recorded substantial operating losses and, as of September 30, 2002, has an accumulated deficit of approximately \$9,075,000. The Company does not currently have adequate cash flow or existing revenue to provide operating capital until December 31, 2002. The Company is currently looking for new sources of revenue that it expects will help fund Bingo.com's business for the remainder of fiscal 2002. There can be no assurances that this will be achieved.

***History of large operating losses***

Since inception, the Company has not had adequate revenue to support operations, and has recognized substantially half of its revenues from barter transactions. In addition credit card companies are placing pressure on online gaming due to rejecting online gaming transactions. This in turn is reducing the advertising spent by online gaming companies. The Company is therefore investigating other sources of revenue. The Company has significantly reduced ongoing operating expenses. However, there can be no assurance that the Company will achieve positive cash flow and operating profitability.

***Success depends on key personnel; no "key man" life insurance***

Future performance depends on the continued service of key personnel, and the ability to attract, train, and retain technical, marketing, customer support, and management personnel. The loss of one or more key employees especially Mr. T. M. Williams, the company's President and Chief Executive Officer could negatively impact the Company, and there is no "key man" life insurance in force at this time. Competition for qualified personnel is intense, and there can be no assurance that the Company will retain key employees, or attract and retain other needed personnel.

**BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
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**OVERVIEW Cont.****RISKS RELATED TO THE INTERNET AND E-COMMERCE*****Volatility in stock price***

The stock market and especially the stock prices of Internet related companies have been very volatile. This volatility may not be related to the operating performance of the companies. The broad market volatility and industry volatility may reduce the price of the Company's stock without regard to the Company's operating performance. The market price of the Company's stock could significantly decrease at any time as a result of this volatility. The uncertainty that results from such volatility can itself depress the market price of the Company's stock.

***Dependence upon, and risks related to, the Internet***

While management believes that acceptance and use of the Internet will continue to increase at rapid rates and that additional hits to the site will be made, there can be no assurances that such increase will continue to develop, or that use of the Internet as a means of communication and entertainment will continue or increase. If growth in the use of the Internet does not continue, there may not be an increase in the number of hits to the Company's Website at the rates or for the purposes management has assumed. This could, in turn, adversely impact the Company and the results of its business operations. Further, even if acceptance and use of the Internet does increase rapidly, but the technology underlying the Internet and other necessary technology and related infrastructure does not effectively support that growth, the Company's future would be negatively impacted.

**ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.**

As of September 30, 2002, Bingo.com had not entered into or acquired financial instruments that have material market risk. The Company has no financial instruments for trading purposes, or derivative or other financial instruments with off balance sheet risk. The majority of financial assets and liabilities are due within the next twelve months and are classified as current assets or liabilities in the consolidated balance sheet included in this report. The exception is the convertible debentures. The fair value of the debentures payable cannot be determined because the Company would not likely be able to secure similar financing on similar terms at a market rate of interest, if at all. As a result, the financial statement carrying amount of the debentures payable at September 30, 2002 reflects the market value to the Company for the debt.

To September 30, 2002, substantially all revenues have been realized or incurred in United States dollars while the majority of costs are incurred in Canadian dollars. To date, the Company has not entered into foreign currency contracts to hedge against foreign currency risks between the Canadian dollar, British Pound or other foreign currencies and our reporting currency, the United States dollar.

**ITEM 4. Controls and Procedures.****(a) Evaluation of disclosure controls and procedures.**

The management of Bingo.com evaluated the disclosure controls and procedures of Bingo.com as at October 7, 2002 and found the operating efficiently and effectively to ensure that information required to be disclosed by Bingo.com under the general rules and promulgated under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported, within the time periods and rules of the SEC. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure information required to be disclosed by Bingo.com is accumulated and communicated to the management of Bingo.com, including its executive officer and principal financial officer as appropriate to allow timely decisions regarding required disclosure.

**BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
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**OVERVIEW Cont.****(b) Changes in internal controls.**

There were no significant changes in the internal controls of Bingo.com or other factors that could significantly affect the Company controls during the quarter ended September 30, 2002 and to the date of filing this quarterly report.

**PART II — OTHER INFORMATION****ITEM 1. Legal Proceedings**

Other than described below, the Company is not currently a party to any legal proceeding, and was not a party to any legal proceeding during the fiscal period ended September 30, 2002. Management of the Company is currently not aware of any other legal proceedings proposed to be initiated against the Company. However, from time to time, the Company may become subject to claims and litigation generally associated with any business venture.

On July 6, 2001, Roger W. Ach, II, filed a complaint in the Court of Common Pleas, Hamilton County, Ohio against the Company in connection with a promissory note issued by the Company. Mr. Ach alleges that on or about May 16, 2001 the Company borrowed the sum of \$45,000 and executed and delivered to him a promissory note and that the Company owes him the amount of the Note together with interest from March 16, 2001 at the rate of prime plus 1%. Mr. Ach demands judgment against the Company in the sum of \$45,000, plus interest and costs.

On October 5, 2001, the Company filed an Answer, Counterclaim and third party complaint in defense of the proceedings commenced, among other things, denying the allegation that any moneys are due to Mr. Ach and counterclaiming against him and bringing a third party complaint against the Lottery Channel, Inc. for payment of outstanding invoices of \$39,168 plus interest, costs and attorney fees.

The Company believes that Mr. Ach's complaint is without merit and intends to vigorously defend these proceedings and believes it is not likely to produce an outcome, which would have a material adverse effect on the Company's consolidated financial position or results of operations.

During the first quarter of 2002 the Company and Mr. Ach agreed to defer the complaint and counterclaim and are still in the process of attempting to settle the matter.

**ITEM 2. Changes in Securities and Use of Proceeds**

On August 9, 2002, 250,000 shares of common stock were issued to Shane Murphy, the former Chief Executive Officer of the Company in accordance with the terms and conditions contained in the termination agreement entered into by the Company and previously filed with the Company's periodic reports. The agreed value of \$42,500 for these shares was recorded in accrued liabilities at December 31, 2001. The shares of common stock were issued outside the United States pursuant to an exemption from registration under Regulation S of the Securities Act of 1933, as amended. The shares of common stock were issued to non U.S. persons located outside the United States. The shares common of stock that were issued are subject to certain resale restrictions as prescribed in Rule 144 under the Securities Act.

**BINGO.COM, INC.**

Notes to Consolidated Financial Statements  
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**OVERVIEW Cont.**

On July 2, 2002 the Company entered into negotiations for an additional debenture. The negotiations were concluded on October 15, 2002. The effective date of the Debenture "B" is July 2, 2002. The Company received a loan and issued a convertible debenture for \$145,000 of which \$50,000 was received from Bingo, Inc. The remaining holders of the Debenture "B" are several unrelated non US persons located outside the United States. The Company promises to pay to the holders of Debenture "B", an amount equal to \$145,000, together with simple interest at the fixed rate per annum of twelve percent (12%), with interest accruing and payable on the outstanding principal amount of this Debenture "B". The holders of Debenture "B" received a total of 580,000 common share purchase warrants, entitling the holders of Debenture "B" to purchase an aggregate of 580,000 shares of the Company's common stock at an exercise price of \$0.25 per share exercisable for a period of three years from the date of Debenture "B". The holders of Debenture "B" have the right, but not the obligation, to elect to convert any or all of the principal amount of Debenture "B" into shares of the Company's common stock at a conversion price of \$0.15 per share.

The Debenture "B" and the Warrants were issued outside the United States pursuant to an exemption from registration under Regulation S of the Securities. The Debenture "B" was issued to non U.S. persons located outside the United States. No person or entity has of yet exercised any of the Warrants issued in connection with the Debenture "B". All of the shares common stock that would be issued on a conversion of the Debenture "B" or upon the exercise of any of the Warrants would be subject to certain resale restrictions as prescribed in Rule 144 under the Securities Act.

