

SHOAL GAMES LTD.

**CODE OF BUSINESS CONDUCT AND
ETHICS**

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SHOAL GAMES LTD.

To our Officers, Directors and Employees,

The Shoal Games Code of Ethics is intended to promote ethical and professional behavior by Shoal Games and its subsidiaries (“Shoal Games”) employees, contractors, officers and directors. Shoal Games is committed to delivering and maintaining the highest standards of ethical conduct in all its endeavors. Shoal Games encourages a culture of honesty, integrity, professionalism, accountability and mutual respect. These values should be administered in all interactions with customers, vendors, clients, stockholders and employees.

The following Code of Ethics outlines the guidelines and policies of business conduct expected of all Shoal Games employees, contractors, officers, and directors. While our business will change over time, our commitment to these standards is very important to the company’s continued success.

All employees, contractors, officers and directors are encouraged to read Shoal Games’s Code of Business Conduct and Ethics. Your continued service with Shoal Games requires that you adhere fully to this Code as your conduct reflects on Shoal Games’s reputation and the success of the company.

Thank you for your continued support,

Shoal Games Ltd.

National Bank of Anguilla Corporate Building, 1st Floor
St Mary’s Road, TV1 02P
The Valley, Anguilla, B.W.I.

CODE OF ETHICS

INTRODUCTION

This Code has been approved by Shoal Games Ltd.'s Board of Directors (the "Board") and is intended to assist all employees, officers, directors, agents and contractors of Shoal Games Ltd. and each of its direct and indirect subsidiaries ("Shoal Games") to maintain the highest standards of ethical conduct in corporate affairs. This Code is intended to comply with Canadian securities law requirements and Section 406 of the Sarbanes-Oxley Act of 2002. Specifically, the purpose of this Code is:

- to encourage among Shoal Games Representatives a culture of honesty, accountability and mutual respect;
- to provide guidance to help Shoal Games Representatives recognize ethical issues; and
- to provide mechanisms to support the resolution of ethical issues.

ADMINISTRATION

The Board is ultimately responsible for the implementation and administration of this Code and has designated a Compliance Officer for the day-to-day implementation and administration of this Code. From time to time, the Board may change this designation and may also designate one or more Assistant Compliance Officers to fill in at times when the Compliance Officer may be otherwise unavailable, such as during his or her vacation. The Board's current designations, together with contact information, are set out in Schedule A to this Code. Shoal Games Representatives should direct questions concerning this Code to the VP Corporate Affairs.

While this Code is designed to provide helpful guidelines, it is not intended to address every situation. Dishonest or unethical conduct or conduct that is illegal will constitute a violation of this Code, regardless of whether such conduct is specifically referenced in this Code. Shoal Games Representatives should conduct their business affairs in such a manner that Shoal Games's reputation will not be impugned if the details of their dealings should become a matter of public discussion. Shoal Games Representatives shall not engage in any activity that adversely affects the reputation or integrity of Shoal Games.

It is not intended that there be any waivers granted under the Code. In the unlikely event that a waiver is considered, in order to be granted it must receive prior approval by the Board if it includes a director or an executive officer, or by the Board or the President and Chief Executive Officer of Shoal Games (the "Chief Executive Officer") in the case of any other Shoal Games Representative. Any waiver or amendment will be disclosed promptly in accordance with applicable securities laws and Shoal Games's Disclosure Policy.

If laws or other policies and codes of conduct differ from this Code, or if there is a question as to whether this Code applies to a particular situation, Shoal Games Representatives should check with the Compliance Officer before acting. If there are any questions about any situation, Shoal Games Representatives should ask the Compliance Officer how to handle the situation. However, every supervisor and manager is responsible for helping employees to understand and comply with the Code.

Shoal Games will take such disciplinary or preventive action as it deems appropriate to address any existing or potential violation of this Code brought to its attention. Any Shoal Games Representative in a situation that he or she believes may violate or lead to a violation of this Code should follow the compliance procedures described in the section entitled "Reporting of Violations Procedure" below.

