

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

(Mark one)

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

For the quarterly period ended March 31, 2001

Or

**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

98-0206369

(State or Other Jurisdiction of Incorporation)

(IRS Employer Identification No.)

4223 Glencoe Avenue, Suite C200, Marina Del Rey, California 90292
(Address of Principal Executive Offices)

(310) 301-4171

(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year,
if changed since last report)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As at May 31, 2001, the number of the Registrant's shares outstanding 10,088,608

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Bingo.com, Inc. (formerly Progressive General Lumber Corp) CONSOLIDATED BALANCE SHEETS

ASSETS	(unaudited)	March 31, 2001 -----	December 31, 2000 -----
Current assets			
Cash and cash equivalents		\$ 27,220	\$ 174,463
Accounts receivable, net of allowance for doubtful accounts of \$86,949 and \$36,949 at March 31, 2001 and December 31, 2000, respectively		169,308	268,849
Note receivable from officer		26,868	31,405
Prepaid expenses		8,672	51,128
		-----	-----
Total current assets		232,068	525,845
		-----	-----
Equipment			
Office and computer equipment		464,596	453,921
Software development and website equipment		318,308	318,308
Less: accumulated depreciation		(339,354)	(265,332)
		-----	-----
		443,550	506,897
		-----	-----
Other assets			
Domain name rights, net		56,968	37,286
		1,548,459	1,645,230
		-----	-----
Total assets		\$ 2,281,045	\$ 2,715,258
		=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 777,395	\$ 517,081
Loan payable		90,000	--
Contract payable - current portion (Note 4)		361,871	270,165
Capital leases - current portion		167,774	166,855
		-----	-----
Total current liabilities		1,397,040	954,101
		-----	-----
Contract payable, net of current portion (Note 4)		184,770	276,476
Capital leases, net of current portion		80,502	100,660
		-----	-----
		1,662,312	1,331,237
		-----	-----
Commitments and contingencies		--	--
		-----	-----
Stockholders' equity			
Common stock - \$0.001 par value; authorized 50,000,000 Shares; issued and outstanding: 10,104,608 shares at March 31, 2001 December 31, 2000		10,105	10,105
Additional paid-in-capital		7,629,900	7,629,900
Accumulated deficit		(7,012,318)	(6,250,335)
Accumulated other comprehensive loss		(8,954)	(5,649)
		-----	-----
		618,733	1,384,021
		-----	-----
Total liabilities and stockholders' equity		\$ 2,281,045	\$ 2,715,258
		=====	=====

The accompanying notes are an integral part to these financial statements

Bingo.com, Inc.
(formerly Progressive General Lumber Corp)

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended March 31,	
	2001	2000
Revenues	\$ 582,803	\$ 4,280
Cost of revenues	463,890	44,884
Gross profit	118,913	(40,604)
Operating Expenses		
Sales and marketing	93,094	100,887
General and administrative	613,317	363,304
Depreciation and amortization	170,793	11,088
Total operating expenses	877,204	475,279
Loss from operations	(758,291)	(515,883)
Net interest (expense) income	(3,692)	21,360
Net loss	(761,983)	(494,523)
Basic and diluted loss per share	\$ (0.08)	\$ (0.05)
Weighted average basic and diluted shares outstanding	10,104,608	9,987,168

The accompanying notes are an integral part to these financial statements

Bingo.com, Inc.
(formerly Progressive General Lumber Corp)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the three months ended March 31,	
	2001	2000
Cash flows from operating activities:		
Net loss	\$ (761,983)	\$ (494,522)
Adjustments to reconcile net loss to net cash used in operating activities		
Loss from discontinued operations	--	(40,555)
Depreciation and amortization	170,793	11,088
Provision for doubtful accounts	50,000	--
Change in operating assets and liabilities:		
Accounts receivable	49,541	(11,715)
Note receivable	4,537	--
Prepaid expenses and security deposits	22,774	(61,162)
Accounts payable and accrued liabilities	260,314	(36,082)
	-----	-----
Cash used in operating activities	(204,024)	(632,948)
Cash flows from investing activities:		
Acquisition of property and equipment	(10,675)	(32,087)
	-----	-----
Cash used in investing activities	(10,675)	(32,087)
Cash flows from financing activities:		
Capital lease repayments	(19,239)	(3,866)
Proceeds from note payable	90,000	--
Repayment of loan payable	--	(53,912)
Proceeds from issuance of common stock, net	--	242,563
Shares allocated for issue	--	(226,563)
	-----	-----
Cash provided by (used in) financing activities	(41,778)	(41,778)
Net decrease in cash and cash equivalents	(143,938)	(706,813)
Effect of exchange rates on cash and cash equivalents		(232)
Cash and cash equivalents at beginning of period		3,382,529
	-----	-----
Cash and cash equivalents at end of period	\$ 27,220	\$ 2,675,484
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 21,888	\$ 476
	-----	-----
Non Cash Transactions		
Issuance of common stock for services rendered	\$ --	\$ 242,563
	=====	=====

The accompanying notes are an integral part to these financial statements

BINGO.COM, INC.