**ITEM 3. Defaults Upon Senior Securities**

Not Applicable

**ITEM 4. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to the shareholders during the period.

**ITEM 5. Other Information****New Agreements**

The Company entered into the following agreements and arrangements during the quarter ended September 30, 2002:

- (a) The Company entered into a management consulting agreement with Bromley Accounting Services Ltd., an England and Wales incorporated company and Mr. Bromley dated July 2, 2002 (the "Bromley Agreement"), in connection with the provision of services by Mr. Bromley as Chief Financial Officer of the Company. The monthly fee stipulated in the Bromley Agreement is three thousand hundred and sixty seven pounds sterling (£3,667).
- (b) On July 2, 2002 the Company entered into negotiations for an additional debenture. The negotiations were concluded on October 15, 2002. The effective date of the Debenture "B" is July 2, 2002. The Company received a loan and issued a convertible debenture for \$145,000 of which \$50,000 was received from Bingo, Inc. The remaining holders of the Debenture "B" are several unrelated non persons located outside the United States.

Under the terms of Debenture "B", interest shall accrue on the principal amount from time to time outstanding under the Debenture at a fixed rate of 12% per annum through July 2, 2004, at which time the interest will become payable. Thereafter, interest shall accrue and be payable on the first business day of each succeeding quarter through and including July 2, 2006. All principal, accrued but unpaid and any other amounts due are due and payable at maturity on July 2, 2006. The principal amount owed under Debenture "B" may be converted into common shares of the Company at \$0.15 per share.

## **BINGO.COM, INC.**

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### **OVERVIEW Cont.**

In addition the holders of Debenture "B" received a total of 580,000 common stock purchase warrants with an exercise price of \$0.25 exercisable for a period of three years from the date of Debenture "B".

The Debenture "B" and the Warrants were issued outside the United States pursuant to an exemption from registration under Regulation D of the Securities Act. The Debenture "B" was issued to non U.S. persons located outside the United States. No person or entity has exercised any of the Warrants issued in connection with the Debenture "B". All of the shares of common stock that would be issued upon conversion of the Debenture "B" or upon the exercise of any of the Warrants would be subject to certain resale restrictions as prescribed in Rule 144 under the Securities Act.

- (c) On August 15, 2002, the Company, in a related party transaction, acquired from the Company's Chief Executive Officer, 99% ownership of Bingo.com (UK) plc. for \$61,000. Bingo.com (UK) plc. net assets were \$58,000 at the time of acquisition. Management of Bingo.com deems it in the best interest of the Company to acquire a subsidiary registered in the United Kingdom for the purpose of establishing a company in the United Kingdom for future expansion.

The transaction for the acquisition of Bingo.com (UK) plc. was approved by the Company's Board of Directors on September 10, 2002. T.M. Williams, the Company's Chief Executive Officer and the seller of the shares of Bingo.com (UK) plc. abstained from the vote by the Company's Board of Directors, due to his conflict of interest.

### **Other Matters**

During the quarter ended September 30, 2002, Mr. Henry Bromley has assumed the position of Chief Financial Officer effective July 2, 2002.

### **ITEM 6. Exhibits and Reports on Form 8-K**

#### **Exhibits**

The following instruments are included as exhibits to this Report. Exhibits incorporated by reference are so indicated.

<b>Exhibit Number</b>	<b>Description</b>
4.1	\$1,250,000.00 Secured Convertible Debenture between the Company, Redruth Ventures Inc. and Bingo, Inc. dated April 16, 2001. (a)
4.2	Common Stock Purchase Warrant between the Company and Redruth Ventures Inc. a British Virgin Islands corporation dated April 16, 2001. (a)
4.3	Common Stock Purchase Warrant between the Company and Bingo, Inc. dated April 16, 2001. (a)
4.4	Convertible Debenture between the Company and unrelated parties dated July 2, 2002.
4.5	Common Stock Purchase Warrant between the Company and unrelated parties dated July 2, 2002.
10.25	The restructuring of the existing relationship between CYOP Systems Inc., CYOP Systems International Incorporated, Bingo.com Inc. and Bingo.com (Canada) Enterprises Inc. dated May 21, 2002. (b)
10.26	The Purchase and Sale Agreement Between Redruth Ventures Inc. and Bingo.com, Inc. dated May 21, 2002. (b)
10.27	Consulting agreement dated July 2, 2002, between the Company, Bromley Accounting Services Ltd and Mr. H. W. Bromley. (b)
10.28	Share Purchase agreement between T.M. Williams and Bingo.com, Inc. for the purchase of shares in Bingo.com (UK) plc. dated August 15, 2002.

**BINGO.COM, INC.**

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**OVERVIEW Cont.**

**ITEM 6. Exhibits and Reports on Form 8-K**

(a) Previously filed with the Company's quarterly report on Form 10-Q for the period ended June 30, 2001, on June 25, 2001.

(b) Previously filed with the Company's quarterly report on Form 10-Q for the period ended June 30, 2002, on August 14, 2001.

**Reports on Form 8-K.**

During the quarter covered by this report, the Company filed the following reports on Form 8-K:

Current Report on Form 8-K filed August 14, 2002, filing as an exhibit Statements Under Oath of Principal Executive Officer and Principal Financial Officer Regarding Facts and Circumstances Relating to Exchange Act Filings pursuant to 18 U.S.C. Sec. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.

## SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 14, 2002

**BINGO.COM, INC**

(Registrant)

*/S/ T. M. Williams*

T. M. Williams, Chairman of the Board,  
Chief Executive Officer, President and  
Secretary

(Principal Executive and Accounting Officer)

*/S/ H. W. Bromley*

H.W. Bromley, Chief Financial Officer  
(Principal Accounting Officer)

## CERTIFICATIONS

I, T. M. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bingo.com, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Bingo.com, Inc. as of, and for the periods presented in, this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is prepared;
  - b) evaluated the effectiveness of Bingo.com, Inc. disclosure controls and procedures as of a date within 90 days prior to the filing of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Effective Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors, the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record and process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls;
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

**Signed :** /s/ T. M. Williams

T. M. Williams, Chairman of the Board,  
Chief Executive Officer, President and Secretary  
(Principal Executive Officer)

**Date :** November 14, 2002

## CERTIFICATIONS

I, H. W. Bromley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bingo.com, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Bingo.com, Inc. as of, and for the periods presented in, this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is prepared;
  - b) evaluated the effectiveness of Bingo.com, Inc. disclosure controls and procedures as of a date within 90 days prior to the filing of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as the Effective Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors, the committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls;
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

**Signed :** /s/ H. W. Bromley  
H.W. Bromley,  
Chief Financial Officer  
(Principal Accounting Officer)

**Date :** November 14, 2002

**EXHIBIT 4.4**

THE CONVERTIBLE DEBENTURE CONTRACT (DEBENTURE "B") DATED JULY 2, 2002.

**CONVERTIBLE DEBENTURE**

July 2, 2002            US\$ (*amount*)

THIS CONVERTIBLE DEBENTURE (this "Debenture") is executed and delivered, as of July 2, 2002, by **BINGO.COM, INC.**, a Florida corporation (the "Company"), as to US\$ (*amount*) to (**HOLDERS NAME**) of (*Holders address*) (the "Holder").

WHEREAS, the Holder has agreed to make a loan to the Company in an amount of US\$ (*amount*) on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Holder hereby agrees as follows:

Section 1. PROMISE TO PAY.