OVERVIEW

It is the policy of Shoal Games to apply high standards of courtesy, professionalism and honesty in our interactions with customers, shareholders, suppliers, co-workers and the community. This Code governs the business-related conduct of all Shoal Games Representatives, including, but not limited to, the Chief Executive Officer and the Chief Financial Officer and all other officers and employees of Shoal Games.

COMPLIANCE WITH LAWS

A variety of laws apply to Shoal Games and its operations. It is Shoal Games's policy to comply with all applicable laws, including employment, discrimination, health, safety, antitrust, securities, banking and environmental laws. No Shoal Games Representative has authority to violate any law or to direct another Shoal Games Representative or other person to violate any law on behalf of Shoal Games. Each Shoal Games Representative is expected to comply with all such laws, as well as rules and regulations adopted under such laws.

Violations of laws may subject a Shoal Games Representative to individual criminal or civil liability, as well as to discipline by Shoal Games. Such individual violations may also subject Shoal Games to civil or criminal liability or the loss of reputation or business.

Many of the laws applicable to Shoal Games and Shoal Games Representatives are complex and fact specific. If any Shoal Games Representative has questions concerning a specific situation, he or she should contact the Compliance Officer before taking any action.

CONFLICTS OF INTEREST

Shoal Games Representatives are expected to make or participate in business decisions and actions in the course of their relationship with Shoal Games based on the best interests of Shoal Games and not based on personal relationships or benefits. A conflict of interest, which can occur or appear to occur in a wide variety of situations, may compromise a Shoal Games Representative's ability to act ethically.

Generally speaking, a conflict of interest occurs when the personal interest of a Shoal Games Representative, an immediate family member of a Shoal Games Representative or a person with whom a Shoal Games Representative has a close personal relationship interferes with, or has the potential to interfere with, the interests or business of Shoal Games. For example, a conflict of interest may occur where a Shoal Games Representative, his or her family member or person with whom he or she has a close personal relationship receives a gift, a unique advantage or an improper personal benefit as a result of the Shoal Games Representative's position at Shoal Games. A conflict of interest could make it difficult for a Shoal Games Representative to perform corporate duties objectively and effectively because he or she is involved in a competing interest.

The following is a discussion of certain common areas that raise conflict of interest issues. However, a conflict of interest can occur in a variety of situations. Shoal Games Representatives must be alert to recognize any situation that may raise conflict of interest issues and must disclose to the Compliance Officer any material transaction or relationship that reasonably could be expected to give rise to actual, or the perception of, conflicts of interest with Shoal Games. Any Shoal Games Representative who becomes aware of a conflict or potential conflict should bring it to the attention of the Compliance Officer or follow the compliance procedures described in the section entitled "Reporting of Violations Procedure" below. Transactions as defined in applicable securities regulations between related parties will not be

conflicts of interest under this Code if they are reviewed and approved in accordance with the requirements of those regulations.

Outside Activities/Employment

Any outside activity must not significantly encroach on the time and attention Shoal Games Representatives devote to their duties for Shoal Games and should not adversely affect the quality or quantity of their work. In addition, Shoal Games Representatives may not imply Shoal Games's sponsorship or support of any outside activity that is not official Shoal Games business, and under no circumstances are Shoal Games Representatives permitted to take for themselves or their family members business opportunities that are discovered or made available by virtue of their positions at Shoal Games. Moreover, except as permitted by the following paragraph or by the Board or the Compliance Officer, no Shoal Games employee may perform services for or have a financial interest in any entity that is, or to such employee's knowledge may become, a vendor, client or competitor of Shoal Games, excepting such personal investments in publicly traded companies, where such investment is not material to that company or to the employee (see paragraph below). Shoal Games employees are prohibited from taking part in any outside employment or directorships without the prior written approval of the Chief Executive Officer or the Compliance Officer, except for minor and unrelated employment and for directorships on charitable Boards that in each case do not interfere with the employee's duties to Shoal Games.