(formerly Progressive General Lumber Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. HISTORY AND ORGANIZATION OF THE COMPANY

The Company was organized on January 12, 1987, under the laws of the State of Florida as Progressive General Lumber Corp. On January 22, 1999, the Company changed its name to Bingo.com, Inc. The Company provides online, play-for-free, bingo entertainment via the Internet and operates in one industry segment.

On July 17, 1998, the State of Florida approved the Company's restated Articles of Incorporation, which increased its authorized shares from 7,500 common shares to 50,000,000 common shares. The par value was changed from \$1.00 to \$0.001. In addition, the Company forward split its common stock 200:1, thus increasing the number of outstanding common shares from 5,000 shares to 1,000,000 shares. All common share and per share data have been retroactively adjusted to reflect the stock split.

2. GOING CONCERN

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. However, as shown in the accompanying financial statements, the Company has sustained substantial losses from operations since inception. In addition, the Company has used, rather than provided, cash in its operations. As of March 31, 2001, the Company has utilized substantially all of its available funding.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financing requirements on a continuing basis and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Management of the Company has taken steps to revise and reduce its operating requirements, which it believes will be sufficient to assure continued operations and implementation of the Company's plans. These steps include expense reductions in the areas of staffing, marketing and consulting. The Company is also in the process of attempting to secure additional capital through debt and equity transactions, which will be required in order to continue operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the Company and the accounts of its wholly owned subsidiaries, Bingo.com (Canada) Inc., Bingo.com (Antigua) Inc. and Bingo.com (Wyoming) Inc. (collectively, the Company). All inter-company balances and transactions have been eliminated in consolidation.

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements contain, in the opinion of management, all adjustments, which consist only of normal recurring adjustments, necessary to present fairly the consolidated financial position of Bingo.com, Inc. at March 31, 2001 and the consolidated results of operations and cash flows for the three months ended March 31, 2001 and 2000 in accordance with accounting principles generally accepted in the United States of America (US GAAP). This interim consolidated financial information and notes thereto should be read in conjunction with Bingo.com's Annual Report on Form 10-K for the year ended December 31, 2000. Bingo.com's consolidated results of operations and cash flows for the interim periods are not necessarily reflective of the results to be expected for any other interim period of the full year. Certain information and footnote disclosures normally include in the financial statements prepared in accordance with US GAAP have been omitted in accordance with the rules and regulations of the SEC.

BINGO.COM, INC.

(formerly Progressive General Lumber Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REVENUE RECOGNITION

The Company contracted with a sales agency to sell advertising on its website directly to corporate customers or through advertising agencies. The Company paid an advertising commission to the sales agency for placing advertisements on its web site. Effective March 23, 2001, the agreement with Cox Interactive Sales, Inc. was terminated. Advertising sales are being managed directly by the staff of the Company. Advertising revenues are recognized as the advertising campaign or impressions and clicks are made on the website. Accounts receivable are recorded net of advertising commissions.

The Company bartered portions of the unsold advertising impressions generated by its web sites, for advertising in media properties owned by third parties. The Company recorded revenues and costs for such barter transactions, with no net income or loss recognized. Barter revenue approximated \$237,323 and nil for the quarters ended March 31, 2001 and 2000, respectively.

The Company enters into co-branding contracts with its corporate customers. The contracts provide the customer with the ability to allow its registrants or visitors the opportunity to play Bingo for free on the customer's website. A monthly fee is charged per the contract and set-up fees are recognized as revenue when the set-up process has been completed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SOFTWARE DEVELOPMENT

The Company has adopted Statement of Position 98-1 (SOP 98-1) Accounting for the Costs of Computer Software Developed or Obtained for Internal Use, as its accounting policy for internally developed computer software costs. Under SOP 98-1, computer software costs incurred in the preliminary development stage are expensed as incurred. Computer software costs incurred during the application development stage are capitalized and amortized over the software's estimated useful life.

DOMAIN NAME

The Company has capitalized the cost of the purchase of the domain name Bingo.com and is amortizing the cost over five years from the date of commencement of operations.

GAMING LICENSE

The Company's gaming license represents an annual cost of securing and maintaining a license to operate online internet bingo in the Country of Antigua. The annual costs of the license of \$100,000 were expensed as part of the loss from discontinued operations in 1999 as the Company is no longer operating in Antigua.