The Company promises to pay to the Holder an amount equal (*amount in writing*) (U.S. \$ (*amount*)), together with simple interest at the fixed rate per annum (the "Interest Rate") of twelve percent (12%), with interest accruing and payable on the outstanding principal amount of this Debenture, as further set forth herein.

Section 2. PAYMENT.

(a) The Company shall pay the then outstanding principal amount of this Debenture on July 2, 2006 in the manner set out in Section 2(b)(1). Interest shall accrue on the principal amount from time to time outstanding under this Debenture at the Interest Rate from the date hereof through July 2, 2004 (the "Accrued Interest Payment Date"), but such accrued interest shall not be payable until the Accrued Interest Payment Date. Thereafter, interest shall accrue at the Interest Rate and be payable on the first business day (the "Payment Date") of each succeeding quarter through and including July 2, 2006 (each such payment date being referred to herein as a "Payment Date"). All principal, accrued but unpaid interest and any other amounts due hereunder shall be due and payable at maturity on July 2, 2006.

(b)(1) The Company shall pay the accrued interest on the Accrued Interest Payment Date and shall pay all other interest thereafter accrued, at the Company's option, in (i) cash in lawful money of United States of America, (ii) common stock of the Company ("Company Common Stock") or (iii) a combination of both cash and Company Common Stock. Any amounts remaining unpaid on this Debenture on the maturity date hereof, whether principal, interest or other amounts due hereunder, shall be paid in full in cash or Company Common Stock on such date. Any Company Common Stock delivered to the Holder in payment of this Debenture as described above will be valued at \$0.25 per share ("Valuation Price"). The Company Common Stock is listed on the OTC Bulletin Board and the Company shall take all reasonable steps to maintain such listing. Such Valuation Price shall be equitably adjusted in the case of a Corporate Event (as hereinafter defined) in the manner provided in paragraph (d) below.

(b)(2) The Company hereby grants to the Holder an option pursuant to which the Holders will have the right, but not the obligation, to elect, until the third (3rd) anniversary of the date of this Debenture, to convert any or all of the principal amount of this Debenture into shares of Company Common Stock at a conversion price of \$0.15 per share (the "Conversion Price"), exercisable by written notice to the Company. Such Conversion Price shall be equitably adjusted in the case of a Corporate Event (as hereinafter defined) in the manner provided in paragraph (d) below.

(c) In order to make any payments on this Debenture in Company's Common Stock as described above, the Company will take, until the date on which all principal and interest on this Debenture is fully repaid, all actions necessary or appropriate to reserve for issuance that number of shares of Company Common Stock sufficient to permit the Company to fulfill its obligations under this Debenture. If the Holder elects to (i) have the Company pay any portion of accrued interest (as provided in subsection (b)(1) above), principal (upon conversion) as provided for in subsection (b)(2) above on this Debenture or (ii) exercise the Warrants (as defined below) by delivering shares of Company Common Stock to the Holder, the Company shall promptly take all steps required to cause the Holder to be issued a sufficient number of shares of Company's Common Stock.

(d) If, at any time after the date hereof and prior to the date on which all principal and interest on this Debenture is paid in full, the Company effects a dividend or other distribution upon or in redemption of Company Common Stock payable in Company Common Stock, other securities or other property, a combination of outstanding shares of Company Common Stock into a smaller number of shares of Company Common Stock, or any reorganization, split, exchange or reclassification of Company's Common Stock, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets to another corporation, in such a way that holders of outstanding Company Common Stock shall be entitled to receive (either directly, or upon subsequent liquidation) stock, securities or other property with respect to or in exchange for Company Common Stock (any such event described in the foregoing clauses being referred to as a "Corporate Event"), then as a condition of such Corporate Event, lawful, appropriate, equitable and adequate provisions shall be made to the terms of paragraphs (b) and (c) above whereby the Holder shall thereafter be entitled to receive on each Payment Date (or, if applicable, the Accrued Interest Payment Date) (under the same terms otherwise applicable to its receipt of Company Common Stock), in lieu of or in addition to, as the case may be, the payments specified in paragraphs (b) and (c) above, such cash, stock, securities or other property which, when valued in a fair and equitable manner consistent with the purposes and intent of this Debenture and when added to the amounts being paid or Company Common Stock being issued on such Payment Date (or, if applicable, the Accrued Interest Payment Date), discharges the full amount of the accrued interest and principal (with respect to the maturity date hereof) due on such date.

(e) All payments due hereunder, whether made in the form of cash or delivery of Company Common Stock, shall be made to the Holder's address for notices set forth below or at such other place as the Holder may designate to the Company in writing.

### Section 3. VOLUNTARY PREPAYMENT.

The Company may prepay this Debenture in full or in part at any time, provided that any such prepayment must be made in cash after providing notice to holder of 10 working days, unless otherwise agreed to by the Holder. Early payments under this Debenture shall not relieve the Company of its obligation to continue to make regularly scheduled payments as required herein, but shall instead reduce the principal balance due, and the Company may be required to make fewer payments under this Debenture.

### Section 4. REPRESENTATIONS, WARRANTIES AND COVENANTS.

The Company represents, warrants and covenants to the Holder as of the date of this Debenture:

(a) *Organization* . The Company is a corporation which is duly organized, validly existing and in good standing under the laws of the State of Florida.

(b) *Authorization* . The Company's execution, delivery and performance of this Debenture has been duly authorized and does not conflict with, and will not result in a violation of, or constitute or give rise to an event of default under, the Company's articles of incorporation or by-laws. Furthermore, the execution, delivery and performance by the Company of this Debenture does not conflict with, and will not result in a violation of, or constitute or give rise to an event of default under any agreement or other instrument which may be binding upon the Company or under any law or governmental regulation or court decree or order applicable to the Company and/or its properties. The Company has the power and authority to enter into the obligations evidenced by this Debenture. The Company has the power and authority to own and to hold all of its assets and properties and to carry on its business as presently conducted. All consents and approvals required to be obtained in connection with the execution and delivery of this Debenture and the Warrants have been obtained.

(c) *Issued Shares* . All shares of Company Common Stock to be delivered to the Holder pursuant to the terms of this Debenture, when issued and delivered in accordance with the terms hereof, will be duly authorized, validly issued, fully paid, nonassessable and free of any pre-emptive or similar rights.

(d) *Exchange Act Reports* . The Company has duly filed with the Securities and Exchange Commission (the “SEC”) all reports, schedules, forms, statements and other documents required to be filed by it under the Securities Exchange Act of 1934 (“Exchange Act Reports”) since January 1, 1998. As of their respective dates, all such Exchange Act Reports filed by the Company since such date complied in all material respects with the requirements of the Securities Exchange Act of 1934 and the rules and regulations of the SEC promulgated thereunder applicable to such Exchange Act Reports, and none of such Exchange Act Reports contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(e) *Binding Effect* . This Debenture constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights generally and (ii) equitable principles that may limit the availability of certain equitable remedies (such as specific performance) in certain instances.

(f) *Warrants* . The Company shall execute and deliver, on the date hereof, a warrant agreement (the “Warrant Agreement”), a form of which is set forth as Exhibit A hereto, providing for, among other things, the issuance to Holder of warrants (the “Warrants”) to purchase ( \$ (*amount*)x4) shares of Company Common Stock at an exercise price of \$0.25 per share. Such warrants shall be exercisable for two years from the date of this Debenture.

The Company agrees that the foregoing representations, warranties and covenants shall be continuing in nature and shall remain in full force and effect until such time as this Debenture shall be paid in full. The Company agrees to notify the Holder immediately of any breach by the Company of any representation, warranty or agreement of the Company contained herein or should any representation, warranty or agreement made herein become untrue or false at any time. The Company further agrees to indemnify and hold the Holder harmless against any breach by the Company of any representation, warranty or covenant of the Company contained in this Debenture.