No Shoal Games employee may acquire securities of a customer, supplier or other party if ownership of the securities would be likely to affect adversely either the employee's ability to exercise independent professional judgment on behalf of Shoal Games or the quality of such employee's work. Shoal Games Representatives must always follow Shoal Games's other policies concerning the trading of securities, including those further described in this Code.

Civic/Political Activities

Shoal Games Representatives are encouraged to participate in civic, charitable or political activities so long as such participation does not encroach on the time and attention they are expected to devote to their Shoal Games-related duties. Such activities are to be conducted in a manner that does not create an appearance of Shoal Games's involvement or endorsement.

Inventions, Books and Publications

Shoal Games Representatives must receive written permission from the Chief Executive Officer or the Compliance Officer before developing, outside of Shoal Games, any products, software or intellectual property that may be related to Shoal Games's current or potential business.

Loans to Executive Officers and Directors

Shoal Games will not make loans or extend credit or provide guarantees to or for the personal benefit of executive officers or directors.

BRIBERY AND OTHER IMPROPER PAYMENTS

No Shoal Games Representative may, directly or indirectly, give, offer, demand, solicit or accept a bribe to or from anyone in the course of conducting business on behalf of Shoal Games, including in order to obtain or retain business, or for any other advantage. No Shoal Games Representative may, directly or indirectly, give, offer, demand, solicit or accept any improper payment to or from anyone in the course of

conducting business on behalf of Shoal Games, including in order to obtain or retain business, or for any other advantage. Improper payments include, without limitation, any gift, gratuity, reward, advantage or benefit of any kind (monetary or non-monetary). For greater certainty, a third party intermediary, such as an agent or family member, cannot be used to further any bribe or improper payment or otherwise violate the spirit of this Code.

Dealings with Government and Public Officials

Shoal Games strictly prohibits any payment to any public official that violates the laws of any jurisdiction in which Shoal Games operates. Shoal Games strictly prohibits any Shoal Games Representative from giving, offering, promising, demanding, soliciting or receiving, directly or indirectly, any bribe or improper payment, using corporate or personal funds, to or from public officials of any government or governmental agency for the purpose of obtaining or retaining business, or for any other reason. Any offer of or request for any bribe or improper payment must be reported to the Compliance Officer. Shoal Games strictly prohibits any person from making any payment if such person knows or reasonably believes that all or a portion of the payment will be offered, given or promised, directly or indirectly, to any public official of any government or governmental agency for the purposes of assisting Shoal Games in obtaining or retaining business. Public officials include, without limitation:

- political parties or officials thereof, political candidates and elected or appointed representatives of any government or governmental agency holding a legislative, administrative or judicial position at any level;
- a person who performs public duties or functions, including a person employed by a board, commission, corporation or other body or authority that is established to perform a duty or function on behalf of the government, or is performing such a duty or function; and
- an official or agent of a public international organization that is formed by two or more states or governments, or by two or more such public international organizations.

For greater certainty, Shoal Games may make contributions to political parties or committees or to individual politicians only in accordance with applicable law and all such payments must be reported to the Compliance Officer.

Gifts and Business Courtesies

Shoal Games strictly prohibits any payment to any person that violates the laws of any jurisdiction in which Shoal Games operates. Except to the extent specifically permitted below, Shoal Games strictly prohibits any person from giving, offering, promising, demanding, soliciting or receiving, directly or indirectly, a gift, or using corporate or personal funds, in such a way that could influence or reasonably give the appearance of influencing Shoal Games's business relationship with another person. Any offer of or request for such a gift or use of funds must be reported to the Compliance Officer.

Exceptions

Shoal Games does not prohibit the giving or receiving of gifts of nominal or token value to or from non-government suppliers and customers, provided that they are not for the express purpose of obtaining or retaining business or some other advantage for Shoal Games and provided that they are otherwise lawful.