NET LOSS PER COMMON SHARE

Basic loss per share includes no dilution and is computed by dividing the net loss by the weighted average number of common shares outstanding, for the period. Diluted loss per share reflects the potential dilution of securities that could share in the earnings of the Company. Convertible securities and stock options and warrants are not included in the calculation of weighted average number of shares because the effect would be anti-dilutive.

WEBSITE DEVELOPMENT COSTS

In March 2000, EITF 00-2 Accounting for Web Site Development Costs was released. EITF 00-2 provides guidance on how an entity should account for costs involved in such areas as planning, developing software to operate the web site, graphics, content, and operating expenses. EITF 00-2 is effective for web site development costs incurred for fiscal quarters beginning after June 30, 2000. The Company adopted EITF 00-2 and development costs incurred subsequent to June 30, 2000, associated with the Company's Web Site were recorded in accordance with EITF 00-2. All website development costs for periods subsequent to June 30, 2000 were expensed as operating costs. No website development costs were capitalized for the period ended December 31, 2000 and for the quarter ended March 31, 2001.

BINGO.COM, INC.

(formerly Progressive General Lumber Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

RECLASSIFICATIONS

Certain amounts in the prior period financial statements have been reclassified to conform with the 2001 presentation.

4. DOMAIN NAME RIGHTS AND CONTRACT PAYABLE

The rights to use the domain name Bingo.com were acquired in January of 1999 for \$200,000 cash and 500,000 common shares at a deemed price of \$2.00 per share.

In addition, the Company is required to make quarterly payments with a minimum guarantee of \$1,100,000 for the purchase of the domain name. Commencing July 1, 1999, a payment of \$50,000 was due 60 days after the end of each business quarter, for four consecutive quarters. On July 1, 2000, four more consecutive payments of \$75,000 were due 60 days after the end of each business quarter. On July 1, 2001, four more consecutive payments of \$100,000 are due 60 days after the end of each business quarter. Domain name rights have been capitalized by the Company based on the present value of the future minimum payments. The guarantee has been recorded in the financial statements as contract payable. Payments made relating to this contract were \$58,599 for the three months ended March 31, 2001. As of March 31, 2001 and December 31, 2000, capitalized domain name rights totaled approximately \$1,548,000 and \$1,645,000, respectively, net of accumulated amortization of \$387,000 and nil, respectively.

5. NOTES PAYABLE

In February 2001, the Company entered into a promissory note for \$45,000 from an unrelated third party bearing interest at prime plus one percent, calculated annually, with a maturity date of June 15, 2001.

In March 2001, the Company entered into a promissory note with an unrelated third party for \$45,000 bearing interest at ten percent per annum with a maturity date of May 15, 2001.

6. STOCKHOLDERS' EQUITY

1999 Non-Qualified Stock Option Plan

The Company granted 500,000 stock options under its 1999 Non-Qualified Stock Option Plan (the 1999 Plan) during December 2000 to the Company's Director, CEO and President. On June 29, 2000, the Company re-priced options to purchase 800,000 shares of the Company's common stock previously granted to the person serving as sole Director, CEO and President and the person serving as the Senior Vice President of the Company. At March 31, 2001, outstanding employee and director stock options granted under the 1999 Plan, with various vesting provisions, were as follows:

Number of Shares	Exercise Price	Expiration Date
600,000	\$0.75	July 1, 2004
215,000	3.00	December 1, 2004
200,000	0.75	December 1, 2004
10,000	1.45	December 1, 2004
500,000	0.44	December 13, 2005

1,525,000		
=====		

These re-pricings have resulted in variable accounting, which required the computation and recording of no stock based compensation expense for the quarter ending March 31, 2001 because the fair market value of the stock as of March 31, 2001 was below the option exercise price. In accordance with the Financial & Accounting Standards Board (FASB) FIN 44, the expense related to these options was based on the difference between the market value of the stock and the option exercise price in this reporting period.

2000 Stock Option Plan

On September 1, 2000, subject to Shareholder approval, the Company granted incentive stock options to purchase 95,000 shares of the Company's common stock to nine full time employees and non-qualified stock options to purchase 61,000 shares of the Company's common stock to certain key consultants under the Company's 2000 Stock Option Plan (the 2000 Plan). The 2000 Stock Option Plan expired before ratification was obtained by the shareholders of the Company.

6. STOCKHOLDERS' EQUITY - Continued

Therefore, for financial reporting purposes, there were no stock options outstanding as of March 31, 2001 for the 2000 Stock Option Plan. The following table summarizes information about stock option transactions for the period ended March 31, 2001 related to the 1999 Stock Option Plan.