## Section 5. REGISTRATION RIGHTS

(a) At the Company’s sole expense (except for underwriting discounts and commissions) the Company agrees to take all reasonable actions (including preparing and filing with the SEC a registration statement (the “Registration Statement”) on an annual basis and the prospectus forming a part thereof) as may be necessary to have such registration statement declared effective by the SEC at the earliest date practicable and to keep such registration statement effective, and to comply with the provisions of the Securities Act of 1933 (the “Securities Act”) and all applicable rules and regulations promulgated thereunder in order to permit the Holder during such period to resell or otherwise dispose of all of their Registered Shares (as defined below), without further registration of the Registered Shares under the Securities Act; provided that, before filing any such amendment or supplement, the Company will furnish the Holder with copies of all such documents proposed to be filed and will consider in good faith any written comments or suggested changes thereto made by counsel designated by the Holder. Without limiting the generality of the foregoing, the Company shall amend or supplement the Registration Statement to increase the number of shares subject to resale by the Holder thereunder in the event that the number of Registered Shares exceeds the number disclosed thereunder as being available for resale by the Holder. “Registered Shares” means all shares of Company Common Stock acquired by the Holder pursuant to the terms of this Debenture (1) exercise of the conversion option by the Holder with respect to the principal of this Debenture, (2) the Company’s election to pay accrued interest in the form of shares of Company Common Stock or (3) upon exercise of the Warrants.

(b) Following any resale by the Holder of Registered Shares pursuant to the Registration Statement, the Holder shall notify the Company of the number of Registered Shares sold and the date thereof. Nothing herein shall be deemed to require the Holder to notify the Company of any sale of Registered Shares pursuant to Rule 144 and Regulations promulgated under the Securities Act, an exemption from the registration requirements of the Securities Act or any other means (other than pursuant to the Registration Statement).

(c) The Company agrees to take all other reasonable steps to ensure that the Holder's resale of Registered Shares under the Registration Statement is effected in accordance with the Securities Act and the regulations promulgated thereunder, including:

- (i) promptly filing all Exchange Act Reports as may be necessary to update the information relating to the Company included in the Registration Statement;
- (ii) promptly furnishing to the Holder such number of copies of such Registration Statement, each amendment and supplement thereto, the prospectus included in such Registration Statement and such other documents as the Holder may reasonably request in order to facilitate the disposition of Registered Shares;
- (iii) using its reasonable efforts to register or qualify the resales under state securities or "blue sky" laws and taking any and all other acts that may be necessary or advisable to enable the Holder to consummate such resales in such jurisdictions, provided however, that the Company will not be required to qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph or subject itself to taxation in any such jurisdiction; notifying the Holder, at any time when a prospectus relating thereto is required to be delivered by the Holder under the Securities Act in connection with a resale of Registered Shares, of the occurrence of any event as a result of which the prospectus included in the Registration Statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading, and, at the request of the Holder, preparing a supplement or amendment to such prospectus or file an Exchange Act Report so that, as thereafter delivered to the purchasers of such stock, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading;
- (iv) otherwise using its reasonable commercial efforts to comply with all applicable rules and regulations of the SEC; and
- (v) in the event of the issuance of any stop order suspending the effectiveness of the Registration Statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any

Company Common Stock registered under such Registration Statement for sale in any jurisdiction, using its reasonable commercial efforts promptly to obtain the withdrawal of such order.

#### Section 6. MERGER.

Notwithstanding any provision herein to the contrary, the Company shall not consolidate or merge into or with any other person unless such person expressly assumes all of the obligations of the Company under this Debenture.

#### Section 7. DEFAULT.

The following actions and/or inactions shall constitute events of default under this Debenture:

- (a) *Default Under This Debenture* . Should the Company (i) default in the payment of any installment of principal or interest as and within five (5) days of when due, (ii) default in the payment of any other amount due under this Debenture as and when due or (iii) default in the performance of any other covenant, condition or agreement (including a Holder's conversion option) contained in this Debenture or the Warrant Agreements and such default shall remain unremedied fifteen (15) days after the occurrence thereof.
- (b) *Default in Favor of Third Parties* . Should the Company default under any loan, extension of credit, security agreement, purchase or sales agreement or any other agreement in favor of any other creditor or person that materially impairs the ability of the Company to perform its obligations hereunder.
- (c) *Insolvency* . Should the suspension, failure or insolvency, however evidenced, of the Company occur or exist.
- (d) *Readjustment of Indebtedness* . Should proceedings for readjustment of indebtedness, reorganization, bankruptcy, composition or extension under any insolvency law be brought by or against the Company, unless, if brought against the Company, such proceedings are dismissed within sixty (60) days after the filing thereof.

(e) *Assignment for Benefit of Creditors* . Should the Company file proceedings for a respite from or make a general assignment for the benefit of creditors.

(f) *Receivership* . Should a receiver of all or any material portion of the property or assets of the Company be applied for or appointed.

(g) *Dissolution Proceedings* . Should proceedings for the dissolution or appointment of a liquidator of the Company be commenced.

(h) *False Statements* . Should any representation, warranty or material statement of the Company made in writing in connection with the obligations evidenced by this Debenture prove to be incorrect or misleading in any material respect when made.

#### Section 8. HOLDERS' RIGHTS UPON DEFAULT.

Should any one or more events of default occur or exist under this Debenture as provided above, the Holder shall have the right, at his sole option, to formally declare this Debenture to be in default and to accelerate the maturity and insist upon immediate payment in full in cash of the principal balance then outstanding under this Debenture plus accrued interest, together with reasonable attorney's fees, costs, expenses and other fees and charges as provided herein, to be immediately due and payable, subject to the Companies right of payment in Section 2(b)(1).

#### Section 9. WAIVERS.

The Company hereby waives presentment for payment, protest, notice of protest and notice of nonpayment. The Company agrees that the Holders acceptance of payment other than in accordance with the terms of this Debenture, or the Holders subsequent agreement to extend or modify such repayment terms, or the Holder's failure or delay in exercising any rights or remedies granted to the Holder, shall not have the effect of releasing the Company from its obligations to the Holder. In addition, any failure or delay on the part of the Holder to exercise any of the rights and remedies granted to the Holder shall not have the effect of waiving any of the Holders' rights and remedies. Any partial exercise of any rights and/or remedies granted to the Holder shall furthermore not be construed as a waiver of any other rights and remedies, it being the Company's intent and agreement that the Holders' rights and remedies shall be cumulative in nature. The Company further agrees that, should any event of default occur or exist under this Debenture, any waiver or forbearance on the part of the Holder to pursue the rights and remedies available to the Holder shall be binding upon the Holder only to the extent that the Holder specifically agrees to any such waiver or forbearance in writing. A waiver or forbearance on the part of the Holder as to one event of default shall not be construed as a waiver or forbearance as to any other event of default.

#### Section 10. ATTORNEYS' FEES.

If the Holder refers this Debenture to an attorney for collection, or files suit against the Company to collect this Debenture, or if the Company files for bankruptcy or other relief from creditors, the Company agrees to pay the Holders' reasonable attorneys' fees. The Company shall not reimburse the Holder for any fees or expenses of the Holders' outside counsel incurred in connection with the preparation, negotiation, execution and delivery of this Debenture.