Shoal Games does not prohibit expenditures of amounts for meals, entertainment and travel expenses in connection with conferences and other promotional activities for non-government suppliers and customers that are ordinary and customary business expenses, if they are otherwise lawful. These expenditures should be included on expense reports and approved pursuant to Shoal Games's standard

procedures. Gifts include, without limitation, material goods, as well as services, promotional premiums and discounts. Shoal Games does not prohibit the giving or receiving of rewards, advantages or benefits that are permitted or required under the written laws of a government for which a public official performs duties or functions. Shoal Games does not prohibit payments made that are otherwise lawful in respect of reasonable expenses incurred in good faith by or on behalf of the public official that are directly related to the promotion, demonstration or explanation of Shoal Games's products and services, or the execution or performance of a contract between Shoal Games and the government for which the official performs duties or functions. Shoal Games does not prohibit facilitation payments that are otherwise lawful. Facilitation payments are payments made to expedite or secure the performance by a public official of any act of a routine nature that is part of the public officials' duties or functions, including:

- the issuance of a permit, license or other documents to qualify a person to do business;
- the processing of official documents, such as visas and work permits;
- the provision of services normally offered to the public, such as mail pick-up and delivery;
- telecommunication services and power and water supply; and
- the provision of services normally provided as required, such as police protection, loading and unloading of cargo, the protection of perishable products or commodities from deterioration or the scheduling of inspections related to contract performance or transit of goods.

Any facilitation payments must be recorded as such in the accounting records of Shoal Games. Further, such facilitation payments shall not exceed the fees lawfully required by the public official for the function requested. For greater certainty, an act of routine nature does not include a decision to award new business or to continue business with a particular party, including a decision on the terms of that business, or encouraging another person to make any such decision.

Caution should be exercised with respect to these exceptions. If there is any doubt as to the legitimacy of a payment under this policy or under any law, advice should be sought from the Compliance Officer.

PUBLIC DISCLOSURES

Shoal Games has an obligation in compliance with applicable laws to make full, fair, accurate, timely and understandable disclosure in its financial records and statements, in reports and documents that it files with or submits to securities regulatory authorities and in its other public communications.

In furtherance of this obligation, each Shoal Games Representative in performing his or her duties shall act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated, in order to ensure that to the best of his or her knowledge Shoal Games's books, records, accounts and financial statements are maintained accurately and in reasonable detail, appropriately reflect Shoal Games's transactions, are honestly and accurately reflected in its publicly available reports and communications and conform to applicable legal requirements and Shoal Games's system of internal controls, including Shoal Games's Disclosure Policy.

DOCUMENT RETENTION

Shoal Games follows a set of guidelines for retaining and disposing of company records based on the Company's needs and the legal, regulatory, tax, and employment requirements. Inactive documents are stored to protect from damage. Records must be kept on site or in other Company approved locations. All records are to be labelled so as to be easily recognizable and available for Shoal Games auditors and attorneys, as necessary.

HANDLING OF CONFIDENTIAL INFORMATION

In addition to the restrictions regarding material non-public information set forth in the Disclosure Policy, Shoal Games Representatives should observe the confidentiality of information that they acquire by virtue of their relationship with Shoal Games, including information concerning Shoal Games and its customers, suppliers and competitors and other Shoal Games Representatives, except where disclosure is approved by an executive officer of Shoal Games or otherwise legally mandated. In addition, Shoal Games Representatives must safeguard proprietary information, which includes information that is not generally known to the public and has commercial value in Shoal Games's business. Proprietary information includes, among other things, business methods, analytical tools, software programs, source and object codes, trade secrets, ideas, techniques, inventions (whether patentable or not) and other information relating to economic analysis, designs, algorithms and research. It also includes information relating to marketing, pricing, clients, and terms of compensation for Shoal Games Representatives. The obligation to preserve proprietary information continues even after employment ends. In addition to violating this Code and Shoal Games policy, unauthorized use or distribution of proprietary information could also be illegal and result in civil or even criminal penalties. Shoal Games considers its intellectual property and confidential information important assets and may bring suit against employees or former employees to defend its rights vigorously.