	Shares	Weighted average exercise price
	-----	-----
Options outstanding at December 31, 1998	--	\$ --
Granted	1,025,000	3.72
Exercised	--	--
Canceled	--	--
	-----	-----
Options outstanding at December 31, 1999	1,025,000	3.72
Granted - including repriced shares	1,300,000	0.63
Exercised	--	--
Canceled - repriced shares	(800,000)	3.92
	-----	-----
Options outstanding at December 31, 2000	1,525,000	\$ 0.96
Granted	--	--
Exercised	--	--
Canceled	--	--
	-----	-----
Options outstanding at March 31, 2001	1,525,000	\$ 0.96
	=====	=====

7. RELATED PARTY TRANSACTIONS

In 2000, the Company provided an interest-free loan to the Company's Sole Officer and Director of \$56,484 Canadian dollars (\$37,686 US dollars), repayable over 12 months. As of December 31, 2000 and March 31, 2001, \$47,070 and \$42,363 Canadian dollars (\$31,405 and \$26,868 US dollars), respectively, remained outstanding.

8. SUBSEQUENT EVENTS

On April 16, 2001, the Company received a loan from and issued a convertible debenture to Redruth Ventures Inc., a British Virgin Islands corporation (\$750,000), and to Bingo, Inc., an Anguilla corporation (\$500,000) (the Holders). The Company promises to pay to the Holders, an amount equal to U.S.\$1,250,000, 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. The Holders of the loan received a total of 12,000,000 common share purchase warrants, entitling the holders to purchase an aggregate of 12,000,000 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 the Debenture. The Holders have the right, but not the obligation, to elect to convert any or all of the principal amount of the Debenture into shares of the Company's common stock at a conversion price of \$0.125 per share.

BINGO.COM, INC.

(formerly Progressive General Lumber Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**8. SUBSEQUENT EVENTS (CONTINUED)**

The Debenture is secured by all assets of the Company. Drawdowns of principal under this Debenture are scheduled as follows:

	U.S. Dollars -----
April 16, 2001	\$250,000
May 1, 2001	250,000
June 1, 2001	250,000
July 1, 2001	150,000
October 1, 2001	100,000
January 1, 2002	100,000
April 1, 2002	100,000
July 1, 2002	50,000

In April 2001, the original employment agreement with the President, CEO and Director (President) of the Company was cancelled and a new agreement was entered into indicating a salary of \$175,000 for the first year of employment with increases to \$200,000 for the second year and \$225,000 for the third year. The agreement also stipulates 750,000 shares of common stock will be issued to the President. The shares will be held in escrow for a period of one year. The shares will be released upon the earlier of (i) the last day of the escrow period or (ii) the date that employment is terminated, once the escrow period has expired. If termination occurs prior to the escrow period, then all shares will be surrendered and gifted back to the Company. The agreement acknowledges and honors the previous stock option grants totaling 1,100,000 common stock options under the 1999 Stock Option Plan and the salary advance without interest. The agreement also includes several covenants not to compete and specifically refers to assignment, intellectual property protection, and copyrights in working.

On May 31, 2001, the Company's Board of Directors adopted the 2001 Stock Option Plan (the 2001 Plan). On June 4, 2001, the Company granted, subject to shareholder approval, incentive stock options to purchase 280,000 shares of the Company's common stock to nine full-time employees and non-qualified stock options to purchase 91,000 shares of the Company's common stock to certain key consultants under the 2001 Plan. The options were granted at an exercise price of \$0.20 per share, which was at a premium to the fair market value of the Company's common stock on June 6, 2001, the date of grant. On June 6, 2001, the closing stock price from the Company's common shares on the OTCBB was \$0.16 per share. The options vest over various periods as to be determined by the Board of Directors. Vested stock options may not be exercised until the 2001 Plan is approved by a majority of the Company's shareholders.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**FORWARD LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q and the documents incorporated herein by reference contain forward-looking statements based on current expectations, estimates and projections about the Company's industry, management's beliefs and certain assumptions made by management. 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, as well as other statements including, but not limited to, words such as anticipate, believe, plan, estimate, expect, seek, intend, and other similar expressions, constitute forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to certain risks and uncertainties that are difficult to predict. Accordingly, actual results may differ materially from those anticipated or expressed in such 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, the intensely competitive market for business-to-business electronic procurement, 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. Readers, however, should carefully review the factors set forth in other reports or documents that the Company files from time to time with the Securities and Exchange Commission (SEC).

FORWARD LOOKING STATEMENTS (CONTINUED)

Bingo.com has incurred significant losses since inception, and as of March 31, 2001 had an accumulated net loss of \$6,992,668. Bingo.com has made a significant investment in its operating the website and to maintain its advantage and to brand and market their website.

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 raise additional capital. No assurance can be given that the Company will be able to raise additional funds. In the absence of such funds, the Company will be required to cease operations.

