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**Analysts' Ideas of the Week – Shoal Games Licenses Rights to Garfield**

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**Shoal Games Licenses Rights to Garfield**

Shoal Games Ltd. (TSXV: SGW) announced today that it has licensed the rights to Garfield, the iconic cartoon cat and the protagonist of the Garfield comic strips. Paws Inc. is the sole owner of the copyrights and trademarks of Garfield.

This deal allows Shoal Games to launch a mobile game that will feature Garfield and the rest of the famous Garfield cast. **Shoal estimates that the new Garfield Bingo game will be launched in late 2016.** According to management, the game will instantly appeal and capture the attention of the 17 million Facebook fans of Garfield. As a result, management expects much lower player acquisition costs for the new game. They estimate that the Garfield mobile apps have generated over 30 million downloads since inception.

The bingo market is currently dominated by two games – Bingo Bash and Bingo Blitz (Nasdaq: CZR), each with more than 1 million DAUs, and 4.5 million MAUs. These two games, we estimate, account for over 90% of the total market. **We consider management's plan to have a second bingo offering as a very strategic move to aggressively steal players from the competition.**

As per today's press release, Madelyn Ferris, VP Digital Marketing from Paws, commented that *"We chose Shoal Games to be the developer of Garfield Bingo because of their success with Trophy Bingo and commitment to quality software development and unique game design."* **This is a very encouraging sign and is a testament to the quality of Shoal's team.**

Shoal's management believes that an opportunity exists in this market for an innovative product that engages bingo players in new and challenging ways. They developed Trophy Bingo specifically to attain a significant share of this easily targeted market niche.

Shoal's plan with Trophy Bingo is to offer bingo players a new experience by incorporating strategy into game play. They believe that, after analyzing hundreds of different high performing games, they have been able to design a game that is unique, engaging, and incorporates the industry's best performing monetization techniques from other game categories.

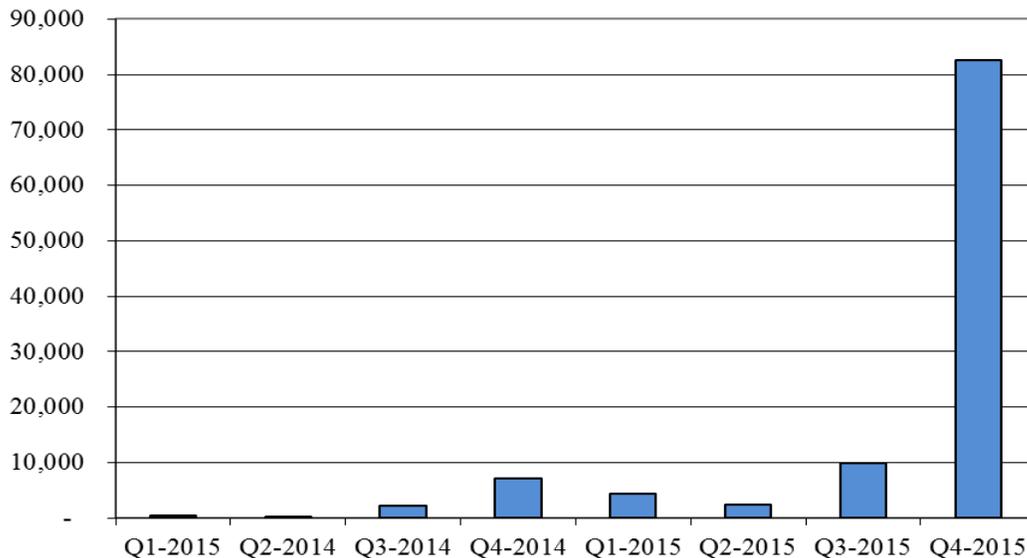


Source: Company

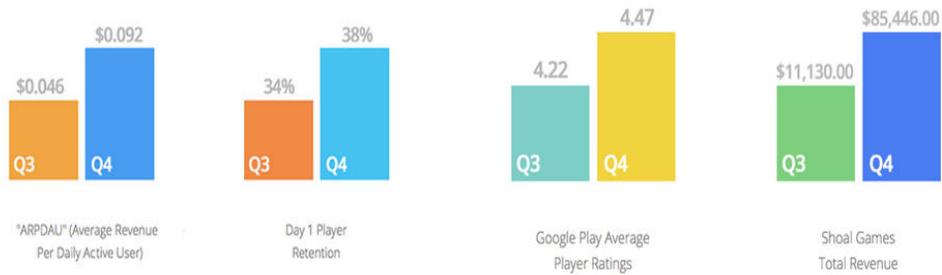
In 2015, the company generated US\$112k in revenues, US\$86k of which were reported in Q4. Since its launch, Trophy Bingo has been downloaded over 325,000 times, and currently has 18,000+ Daily Active Users (“DAU”) and 92,000+ Monthly Active Users (“MAU”).

The following chart shows the revenues since Trophy Bingo’s launch. In Q4-2015, Trophy Bingo’s revenues were US\$82,629 versus US\$9,914 in Q3-2015.

Quarterly Revenues



The following chart shows the Key Performance Indicators (“KPIs”) in Q4-2015 versus Q3-2015.



*Source: Company*

The company is currently pursuing a C\$2 million private placement by issuing up to 3.33 million common shares at C\$0.60 per share. Upon completing this financing, the company plans to pursue a rights offering to holders of the common shares, wherein shareholders will receive one right for each common share held. Ten rights will entitle the shareholder to purchase one common share at a specified exercise price within a fixed time period. The time period and pricing will be announced by the company within one month of closing of the current financing. The rights are expected to be listed on the TSX Venture Exchange. To further sweeten the offering to investors, shareholders who exercise all their rights will have the option to purchase additional shares at the same price without requiring the purchase of additional rights.

**We have a BUY rating and a fair value of C\$1.60 per share on SGW’s shares.**

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