#### Section 11. NOTICES.

Any notice or demand which, by provision of this Debenture, is required or permitted to be served by one party hereto to or on the other party hereto shall be deemed to have been sufficiently given and served for all purposes (if mailed) three (3) calendar days after being deposited, postage prepaid, in the United States mail, registered or certified mail, or (if delivered by express courier) one (1) business day after being delivered to such courier, or (if delivered in person) the same day as delivery, in each case addressed (until another address is given in writing by one party hereto to the other party hereto) as follows:

If to the Company:

Bingo.com, Inc.  
Suite 1405 — 1166 Alberni Street  
Vancouver, BC  
Canada, V6E 3Z3

If to the Holder:

*(holders name)*  
*(holders address)*

Section 12. GOVERNING LAW.

The Company agrees that this Debenture and the obligations evidenced hereby shall be governed under the laws of the State of Florida.

Section 13. SUCCESSOR AND ASSIGNS LIABLE.

The Company's obligations and agreements under this Debenture shall be binding upon the Company's successors and permitted assigns. The rights and remedies granted to the Holder under this Debenture shall inure to the benefit of the Holders' respective successors and assigns, as well as to any subsequent holder or holders of this Debenture and permitted assignees of the Warrants.

Section 14. CAPTION HEADINGS.

Caption headings of the sections of this Debenture are for convenience purposes only and are not to be used to interpret or to define their provisions. In this Debenture, whenever the context so requires, the singular includes the plural and the plural also includes the singular.

Section 15. SEVERABILITY.

If any provision of this Debenture is held to be invalid, illegal or unenforceable by any court, that provision shall be deleted from this Debenture and the balance of this Debenture shall be interpreted as if the deleted provision never existed.

**IN WITNESS WHEREOF** , the Company and the Holder have each duly executed this as of the date first written above.

**COMPANY:**  
BINGO.COM, INC.  
By:

Name:  
Title:

**HOLDER:**  
By:

Name:  
Title:

## EXHIBIT 4.5

THE WARRANT CONTRACT DATED JULY 2, 2002.

### WARRANT

**THE SECURITIES REPRESENTED BY THIS CERTIFICATE (THE "SECURITIES") HAVE BEEN ISSUED IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT"), AND APPROPRIATE EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES LAWS OF OTHER APPLICABLE JURISDICTIONS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO AN EFFECTIVE REGISTRATION UNDER THE 1933 ACT OR AN EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT AND THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE ISSUER SHALL BE ENTITLED TO REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE 1933 ACT AND APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION.**

Right to Purchase  
Common Stock

of

**BINGO.COM, INC.**

**Bingo.com, Inc.**, a Florida corporation (the "Company"), hereby certifies that, for value received, (**HOLDER NAME**) (the "Holder"), or its permitted successors or assigns, is entitled, subject to the terms set forth below, to purchase from the Company at any time or from time to time until 5:00 p.m. Eastern Standard Time on the second (2nd) anniversary of the date hereof (the "Expiration Date") (*Number of warrants*) fully paid and nonassessable shares ("the "Shares") of common stock of the Company ("Common Stock") at a purchase price per share equal to \$0.25 per Share (the "Purchase Price"). The number of Warrants and the per-share Purchase Price are subject to adjustment.

This Warrant is issued pursuant to and is contemplated by that certain Convertible Debenture, dated as of July 2, 2002 (the "Debenture"), between the Company and the Holder, a copy of which is on file at the principal office of the Company.

1. Exercise and Term of Warrant.

(a) The purchase rights represented by this Warrant may be exercised by the Holder in whole or in part by the surrender of this Warrant to the Company at its principal office, at Suite #1405, Alberni St., Vancouver, B. C., Canada, V6E 3Z3 along with a written notice stating that the Holder intends to purchase all or a specified number of the Shares issuable pursuant to this Warrant together with payment of the Purchase Price for the Shares then purchased. Such payment will be made, at the option of the Holder, by certified or official bank check payable to the order of the Company in same day funds, or by wire transfer of same day funds to an account designated by the Company for such purpose. If the number of Shares then purchased is less than the total number of Shares then issuable upon exercise of this Warrant, the Company will cancel this Warrant upon surrender and will execute and deliver a new Warrant of like tenor and date for the balance of the number of remaining Shares issuable upon the exercise of this Warrant. As promptly as practicable after such surrender of this Warrant, the Company will issue and deliver to the Holder, at the address appearing in the books of the Company or otherwise designated by Holder, a certificate or certificates for the applicable number of Shares purchased. Certificates representing Shares purchased pursuant to this Warrant will bear restrictive legends substantially similar to those at the beginning of this Warrant.

(b) This Warrant will expire and be of no further force and effect upon the earlier of (A) the time when it has been exercised with respect to all Shares which the Holder is or may become entitled to purchase hereunder, or (B) on the Expiration Date.

3. Reservation of Shares; Validity of Issuance. The Company covenants and agrees that it will reserve for issuance and keep available out of its authorized but unissued Common Stock, free from preemptive rights, such number of Shares for which this Warrant is from time to time exercisable. The Company represents and warrants that all Shares issued upon the exercise of this Warrant will, upon issuance, be fully paid and nonassessable and free from all taxes, liens, charges or other type of encumbrance in respect of their issuance. The Shares of Common Stock issuable on the exercise of this Warrant will be “restricted securities” (as hereinafter defined) and may be resold in the United States publicly only following their effective registration under the 1933 Act, or based upon an available exemption from the registration requirements of that Act, such as Rule 144.

4. Adjustments for Merger, Consolidation or Sale of Assets. The Purchase Price and the number of Warrants will be subject to adjustment from time to time as hereinafter set forth. In the event of any reorganization, reclassification or any consolidation or merger of the Company with or into any other company or entity, or the sale of all or substantially all of its assets to another corporation (each, a “Reorganization”), the Holder will have the right to purchase and receive, upon the basis and upon the terms and conditions specified in this Warrant and in lieu of the Shares then purchasable and receivable upon the exercise of the rights represented by this Warrant, the kind and number of shares of stock, securities, assets or other property (including cash) of the Company, or such other corporation resulting from such consolidation or surviving such merger, the number of shares of such stock then purchasable and receivable upon the exercise of the rights represented by this Warrant immediately prior to such Reorganization to which the Holder would have been entitled to receive with respect to such Reorganization. In any such case appropriate provision will be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the Holder to the end that the provisions herein set forth will thereafter be applicable, as nearly as reasonably may be, in relation to any shares, other securities, assets or property thereafter deliverable upon the exercise of this Warrant. In the event of a consolidation or merger of the Company as a result of which a greater or lesser number of shares of common stock of the surviving corporation are issuable to holders of Common Stock of the Company outstanding immediately prior to such consolidation or merger, the Purchase Price in effect immediately prior to such consolidation or merger will be adjusted in the same manner as though there were a split or combination of the outstanding shares of Common Stock of the Company. If the Company effects any Reorganization, forthwith after the consummation of such Reorganization the successor corporation (if other than the Company) resulting from such Reorganization will assume by written instrument executed and delivered to the Holder at the address of the Holder appearing on the books of the Company, or to such other place as may be designated by the Holder in writing to the Company, the obligation to deliver to the Holder such shares, securities, assets or property as, in accordance with the provisions of this Section 4, the Holder may be entitled to purchase. The provisions of this Section 4 will similarly apply to successive Reorganizations during the term of this Warrant.