RESULTS OF OPERATIONS

The quarter ended March 31, 2001 was the beginning of our second year of generating operating revenues. Initially, our strategy was to develop an online gaming operation with an initial focus on bingo. Due to adverse changes in North American gaming laws, in August 1999 our board, decided to prohibit gaming in jurisdictions with laws that prohibit online gaming. >From August 1999 to December 31, 1999, we revised our business plan and focused on the alternative of developing our prize-based, play for free games with an emphasis on entertainment. In December 1999, we launched a beta version of our first play for free game and our revamped website. In 2000, our board announced the discontinuance of our Antigua based gaming operation and we applied all of its resources to our revised business plan. In 1999, we had just begun active business operations, but as we were still in the development stage, no revenues were yet being generated. As a result, this should be kept in mind when making any direct comparisons to the operating results of the quarter ended March 31, 2001 to that ended March 31, 2000.

Balances as of March 31, 2001 compared to December 31, 2000:

Total assets decreased to \$2,281,045 as of March 31, 2001 compared to \$2,715,258 at the beginning of the fiscal year. In the quarter ended March 31, 2001, we invested \$10,675 in office and computer equipment, including software development equipment, compared to \$32,087 in 1999. Our cash position decreased by \$147,243 from December 31, 2000 and our working capital position decreased to a deficit of \$1,164,972.

Quarter Ended March 31, 2001 Compared to the Quarter Ended March 31, 2000:

Of the \$877,204 of total expenses for operations for the quarter ended March 31, 2001, \$613,317 was for general and administrative expenses associated with our operations. General and administrative expenses consist primarily of payroll and consultant costs for the Company's executive staff, accounting and administrative personnel, premises costs, legal and professional fees for preparation and review of our registration statement, insurance and other general corporate and office expenses. We recorded \$170,793 for amortization of capital assets and the value of the domain name in the first quarter of 2001, compared to \$11,088 in 2000.

Sales and marketing expenses were \$93,094 for the quarter ended March 31, 2001 and was \$100,887 for the quarter ended March 31, 2000. We incurred \$15,639 in 2001 on co-brand advertising and for key word buys for our gaming site. The balance of marketing and advertising expenses consists of payroll and consultant's costs, travel and office costs.

We had a net loss of \$761,983 or \$.08 per share for the quarter ended March 31, 2001, compared to a loss of \$494,523 or \$.05 per share for the quarter ended March 31, 2000. 2001 included net interest expense of \$3,692 and 2000 included net interest income of \$21,360 earned on our surplus cash balances. We expect continued losses in the foreseeable future as we continue to expand and develop our website and the technologies related to new games.

Revenue generation and operating income are dependent upon the utilization of significant cash resources for advertising and promotion, new games, and our future successes at attracting prize sponsors and advertising customers.

LIQUIDITY AND CAPITAL RESOURCES

We did not issue any shares in the first quarter of 2001, but did obtain \$90,000 in short-term loans. We did not lease any additional capital assets; however, we paid \$19,239 under contractual terms for previously existing leases. In the quarter ended March 31, 2001, we generated revenue of \$582,803 from our sales operations, compared to \$4,280 of sales generated in the first quarter of 2000.

As at March 31, 2001, we had cash and cash equivalents of \$27,220 versus \$428,256 at March 31, 2000. Our working capital position at March 31, 2001 was a deficit of \$1,164,972 compared to a positive working capital position of \$2,745,982 at March 31, 2000. In 2001, we used \$204,024 for operating activities in the first quarter, and \$10,675 for investing activities, compared to 2000 uses of \$632,948 and \$32,087, respectively. We did not make any payments in the first quarter of 2001 and in the first quarter of 2000 for our domain name purchase.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Subsequent to March 31, 2001, we negotiated a debt financing (debenture) for \$1,250,000. The initial installment was received in April of 2001 and the second installment in May of 2001. We expect that the proceeds received from this financing of \$500,000 to date, in conjunction with the cash flow generated from operations, will be sufficient to maintain and grow our operations as intended. The Holders of the debenture received a total of 12,000,000 common share purchase warrants, entitling the holders to purchase an aggregate of 12,000,000 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 the Debenture. The Holders have the right, but not the obligation, to elect to convert any or all of the principal amount of the debenture into shares of the Company's common stock at a conversion price of \$0.125 per share. The debenture is secured by all assets of the Company.

RISK RELATED TO THE COMPANY'S BUSINESS

Need For Additional Capital

The Company has recorded substantial operating losses and, as of March 31, 2001, has an accumulated deficit of approximately \$7 million. Although the Company believes that cash funds will provide operating capital until December 31, 2002, the Company anticipates that it will require additional funding before it can finance its operations and growth wholly on internally generated funds.