USE OF SHOAL GAMES ASSETS

Shoal Games (together with its subsidiaries) assets, including facilities, funds, materials, supplies, time, information, intellectual property, software, corporate opportunities and other assets owned or leased by Shoal Games or any subsidiaries, or that are otherwise in Shoal Games's possession, may be used only for legitimate business purposes of Shoal Games. Shoal Games assets are not to be misappropriated, loaned to others, donated, sold or used for personal use, except for any activities that have been approved in writing by the Chief Executive Officer or the Compliance Officer in advance, or for personal usage that is minor in amount and reasonable. Shoal Games Representatives are to report any theft or suspected theft to the Compliance Officer. No Shoal Games Representative should knowingly invoke a program or code that could damage Shoal Games's assets.

USE OF COMPANY COMPUTERS AND NETWORKS

Shoal Games will provide you with the necessary equipment to do your job. None of this equipment should be removed from the physical confines of the office unless it is approved and your job specifically requires use of company equipment outside the physical facility.

Internet and email access are provided to all Shoal Games officers and employees. Computers, software and any other technology employees have access to in order to perform your job is Shoal Games's property. Any non-business usage must be done with good judgment and restraint. Management will limit non-business usage if it interferes with an individual's productivity. If unsure whether an activity is considered inappropriate, employees are to discuss it with a supervisor.

Certain uses of the Company's computers and network are considered inappropriate and forbidden at all times. This includes the following:

- Accessing/Downloading pornographic material, racist, sexist, or ethnically insensitive
- Conducting personal business activity
- Posting information about the Company business in chat rooms, bulletin boards, news groups, unless authorized to do so

- Sending email chain letters or other mailings that take up computing resources

This policy applies to anyone who is authorized to use Shoal Games's computers, network, email, hardware, software, voicemail, Internet, storage devices, and databases whether at the office or via remote access.

FAIR DEALING

Each Shoal Games Representative should deal fairly and in good faith with other Shoal Games Representatives, security holders, customers, suppliers, regulators, business partners and competitors. No Shoal Games Representative may take unfair advantage of anyone through manipulation, concealment, misrepresentation, inappropriate threats, fraud, abuse of confidential information or any other intentional unfair-dealing practice.

COMPETITIVE INFORMATION GATHERING

Gathering information about competitors is a legitimate and important part of understanding the competition and the industry. However, the information should not be gathered directly or indirectly by improper means, such as bribery, encouraging someone to breach a non-disclosure agreement or making improper requests of a competitor, or by deceit. The improper collection of competitive information could lead to individual or corporate lawsuits or even imprisonment. Shoal Games requests that all employees gather competitive information, as it is a great asset to the Company, however the information should be gathered in an ethical, honest manner.

MEDIA AND PUBLIC INQUIRIES

Shoal Games is committed to delivering accurate and reliable information to the public, media, employees, shareholders, and directors. All public disclosures such as press releases, financials, and other communications are intended to be accurate and timely. To ensure consistent release of information to the media, employees are discouraged from answering questions from the media, analysts, stockholders or other members of the public. If unauthorized to answer such questions, request the individual's information and forward it to the Compliance Officer.

DELEGATION OF AUTHORITY

Each Shoal Games Representative, and particularly each of Shoal Games's executive officers, must exercise reasonable care to ensure that any permitted delegation of authority is reasonable and appropriate in scope, and includes appropriate and continuous monitoring.

SHOAL GAMES EMPLOYEES:

OPEN DOOR POLICY

Shoal Games promotes an open door policy. Most issues can be resolved before they become a major problem. All employees, officers, directors and contractors are encouraged to present Shoal Games with their ideas, concerns, and questions relating to this Code, especially those of legal or ethical nature, to the Compliance Officer. All officers, directors, and employees are responsible for supporting this policy by maintaining an “open door” for anyone who may reach out to them.

DISCRIMINATION AND HARASSMENT

Shoal Games believes its most important asset is our employees. Shoal Games seeks to provide an enjoyable working environment where all officers, directors, contractors and employees have the opportunity to reach their full potential and contribute to Shoal Games’s success.

Shoal Games is committed to equal opportunity and employment equity. The diversity of Shoal Games Representatives is a valued asset. Shoal Games is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples of conduct that will not be tolerated include derogatory comments based on racial, ethnic or religious characteristics and unwelcome sexual advances or comments.