5. Adjustments for Stock Splits and Combinations. If the Common Stock is subdivided into a greater number or a dividend in Common Stock or other securities of the Company convertible or exchangeable into Common Stock (in which latter event the number of shares of Common Stock issuable upon the conversion or exchange of such securities will be deemed to have been distributed), will be paid in respect to the Common Stock, the number of Shares which may be acquired by the Holder upon the exercise of this Warrant and the Purchase Price will, simultaneously with the effectiveness of such subdivision, additional issue or immediately after the record date of such dividend, be proportionately adjusted (that is, the number of shares purchasable upon exercise of the Warrant will be proportionately increased, and the Purchase Price per share will be proportionately decreased), and conversely, if the outstanding Common Stock will be combined into a smaller number of shares, the number of Shares of Common Stock which may be acquired by the Holder upon the exercise of this Warrant and the Purchase Price will, simultaneously with the effectiveness of such combination, be proportionately adjusted (that is, the number of shares subject to the Warrant will be proportionately decreased, and the Purchase Price per share will be proportionately increased).

6. Notice of Certain Events. If, at any time:

- (i) the Company declares or pays any dividend or makes any distribution to the holders of its Common Stock;
- (ii) there is a Reorganization of the Company;
- (iii) there is a voluntary or involuntary dissolution, liquidation or winding up of the Company; or
- (iv) there is an adjustment to the Purchase Price pursuant to Section 4 or Section 5;

then, in any one or more of the above cases, the Company will give written notice, by first class mail, postage prepaid, telecopier, or overnight delivery, addressed to the Holder at the address of the Holder as shown on the books of the Company on the date on which (i) the books of the Company will close or a record will be taken for such dividend or distribution or (ii) such Reorganization, dissolution, liquidation or winding up will take place, as the case may be. Such notice will also specify the date as of which the holders of Common Stock of record will participate in said dividend, or distribution, or will be entitled to exchange their Common Stock for securities or other property deliverable upon such Reorganization, dissolution, liquidation or winding up, as the case may be. If pursuant to subsection (iv) above, such notice will state the Purchase Price resulting from such adjustment, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such written notice will be given not less than 30 days prior to the record date or the date on which the transfer books of the Company are closed in respect to such record date or prior to the action in question. Any notices given pursuant to this Section 6 will be effective and deemed received upon the date of actual receipt or upon the fifth calendar day subsequent to deposit in the United States mail (or other comparable mail system), whichever is earlier.

7. No Impairment. The Company will not, by amendment of its charter or bylaw documents or through any Reorganization, transfer of assets, dissolution, issue or sale of securities or any other voluntary action, invalidate or seek to avoid the observance or performance of any of the terms to be observed or performed by the Company under this Warrant, but will at all times in good faith assist in the carrying out of all the provisions of Sections 3 through 6 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder.

8. No Voting Rights. This Warrant will not entitle the Holder to any voting rights or other rights as a shareholder of the Company, and no dividend or interest will be payable or accrue in respect of this Warrant or the interest represented by or the Shares purchasable under this Warrant until and unless, and except to the extent that, this Warrant is exercised.

9. Stock Certificates. The Company will issue stock certificates upon the exercise of this Warrant without charge to the Holder for any tax (other than taxes attributable to any difference between the fair market value and the exercise price of this Warrant on the date of the exercise of this Warrant or transfer taxes resulting from issuance of stock certificates to a person other than the Holder) in respect of the issuance of such stock. The Holder will be deemed to have become the holder of record of the Shares issued upon exercise of this Warrant on the date on which the Warrant was surrendered and payment of the Warrant Price was made, if the Shares are indeed issued in the name of and to the Holder, regardless of the date of delivery of the certificate for such Shares, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, the Holder will be deemed to have become the holder of such Shares at the close of business on the next succeeding date on which the stock transfer books are open.

10. Lost, Stolen, Mutilated or Destroyed Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, mutilation or destruction of this Warrant, and in case of loss, theft or destruction, upon the agreement of the Holder to indemnify the Company, or in the case of mutilation, upon surrender and cancellation of this Warrant, the Company will issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed.

11. Transferability. This Warrant may not be transferred or assigned, in whole or in part, without the prior written consent of the Company. Any such approved transfer must be in accordance with applicable federal and state securities laws. Such approved transfer will be registered on the books of the Company maintained for

such purpose, upon surrender of this Warrant. Upon such surrender, the Company will execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination specified in such instrument of assignment, and will issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant will promptly be cancelled. A Warrant may be exercised by a new Holder for the purchase of shares of Common Stock without having a new Warrant issued.

12. Representations and Warranties of Holder. The Holder hereby represents and warrants that:

(a) Purchase Entirely for Own Account. This Warrant and the underlying Shares issuable upon exercise hereof (collectively, the “Securities”) will be acquired for investment for Holder’s own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and the Holder has no present intention of selling, granting any participation in, or otherwise distributing the same. As of the date hereof, the Holder does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to any person with respect to any of the Securities. The Holder represents that it has full power and authority to enter into this Warrant.

(b) Investment Experience. Holder acknowledges that it is able to protect its own economic interests, can bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities. The Holder also represents that it has not been organized for the purpose of acquiring the Securities.

(c) Intentionally deleted

(d) Restricted Securities. The Holder understands and acknowledges that the Securities are characterized as “restricted securities” under the 1933 Act inasmuch as they are being acquired from the Company in a transaction not involving a public offering, and that under the 1933 Act such securities may be resold without registration under the 1933 Act only in certain limited circumstances. In this connection, the Holder represents that it is familiar with Rule 144 promulgated under the 1933 Act and understands the resale limitations imposed thereby and by the 1933 Act.

(e) Further Limitations on Disposition. Without in any way limiting the representations and warranties set forth above, the Holder further agrees not to make any disposition of all or any portion of the Securities unless and until (i) there is then in effect a registration statement under the 1933 Act covering such proposed disposition and such disposition is made in accordance with such registration statement, or (ii)(A) such Holder will have notified the Company of the proposed disposition and will have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (B) such Holder will have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company and its counsel, that such disposition will not require registration of such shares under the 1933 Act.

13. Applicable Law. This Warrant will be governed by and construed in accordance with the internal laws of the State of Florida, without regard to its principles of conflicts of laws.

IN WITNESS WHEREOF, the Company's duly authorized officer has executed this Warrant as of the 2nd day of July, 2002.

**BINGO.COM, INC.**

By:

Name:

Title:

The undersigned is executing this Warrant solely for the purposes of Section 12 of this Agreement, as of the date first written above.

**(HOLDER NAME)**

By:

Name:

Title:

**EXHIBIT 10.28**

THE SHARE PURCHASE AGREEMENT FOR THE ACQUISITION OF BINGO.COM (UK) PLC DATED AUGUST 15, 2002.

**SHARE PURCHASE AGREEMENT**

**THIS AGREEMENT** made as of the 15th day of August, 2002.

**BETWEEN**

:

**T.M. WILLIAMS**, a businessman, residing at 203 Shakespeare Tower, The Barbican, London, EC2Y 8DR, United Kingdom.

(the "Vendor")

**AND:**

**BINGO.COM, INC.**, a Florida company with its head office located at Suite 1405, 1166 Alberni Street, Vancouver, British Columbia, Canada, V6E 3Z3.

(the "Purchaser")

**WHEREAS:**

A. The Vendor is the registered and beneficial owner of approximately 99% of the issued and outstanding Shares in the capital of Cellstop plc (the "Company"), being 499,990 Common Shares each with a par value of £0.10. (the "Shares").

B. The Company carries on business in the United Kingdom.

C. The Vendor, as the registered and beneficial owner of the Shares, has agreed to sell and the Purchaser has agreed to purchase the Shares, on the terms and conditions contained in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements contained in this Agreement, the parties covenant and agree with each other as follows:

**ARTICLE 1 — SCHEDULES**

1.1 The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be part of this Agreement:

1. Financial Statements as at August 15, 2002; and
2. Memorandum and Articles of Association of the Company.

**ARTICLE 2 — DEFINITIONS**

In this Agreement:

- 2.1 "Business" means the business of the Company in the United Kingdom.
- 2.2 "Closing Date" means such earlier or later date as may be mutually agreed upon by the parties.
- 2.3 "Financial Statements" means the financial statements of the Company as attached to this Agreement as Schedule 1.
- 2.4 "Time of Closing" means 10:00 a.m. (Vancouver Time) on the Closing Date.