Large Operating Losses Expected to Continue

As discussed above, the Company has accumulated substantial net losses through March 31, 2001. Since inception, the Company has not had material revenues, and has recognized substantially half of its revenues from barter transactions. Although the Company has significantly reduced ongoing expenses, there is no assurance that the Company will achieve positive cash flow and operating profitability within the limits of its available capital.

Dependence on Sales and Marketing Relationships for Growth

The Company's business model includes generating sales through its alliance and affiliate programs. Consequently, the Company will depend, in part, on sales and marketing strategic relationships for growth. The Company has established and plans to continue to establish sales and marketing strategic relationships with large organizations as part of our growth strategy. Such relationships may not contribute to increased use of the Company's services, help the Company add new clients, or increase the Company's revenue. The Company may not be able to enter into new relationships or renew existing relationships on favorable terms, if at all. In addition, the Company may not be able to recover the costs and the expenses associated with these programs.

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 additional technical, marketing, customer support, and management personnel. The loss of one or more key employees 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.

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 due to 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

The use of the Company's website on the increased acceptance and use of the Internet as a medium of communication. While management believes that acceptance and use of the Internet will continue to increase at very 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.

Dependence Upon, and Risks Related To, the Internet (CONTINUED)

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.

We currently have instruments sensitive to market risk relating to exposure in changing interest rates and market prices. We do not enter into financial instruments for trading or speculative purposes and do not currently utilize derivative financial instruments. Our operations are conducted primarily in the United States and as such are not subject to material foreign currency exchange rate risk. The fair value of our investment portfolio or related income would not be significantly impacted by either a 100 basis point increase or decrease in interest rates due mainly to the short term nature of the majority of our investment portfolio.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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 March 31, 2001. Management of the Company is currently not aware of any 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.

Item 2. Changes in Securities

Not Applicable

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

Exhibits

4.1	\$1,250,000.00 Convertible Debenture
4.2	Common Stock Purchase Warrant (Redruth Ventures Inc. a British Virgin Islands corporation (RRV) and Bingo, Inc.
4.3	Common Stock Purchase Warrant (Redruth Ventures Inc. a British Virgin Islands corporation (RRV) and Bingo, Inc.

Reports on Form 8-K.

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

Form 8-K filed on April 6, 2001, reporting the termination of the proposed acquisition of acquisition of The Lottery Channel Inc. and the execution of a letter of intent proposing a financing arrangement with Bounceback Technologies.Com, Inc.

Form 8-K filed on May 3, 2001, reporting the reporting the termination of the letter of intent proposing a financing arrangement with Bounceback Technologies.Com, Inc., and reporting the execution of a definitive financing arrangement between the Company, Redruth Ventures Inc. a British Virgin Islands corporation (RRV) and Bingo, Inc an Anguillia corporation (BI) (collectively the Holders).

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.

BINGO.COM, INC.

(Registrant)

Date: June 22, 2001

/s/ Shane Murphy

Shane Murphy, Chairman of the Board,
Chief Executive Officer, President,
Treasurer and Secretary (Principal
Executive and Accounting Officer)

Exhibit Index

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EXHIBIT 4.1

SECURED CONVERTIBLE DEBENTURE

THE SECURITIES REPRESENTED AND ISSUABLE BY THIS DEBENTURE (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. TRANSFER OF THE SECURITIES IS PROHIBITED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S (RULE 901 THROUGH 905 AND PRELIMINARY NOTES THERETO), PURSUANT TO REGISTRATION UNDER THE 33 ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION; AND THAT HEDGING TRANSACTIONS INVOLVING THOSE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE 33 ACT.

April 16, 2001 \$1,250,000.00

THIS SECURED CONVERTIBLE DEBENTURE (this Debenture) is executed and delivered, as of April 16, 2001, by BINGO.COM, INC., a Florida corporation (the Company), as to \$750,000 to Redruth Ventures Inc., a British Virgin Islands corporation, and as to \$500,000 to Bingo, Inc., an Anguilla corporation (the Holders).

WHEREAS, the Holders have agreed to make a loan to the Company in an amount of \$1,250,000.00 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 Holders hereby agree as follows:

Section 1. PROMISE TO PAY.

The Company promises to pay to the Holders, *pari passu*, an amount equal to One Million Two Hundred Fifty Thousand United States Dollars (U.S. \$1,250,000.00), 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. Drawdowns of principal under this Debenture will be; US\$250,000 on April 16, 2001; US\$250,000 on May 1, 2001; US\$250,000 on June 1, 2001; US\$150,000 on July 1, 2001; US\$100,000 on October 1, 2001; US\$100,000 on January 1, 2002; US\$100,000 on April 1, 2002; and US\$50,000 on July 1, 2002.