HEALTH AND SAFETY

Shoal Games strives to provide each Shoal Games Representative with a safe and healthy work environment. Each Shoal Games Representative has responsibility for maintaining a safe and healthy workplace for all Shoal Games Representatives by following safety and health rules and practices and promptly reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behavior will not be tolerated. Shoal Games Representatives should report to work in condition to perform their duties, free from the influence of illegal drugs or excessive alcohol. The use of illegal drugs or excessive alcohol in the workplace will not be tolerated.

ABUSE OF DRUGS AND ALCOHOL

Shoal Games is committed to providing a drug free environment. Not only can the use and/or abuse of drugs and alcohol jeopardize the health, safety and well being of the individual user and other co-workers, but it also results in absenteeism and productivity concerns.

This policy prohibits employees from such use that impairs his/her performance of work on the job, as well as prohibiting use while on Company business at any time, whether on the property or off.

DISCLOSURE OF NONPUBLIC INFORMATION

Shoal Games forbids unauthorized disclosure of material non-public information about the Company. Any person who possesses Material Nonpublic Information regarding the Company is an Insider under this Policy for so long as the information that he or she possesses has not been publicly disclosed by the Company and not been allowed to disseminate in the market. While directors and officers may be Insiders on a regular and somewhat continuous basis, any employee or consultant can be an Insider from time to time depending upon the type of information that the employee or consultant comes into contact with in the performance of his or her duties with the Company.

Insiders are prohibited from utilizing Material Nonpublic Information acquired by the Insider in the workplace for their own personal or economic benefit and are further prohibited from disclosing any Material Nonpublic Information to any person who is not authorized by the Company to have access to such information.

Specific Prohibitions Applicable to All Insiders

1. ***Purchasing or Selling on Material Nonpublic Information.*** Insiders shall not purchase, sell, offer to purchase or offer to sell any Company stock or other securities, including any derivative securities relating to Company stock, during any period that he or she possesses Material Nonpublic Information regarding the Company.
2. ***Tipping of Material Nonpublic Information.*** An Insider shall not disclose (“tip”) Material Nonpublic Information to any person (including a family or household member) who is not specifically authorized by the Company to have access to such information. If the Material Nonpublic Information is used by the person tipped by the Insider to purchase or sell Company securities, the Insider will be legally responsible for the consequences of the purchase or sale as if he or she was purchasing or selling for his or her own account. Likewise, an Insider shall not make any recommendation or express opinion about Company securities to any other person on the basis of Material Nonpublic Information regarding the Company, even if the Insider does not actually tip the Material Nonpublic Information to the other person.
3. ***Confidentiality of Material Nonpublic Information.*** All Material Nonpublic Information relating to the Company is the property of the Company and the Company has the sole and exclusive right to determine how and when to disclose such information to the public.

Unless specifically authorized by the Company, no Insider may disclose Material Nonpublic Information publicly or otherwise.

4. ***Definition of Material Nonpublic Information.*** It is not possible to define all categories of material information concerning the Company. However, information should be treated as “Material Nonpublic Information” if there is a reasonable likelihood that the information would be considered important to a reasonable investor in making an investment decision with respect to the purchase or sale of Company securities; and the information has not been previously disclosed by the Company to the general public.

In all cases in which an Insider is not certain that information in his or her possession is Material Nonpublic Information, the Insider should exercise caution and treat the information as if it is Material Nonpublic Information. There are, however, general categories of information that are particularly important to the Company and, as a general rule, should always be considered material, regardless of whether the information is considered to be positive or negative to a particular investment decision.

Examples of these types of information include:

- financial condition or results;
- projections of future financial condition or results;
- receipt of or delay in receiving any key regulatory approvals;

- significant new research and development or product announcements;
- significant product defects or modifications;
- pending or proposed acquisitions or mergers;
- pending or proposed dispositions of significant amounts of assets;
- pending or proposed partnerships, acquisitions, joint ventures, spin-offs;
- impending defaults on indebtedness, bankruptcy or other financial liquidity problem;
- stock splits, reverse stock splits, recapitalization plans;
- pending or proposed equity or debt offerings;
- significant financial exposure in actual or threatened litigation;
- major changes in senior management;
- significant changes in dividend policy

REPORTING OF VIOLATIONS PROCEDURE

General Policy Regarding Report of Violations

Shoal Games Representatives who observe, learn of, or, in good faith, suspect a violation of this Code must immediately report the violation pursuant to the procedures for submission of complaints and concerns set out in the Shoal Games's Whistle Blower Policy.