### **ARTICLE 3 — PURCHASED SHARES AND PURCHASE PRICE**

#### **3.1 Purchased Shares**

Subject to the terms and conditions of this Agreement and based on the representations and warranties of the Vendor set forth in this Agreement, on the Closing Date the Vendor will sell, assign and transfer to the Purchaser and the Purchaser will purchase from the Vendor the Shares for £40,000.00 (the “Purchase Price”), payable to the Vendor as provided in Article 3.2. The Purchase Price will be allocated equally per share.

#### **3.2 Payment of Purchase Price**

At the Time of Closing, will pay to the Vendor £20,000 of the Purchase Price with the balance of the Purchase Price, plus interest at the rate of 5% per annum on such balance, to be paid no later than six (6) months after the Closing Date.

### **ARTICLE 4 — VENDOR’S REPRESENTATIONS AND WARRANTIES**

In order to induce the Purchaser to enter into and consummate this Agreement, the Vendor represents and warrants to and covenants with the Purchaser as follows:

4.1 The Company is a company duly incorporated and organized under the laws of England and Wales, is not a reporting company and is a valid and subsisting company in good standing with Companies House of England and Wales.

4.2 The Company carries on business only in the United Kingdom and does not carry on business in any other country.

4.3 The authorized capital of the Company is 50,000,000 Common Shares with a par value of £0.10 per Share, of which the 499,990 Shares constitute approximately 99% of the issued and outstanding share capital.

4.4 The Vendor owns the Shares as legal and beneficial owner, free and clear of all liens, claims, charges and encumbrances. The Vendor has due and sufficient right and authority to enter into this Agreement on the terms and conditions set forth in this Agreement and to transfer the legal and beneficial title to and ownership of the Shares to the Purchaser.

4.5 No person, firm or corporation has any agreement or option or any right capable of becoming an Agreement for the purchase of the Shares or any other shares in the capital of the Company or any right capable of becoming an Agreement for the purchase, subscription or issuance of any of the unissued Shares in the capital of the Company.

4.6 The Company has the corporate power to own the properties owned by it and to carry on the Business and is duly qualified to carry on business in the United Kingdom.

4.7 The Company holds all licenses and permits (including operating authorities) required for carrying on the Business in the manner in which it has heretofore been carried on and all such licenses and permits are in good standing.

4.8 The Financial Statements are true and correct in every material respect and present fairly the assets, liabilities and financial position of the Company as at August 15, 2002 and the results of its operations to that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the previous year.

4.9 There are no liabilities, contingent or otherwise, of the Company which are not disclosed or reflected in Schedule 1 and the Company has not guaranteed, or agreed to guarantee, any debt, liability or other obligation of any person, firm or corporation. There are no liabilities of any other party capable of creating a lien or charge on any of the assets of the Company.

- 4.10 The Company is not indebted to the Vendor or any affiliate, director or officer of the Company.
- 4.11 No dividends or other distribution on any Shares in the capital of the Company have been made, declared or authorized.
- 4.12 No payments of any kind have been made or authorized to or on behalf of the Vendor or to or on behalf of officers, directors or shareholders of the Company.
- 4.13 Since incorporation on the 18th of August 2000:
- a) there has not been any material adverse change in the financial position or condition of the Company or any damages, loss or o in circumstances materially affecting the Business or property of the Company or its right or capacity to carry on business;
  - b) the Company has not waived or surrendered any right of material value;
  - c) the Company has not discharged or satisfied or paid any lien or encumbrance or obligation or liability;
  - d) the Business of the Company has been carried on in the ordinary course; and
  - e) no capital expenditures have been authorized or made.
- 4.14 The Memorandum and Articles of Association of the Company are as attached in Schedule 2.
- 4.15 The Company does not have any contracts, agreements, collective agreements, pension plans, profit sharing plans, bonus plans, group insurance or similar plans, undertakings or arrangements whether oral, written or implied with employees, lessees, licensees, managers, accountants, suppliers, agents, distributors, officers, directors or lawyers.
- 4.16 There is no basis for and there are no actions, suits, judgments, investigations or proceedings outstanding or pending or to the knowledge of the Vendor threatened against or affecting the Company or before or by any governmental department, commission, board, bureau or agency.
- 4.17 The Company is not in breach of any laws, ordinances, statutes, regulations, by-laws, orders or decrees to which it is subject or which apply to it.
- 4.18 The Company has good and marketable title to all its properties and assets, subject to no mortgage, deed of trust, lien, encumbrance or charge and all of such properties and assets are in good order and repair.
- 4.19 The Company has not experienced nor is it or the Vendor aware of any occurrence or event, which has had, or might reasonably be expected to have, a materially adverse effect on the Business or the results of its operations.
- 4.20 Neither the Vendor nor any officer, director or employee of the Company is now indebted or under obligation to the Company on any account.
- 4.21 All tax returns and reports of the Company required by law to be filed before the date of this Agreement have been filed and are substantially true, complete and correct. All taxes and other government charges have been paid and there will be no taxes or government charges in respect of the period ending June 30, 2002.
- 4.22 All material transactions of the Company have been promptly and properly recorded or filed in or with its respective books and records.
- 4.23 The performance of this Agreement will not be in violation of the Memorandum or Articles of Association of the Company or of any agreement to which the Vendor or the Company is a party and will not give any person or company any right enjoyed by the Company and will not result in the creation or imposition of any lien, encumbrance or restriction of any nature in favour of a third party upon or against the assets of the Company or the Shares or the violation of any law or regulation of the United Kingdom or any order or decree of any court or tribunal to which the Vendor or the Company is subject which could materially affect the Business or the Company or prevent the due and valid transfer of the Shares as provided in this Agreement.

4.24 The Company does not own, directly or indirectly, any shares or interests in any other company or firm.

4.25 The Vendor is a resident of the United Kingdom (as defined in the **Income and Corporation Taxes Act 1988** of the United Kingdom).

4.26 This Agreement has been duly executed and delivered by the Vendor and is a valid and binding obligation of the Vendor enforceable in accordance with its terms.

4.27 There is no difference between the tax value and the accounting value of the assets of the Business.

## **ARTICLE 5 — COVENANTS OF THE VENDOR**

The Vendor covenants and agrees with the Purchaser as follows:

### 5.1 Consents

Both before and after the Closing Date, the Vendor shall use best efforts to assist the Purchaser in obtaining from all appropriate governmental or administrative bodies and all other persons all such approvals and consents in form and terms satisfactory to counsel for the Purchaser as are necessary or required in order to permit the sale, transfer and assignment of all of the right, title and interest of the Vendor in and to the Shares to the Purchaser.

### 5.2 Possession

At or before the Time of Closing, the Vendor shall deliver to the Purchaser possession of all books, records, book accounts, lists of suppliers and customers of the Company and all other documents, files, records and other data, financial or otherwise, relating to the Business.

### 5.3 Books and Records

The Vendor will permit the Purchaser, at any time up to the Closing Date, and its auditors, solicitors and other authorized persons, to make such investigation of the properties and assets of the Company and of its financial and legal condition as the Purchaser deems necessary or advisable to familiar itself with such properties, assets and other matters and to have full access to the Business premises and to all records, documents and other information related to the Business and the Company, including all working papers (internal and external) and details of accounts and inventories prepared, obtained or used in connection with the preparation of the Financial Statements.