Section 2. PAYMENT.

(a) The Company shall pay the then outstanding principal amount of this Debenture on April 16, 2006. Interest shall accrue on the principal amount from time to time outstanding under this Debenture at the Interest Rate from the date hereof through April 16, 2003 (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 April 16, 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 April 16, 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 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 Holders 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 \$0.125 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 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 Holders 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 Holders, the Company shall promptly take all steps required to cause the Holders to be issued a sufficient number of shares of Company 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 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

Section 2. PAYMENT (CONTINUED)

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 Holders 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 each Holder's address for notices set forth below or at such other place as the Holders 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, unless otherwise agreed to by the Holders. 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. GRANT OF SECURITY INTEREST

The Company hereby grants to the Holders a first priority and perfected security interest in and to all of the assets of the Company, including without limitation, all intellectual property rights of the Company (including the Company's domain name Bingo.com). The Company agrees to execute and deliver all documents and instruments reasonably requested by the Holders to effectuate the foregoing, including without limitation, UCC-1 financing statements.

Section 5. REPRESENTATIONS, WARRANTIES AND COVENANTS.

The Company represents, warrants and covenants to the Holders 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 Holders 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.

Section 5. REPRESENTATIONS, WARRANTIES AND COVENANTS (CONTINUED)

(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) Designees to the Board of Directors. As of the date of this Debenture, all necessary and appropriate corporate, stockholder and other action (including resignations) shall have been taken by the company and its stockholders to effect an increase in the Board of Directors of the Company from three (3) members to five (5) members, as of the date of this Debenture and continuing through the date on which all principal and interest on this Debenture has been fully repaid, all necessary and appropriate corporate, stockholder and other action shall be taken to result in four of such five members of the Board of Directors of the Company being designated by the Holders.

(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 Holders of warrants (the Warrants) to purchase an aggregate of 12,000,000 shares of Company Common Stock as 4,800,000 shares for Bingo, Inc., and 7,200,000 shares for Redruth Ventures Inc. at an exercise price of \$0.25 per share. Such warrants shall be exercisable for three 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 Holders 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 Holders harmless against any breach by the Company of any representation, warranty or covenant of the Company contained in this Debenture.

Section 6. 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 Holders 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 Holders 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 Holders. 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 Holders thereunder in the event that the number of Registered Shares exceeds the number disclosed thereunder as being available for resale by the Holders. Registered Shares means all shares of Company Common Stock acquired by the Holders pursuant to the terms of this Debenture (1) exercise of the conversion option by the Holders 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 Holders of Registered Shares pursuant to the Registration Statement, the Holders shall notify the Company of the number of Registered Shares sold and the date thereof. Nothing herein shall be deemed to require the Holders 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 Holders 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 Holders may reasonably request in order to facilitate the disposition of Registered Shares;

Section 6. REGISTRATION RIGHTS (CONTINUED)

(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 Holders 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 Holders, at any time when a prospectus relating thereto is required to be delivered by the Holders 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 Holders, 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 7. 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 8. 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 9. HOLDERS' RIGHTS UPON DEFAULT.

Should any one or more events of default occur or exist under this Debenture as provided above, the Holders shall have the right, at their 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.

Section 10. 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 Holders, shall not have the effect of releasing the Company from its obligations to the Holders. In addition, any failure or delay on the part of the Holders to exercise any of the rights and remedies granted to the Holders 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 Holders 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 Holders to pursue the rights and remedies available to the Holders shall be binding upon the Holders only to the extent that the Holders specifically agree to any such waiver or forbearance in writing. A waiver or forbearance on the part of the Holders as to one event of default shall not be construed as a waiver or forbearance as to any other event of default.

Section 11. ATTORNEYS' FEES.

If the Holders refer 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. In addition, the Company shall reimburse the Holders for all fees and expenses of the Holders' outside counsel incurred in connection with the preparation, negotiation, execution and delivery of this Debenture.

Section 12. 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 C200, 4223 Glencoe Avenue
Marina del Ray, California
90292

If to the Holders:

Redruth Ventures Inc.
3076 Francis Drake's Highway
P.O. Box 3463 Road Town, Tortola, BVI

Bingo, Inc.
The Hansa Bank Building
P.O. Box 727, Landsome Road
The Valley, Anguilla, B.W.I.

Section 13. 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 14. 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 Holders 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.

Section 15. 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 16. 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.

Section 17 RESTRICTIONS ON SECURITIES

The Holders acknowledge that this Debenture and the shares of the Company's Common Stock issuable by the Company pursuant to the terms and conditions as set out in this Debenture have not been registered under the Securities Act and are being issued under Section 4(2) of the Act and Regulation S (Rule 901 through Rule 905 and Preliminary Notes thereto) promulgated under the Securities Act, and as such transfer is prohibited except in accordance with the provisions of Regulation S (Rule 901 through Rule 905 and Preliminary Notes thereto), pursuant to registration under the Securities Act, or pursuant to an available exemption from registration; and that hedging transactions involving those securities may not be conducted unless in compliance with the Securities Act.