COMPLIANCE

Adherence to Code and Disciplinary Action

All Shoal Games Representatives have a responsibility to understand and follow this Code. In addition, all Shoal Games Representatives are expected to perform their work with honesty and integrity in all areas not specifically addressed in this Policy. Shoal Games will discipline any Shoal Games Representative who violates this Code or related practices. The determination of the appropriate discipline will be made by the Chief Executive Officer of Shoal Games or by the Board of Directors. Such discipline may include, among other things, written notice to the Shoal Games Representative that Shoal Games has determined that there has been a violation, censure by Shoal Games, demotion or re-assignment, suspension with or without pay or benefits, or termination of the Shoal Games Representative's relationship with Shoal Games.

Records of all violations of this Code and the disciplinary action taken will be maintained by the Compliance Officer and will be placed in the Shoal Games Representative's personnel file.

Shoal Games will notify and cooperate with the police or other governmental authorities regarding acts of Shoal Games Representatives involving violations of law. In addition, some violations may result in Shoal Games bringing suit against employees or former employees to defend its rights vigorously.

Communications

Shoal Games strongly encourages dialogue among Shoal Games Representatives and their supervisors to make everyone aware of situations that give rise to ethical questions and to articulate acceptable ways of handling those situations. The Compliance Officer shall provide a report to the Board at least quarterly on investigations and other significant matters arising under this Code.

Responsibility of Senior Employees

Officers and other managerial employees are expected to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. Managerial employees may be disciplined if they condone misconduct, do not report misconduct, do not take reasonable measures to detect misconduct or do not demonstrate the appropriate leadership to insure compliance.

RELATED SHOAL GAMES POLICIES

This Code should be read in conjunction with Shoal Games's other related policy documents, including the Disclosure Policy. This Code supplements any contractual obligation any person may have under the terms of any agreements with Shoal Games. This Code is not intended to create any contract (express or implied) with any person, including, without limitation, any employment or consulting contract, or to constitute any promise that a person's employment or consulting arrangement will not be terminated except for cause.

APPROVAL AND AMENDMENT

This version of this Code was approved and adopted by the Board of Directors of Shoal Games Ltd. on December 21, 2006. Shoal Games is committed to reviewing and updating its policies and procedures on a continuing basis. This Code may be revised, changed or amended at any time by the Board of Directors and amendment to the Code will be disclosed promptly to Shoal Games Representatives and will be disclosed publicly in accordance with applicable securities laws.

ACKNOWLEDGMENT

The undersigned Shoal Games Representative hereby acknowledges that he or she has received a copy of Shoal Games's Code of Business Conduct and Ethics applicable to Shoal Games Representatives and that he or she has read and understood this Code in its entirety and agrees to abide by it. The undersigned Shoal Games Representative acknowledges that it is his or her responsibility to seek clarification from the office of Shoal Games's General Counsel if any application of the Code to a particular circumstance is not clear. The Shoal Games Representative acknowledges that the Shoal Games Representative's continued service with Shoal Games requires the Shoal Games Representative to adhere fully to this Code and that failure to do so can result in disciplinary action up to and including termination of the Shoal Games Representative's employment.

Acknowledged and agreed:

By: "/s/ T. M. Williams"

Name: T. M. Williams,

President and Chief Executive Officer

Dated: December 21, 2006

Schedule A

The Board has made the following designations:

Compliance Officer:

Henry Bromley
Shoal Games Ltd.
National Bank of Anguilla Corporate Building
1st Floor, St Mary's Road
TV1 02P
The Valley
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Email: henry@Shoal Games

General Counsel:

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