### 5.4 Interim Management — Positive Covenants

From the date of this Agreement to the Closing Date, the Vendor will cause the Company to carry on the Business in the ordinary and normal course, in a prudent, businesslike, and efficient manner and substantially in accordance with the procedures and practices in effect on August 15th, 2002.

### 5.5 Interim Management — Negative Covenants

From the date of this Agreement to the Closing Date, the Vendor will not, and will not permit the Company to, without the prior consent in writing of the Purchaser:

- a) purchase or sell, consume or otherwise dispose of any of its assets in connection with the Business;
- b) enter into any contract or assume or incur any liability relating to or in any way affecting the Business except in the ordinary business and which are not material;
- c) settle any accounts receivable of a material nature at less than face value net of the reserve for that account;
- d) waive or surrender any material right in connection with the Business;
- e) discharge, satisfy or pay any lien, encumbrance, obligation or liability in connection with the Business; or
- f) make any capital expenditures or commitment for any capital expenditures in connection with the Business.

## 5.6 Transfer of Shares

The Vendor will, at the Time of Closing, take all necessary steps and proceedings as approved by counsel for the Purchaser to permit the shares to be duly and regularly transferred to the Purchaser and registered in its name, free and clear of any liens, charges and encumbrances.

## 5.7 Resignations

The Vendor will cause all directors and officers of the Company to resign in favour of nominees of the Purchaser, such resignations to be effective as at the Closing Date.

## 5.8 Resolutions

On the Closing Date, the Vendor shall deliver to the Purchaser:

- a) certified copies of resolutions of the directors of the Company authorizing the transfer of the Shares to and the registration of the Shares in the name of the Purchaser and authorizing the issue of new share certificates;
- b) duly executed share certificates representing the Shares in the name of the Purchaser;
- c) all corporate records of the Company and its corporate seal;

## 5.9 Representations and Warranties

On the Closing Date, the representations and warranties of the Vendor contained in this Agreement will be true and correct as if made on and as of the Closing Date.

## **ARTICLE 6 — CONDITIONS OF CLOSING**

6.1 The obligations of the Purchaser under this Agreement are subject to the following conditions for the exclusive benefit of the Purchaser being fulfilled in all material respects in the reasonable opinion of the Purchaser at the Time of Closing or waived by the Purchaser at or before the Time of Closing or agreed by the Vendor and the Purchaser to be indemnified for by the Vendor:

- a) the representations and warranties of the Vendor contained in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date;
- b) the Vendor shall have complied with all covenants in this Agreement agreed to be performed or caused to be performed by it before the Closing Date;
- c) the title of the Company to its assets free and clear of liens, charges and encumbrances, the legality of the incorporation and organization of the Company, the due creation and issuance as fully paid and non-assessable of the Shares, all corporate proceedings of the Company, the rights of the shareholders and directors, the right of the Company to carry on the Business and all other matters which in the opinion of the Purchaser are material in connection with the transactions of purchase and sale contemplated by this Agreement shall be subject to the favour of the Purchaser;
- d) no material loss or destruction of or damage to any of the assets of the Company shall have occurred between the date of this Agreement and the Time of Closing;
- e) no action or proceeding in the United Kingdom shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency to enjoin or prohibit:
  - i) the purchase and sale of the Shares and other assets contemplated by this Agreement or the right of the Purchaser to own the Shares;
  - ii) the right of the Company to conduct its operations and carry on the Business in the normal course as the Business and its operations have been carried on in the past;
- f) the Company shall have the benefit of all licenses and permits, contracts and agreements necessary to permit it to carry on the Business as carried on by the Vendor.

6.2 If any of the conditions in Article 6.1 are not fulfilled or waived or indemnified for, the Purchaser on the Closing Date may rescind this Agreement by notice in writing to the Vendor. In such event, the Purchaser shall be released from all obligations under this Agreement, and the Vendor will also be released unless the Vendor was reasonably capable of causing such condition or conditions to be fulfilled or the Vendor has breached any of its representations, warranties, covenants or agreements in this Agreement. The Purchaser shall be repaid the monies paid under Article 3.2.

6.3 The conditions in Article 6.1 may be waived in whole or in part without prejudice to any right of rescission in the event of the non-fulfilment of any other condition or conditions. A waiver will be binding only if it is in writing.

## **ARTICLE 7 — CLOSING ARRANGEMENTS**

### 7.1 Place

The Closing shall take place at the Time of Closing at London, United Kingdom.

### 7.2 Share Certificate/Payment

At the Time of Closing, upon fulfilment of all conditions set out in Article 6 which have not been waived in the manner provided in Article 6.3, the Vendor shall deliver to the Purchaser certificates respecting all the Shares and will cause such Shares to be duly and regularly recorded in the name of the Purchaser, whereupon, subject to all other terms and conditions hereof being complied with, the Purchase Price shall be paid and satisfied in the manner provided in Article 3.

## **ARTICLE 8 — GENERAL**

### 8.1 Reliance

The Vendor acknowledges and agrees that the Purchaser has entered into this Agreement relying on the representations, warranties, covenants and agreements and other terms and conditions of this Agreement and that no information which is now known, which may become known or which could upon investigation have become known to the Purchaser or the Company or any of their present or future officers, directors or professional advisors shall in any way limit or extinguish any rights any of them may have against the Vendor, including without limitation, any right to indemnity under Article 8.2 of this Agreement.

### 8.2 Indemnification

The Vendor covenants and agrees to indemnify and save harmless the Purchaser and the Company from any loss, damages, liabilities, costs and expenses (including without limitation any tax liability) suffered by the Purchaser or the Company directly or indirectly as a result of or arising out of any breach of representation, warranty, covenant or agreement of the Vendor contained in this Agreement or any document or certificate delivered under this Agreement.

### 8.3 Commissions, Legal Fees

Each of the parties will bear the fees and disbursements of the respective lawyers, accountants and consultants engaged by them respectively in connection with this Agreement and will not cause or permit any such fees or disbursements to be charged to the Company before the Closing Date.

#### 8.4 Notices

Any notice, direction or other instrument required or permitted to be given under this Agreement shall be in writing and may be given by mailing the same postage prepaid or delivering the same addressed as follows:

To the Vendor:

203 Shakespeare Tower, The Barbican, London, EC2Y 8DR, United Kingdom

To the Purchaser:

Suite 1405, 1166 Alberni Street, Vancouver, British Columbia, Canada, V6E 3Z3

or to such other address as a party may specify by notice and shall be deemed to have been received, if delivered, on the date of delivery if it is a business day and otherwise on the next succeeding business day and, if mailed, on the fifth (5th) business day following the posting of the notice except if there is a postal dispute, in which case all communications shall be delivered.

#### 8.5 Time of Essence

Time shall be of the essence of this Agreement.

#### 8.6 Further Assurances

Each of the parties will execute and deliver such further documents and instruments and do such acts and things as may, before or after the Closing Date, be reasonably required by another party to carry out the intent and meaning of this Agreement and to assure to the Purchaser the Shares.

#### 8.7 Proper Law

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by the laws of the Province of British Columbia, Canada.

#### 8.8 Benefit and Binding Nature of the Agreement

This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and assigns.

IN WITNESS WHEREOF this Agreement has been executed by the parties.

Signed by **T.M. Williams** ) /S/ *T. M. Williams*  
in the presence of: ) **T.M. Williams**  
/S/ G. J. Coogan )  
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By **Bingo.com, Inc.**  
Per:  
/S/ *H. W. Bromley*  
Authorized Signatory

**SCHEDULE 1**

**Financial Statements**

**SCHEDULE 2**

**Memorandum and Articles of Association of the Company**

**End of Filing**