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

COMPANY:

BINGO.COM, INC.

By: /S/ Shane Murphy

Name: Shane Murphy
Title: President and CEO

HOLDERS:

BINGO, INC.

By: /S/ Donald Curtis

Name: Donald Curtis
Title: Director

REDRUTH VENTURES INC.

By: /S/ Mitch White

Name: Mitch White
Title: Officer

EXHIBIT 4.2

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. TRANSFER OF THE SECURITIES IS PROHIBITED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATIONS (RULE 901 THROUGH 905 AND PRELIMINARY NOTES THERETO), PURSUANT TO REGISTRATION UNDER THE 33 ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION; AND THAT HEDGING TRANSACTIONS INVOLVING THOSE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE 33 ACT.

Right to Purchase Common Stock

of

BINGO.COM, INC.

Bingo.com, Inc., a Florida corporation (the Company), hereby certifies that, for value received, Redruth Ventures Inc. (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 third (3rd) anniversary of the date hereof (the Expiration Date) 7,200,000 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 Secured Convertible Debenture, dated as of April 16, 2001 (the Debenture), between the Company and Bingo, Inc. and Redruth Ventures Inc. jointly, as the Holders, 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 C200, 4223 Glencoe Avenue, Marina del Ray, California 90292, 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) In lieu of exercising this warrant as specified above, the Holder may from time to time after closing of an initial public offering of Common Stock of the Company and the commencement of trading of the Common Stock of the Company on a public market and on or before the Expiration Date, by written notice stating that the Holder elects, convert this Warrant, in whole or in part, into a number of fully paid and non-assessable shares in the capital stock of the Company determined by multiplying the number of Shares in respect of which the Holder is electing to convert this Warrant by a fraction of the numerator of which is the difference between the closing

1. Exercise and Term of Warrant. (CONTINUED)

price of the common shares of the Company on the market on which they trade reported for the trading day immediately prior to the day on which the Holder delivers the application notice to the Company (the Conversion Price) and the Purchase Price and the denominator of which is the Conversion Price.

(c) 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;

6. Notice of Certain Events (CONTINUED)

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

12. Representations and Warranties of Holder (CONTINUED)

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 16 day of April, 2001.

BINGO.COM, INC.

By: /S/ Shane Murphy

Name: Shane Murphy
Title: President and CEO

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

REDRUTH VENTURES INC.

By: /S/ Mitch White

Name: Mitch White
Title: Officer

EXHIBIT 4.3

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. TRANSFER OF THE SECURITIES IS PROHIBITED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S (RULE 901 THROUGH 905 AND PRELIMINARY NOTES THERETO), PURSUANT TO REGISTRATION UNDER THE 33 ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION; AND THAT HEDGING TRANSACTIONS INVOLVING THOSE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE 33 ACT.

Right to Purchase Common Stock

of

BINGO.COM, INC.

Bingo.com, Inc., a Florida corporation (the Company), hereby certifies that, for value received, Bingo, Inc. (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 third (3rd) anniversary of the date hereof (the Expiration Date) 4,800,000 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 Secured Convertible Debenture, dated as of April 16, 2001 (the Debenture), between the Company and Bingo, Inc. and Redruth Ventures Inc. jointly, as the Holders, 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 C200, 4223 Glencoe Avenue, Marina del Rey, California 90292, 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) In lieu of exercising this warrant as specified above, the Holder may from time to time after closing of an initial public offering of Common Stock of the Company and the commencement of trading of the Common Stock of the Company on a public market and on or before the Expiration Date, by written notice stating that the Holder elects, convert this Warrant, in whole or in part, into a number of fully paid and non-assessable shares in the capital stock of the Company determined by multiplying the number of Shares in respect of which the Holder is electing to convert this Warrant by a fraction of the numerator of which is the difference between the closing price of the common shares of the Company on the market on which they trade reported for the trading day immediately prior to the day on which the Holder delivers the application notice to the Company (the Conversion Price) and the Purchase Price and the denominator of which is the Conversion Price.

(c) 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

6. Notice of Certain Events (CONTINUED)

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.

12. Representations and Warranties of Holder (CONTINUED)

(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 16 day of April, 2001.

BINGO.COM, INC.

By: /S/ Shane Murphy

Name: Shane Murphy
Title: President and CEO

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

BINGO, INC.

By: /S/ Donald R. Curtis

Name: Donald R. Curtis
Title: Director

End of Filing