



Shoal Games Ltd.

COMMON SHARES SUBSCRIPTION AGREEMENT (Non-brokered – Canadian, US and Offshore Purchasers)

INSTRUCTIONS TO SUBSCRIBER

1. Complete and sign the Subscription Agreement.
2. You must also complete and sign if you are purchasing the Shares as an "accredited investor" (within the meaning of NI 45-106, as herein defined) the Accredited Investor Status Certificate which is attached as Schedule "A" to the Subscription Agreement including Exhibit "A" thereto if the Subscriber is an individual. The purpose of these forms is to determine whether you meet the standards for participation in a private placement under applicable Canadian securities law (National Instrument 45-106). If you are an individual Accredited Investor, you must also complete Exhibit A to Schedule "A".
3. If you are a "U.S. Subscriber", you must complete and sign **BOTH** (1) the Accredited Investor Status Certificate in Schedule "A" AND (2) the U.S. Accredited Investor Status Certificate" which is attached as Schedule "B" to the Subscription Agreement.
4. Unless you are subscribing through a person registered as a broker, an exempt market dealer (as defined in National Instrument 31-103 – *Registration Requirements and Exemptions*) or you are acquiring the Securities directly from SHOAL GAMES LTD. without involvement of a finder, you must complete and sign the "Risk Acknowledgement Form" which is attached as Schedule "C" to the Subscription Agreement.
5. If you are not an individual (that is, the purchaser is a corporation, partnership, trust or entity other than an individual) or you are a portfolio manager, then complete and sign the "Corporate Placee Registration Form" (Form 4C) which is attached as Schedule "D" to the Subscription Agreement. If you have previously submitted this form to the TSX Venture Exchange, and there have been no changes to its content, then please check the box to that effect on page 4.
6. If you are paying for your subscription by certified cheque or bank draft, please make it payable to "**W.L. Macdonald Law Corporation – In Trust**". If you are paying for your subscription by wire transfer, please use the wire transfer instructions for W.L. Macdonald Law Corporation set out in Schedule "E" to the Subscription Agreement.

A completed and originally executed copy of, and the other documents required to be delivered with, this subscription agreement must be delivered, by no later than 5:00 p.m. (Vancouver time) on the day that is two (2) business days prior to the Closing Date (as herein defined), to Shoal Games Ltd. c/o Suite 409, 221 W. Esplanade, North Vancouver, B.C., V7M 3J3, Attention: Henry Bromley; Email: henry@shoalgames.com, Telephone 604-694-0300, Fax Number 604-694-0301.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE 1933 ACT.

SUBSCRIPTION FOR COMMON SHARES

TO: SHOAL GAMES LTD. (the "Corporation" or "Shoal Games")

The undersigned (the "Subscriber") (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) hereby irrevocably subscribes for and agrees to purchase the number of common shares (the "Shares" or "Securities") of the Corporation set out beside your name on the execution pages hereof the at a price of \$0.60 per Share on the terms and conditions set out herein and in the applicable schedules attached hereto.

This subscription agreement, which for greater certainty includes and incorporates the attached Schedules, is referred to herein as the "Subscription Agreement". The Subscriber agrees to be bound by the terms and conditions set forth in this Subscription Agreement including without limitation the representations, warranties and covenants set forth in the Schedules attached hereto. The Subscriber further acknowledges and agrees, without limitation, that the Corporation and its counsel may rely on the Subscriber's representations, warranties and covenants contained in this Subscription Agreement. By executing this Subscription Agreement, the Subscriber consents to the collection, use and disclosure of the Subscriber's personal information in the manner described in section 16 of this Subscription Agreement.

The Subscriber's Shares form part of a larger offering (the "Offering") of an aggregate of 3,333,333 Shares for aggregate gross proceeds of \$2,000,000, to be sold by the Corporation by private placement.

This Subscription Agreement is subject to rejection or allotment by the Corporation in whole or in part. If Closing does not occur on or about the Closing Date or such other date as may be agreed to by the Corporation, or in the event that the Corporation rejects this Subscription Agreement, the subscription proceeds will be promptly returned to the Subscriber, without interest or deduction.

Number of Shares Purchased: _____

Total Subscription Price: \$ _____

Name and Address of Subscriber

(Name of Subscriber - please print)

(Subscriber's Address)

by: _____
(Official Capacity or Title - please print)

Authorized Signature

(Telephone Number & Facsimile Number)

(Please print name of individual whose signature appears above if different than the name of the Subscriber printed above.)

(email address)

Details of Beneficial Purchaser (i.e. party for whom the undersigned is contracting, if not the same as the Subscriber identified above). If the Subscriber is signing as agent for a principal and is not deemed to be purchasing as principal pursuant to NI 45-106 (as defined herein) by virtue of being either: (i) a trust company or trust corporation acting on behalf of a fully managed account managed by the trust company or trust corporation; or (ii) a person acting on behalf of a fully managed account managed by it, and in each case satisfying the criteria set forth in NI 45-106, please ensure that Schedule "A" is completed on behalf of such principal.

(Name of Principal – please print)

(Principal's Address)

(if space is inadequate please attach a schedule containing the necessary information)

(Telephone Number)

Subscriber Registration Instructions:

Subscriber Delivery Instructions:

Name

Name

Account reference, if applicable

Account reference, if applicable

Address

Contact Name

Address

Telephone Number

Facsimile Number

Present Ownership of Common Shares

The Subscriber either *[check appropriate box]*:

- owns directly or indirectly, or exercises control or direction over, no common shares of the Corporation or securities convertible into common shares of the Corporation; or
- owns directly or indirectly, or exercises control or direction over, _____ common shares of the Corporation and convertible securities entitling the Subscriber to acquire an additional _____ common shares of the Corporation.

Insider Status

The Subscriber either *[check appropriate box]*:

- is an "Insider" of the Corporation as defined in the *Securities Act* (British Columbia), namely: "Insider" means:
- (a) a director or senior officer of the Corporation;
 - (b) a director or senior officer of a person that is itself an insider or subsidiary of the Corporation;
 - (c) a person that has
 - (i) direct or indirect beneficial ownership of;
 - (ii) control or direction over; or
 - (iii) a combination of direct or indirect beneficial ownership of and of control or direction over;securities of the Corporation carrying more than 10% of the voting rights attached to all the Corporation's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution, or
 - (d) The Corporation itself, if it has purchased, redeemed or otherwise acquired any securities of its own issue, for so long as it continues to hold those securities; or
- is not an Insider of the Corporation.

Member of "Pro Group"

The Subscriber either *[check appropriate box]*:

- is a member of the "Pro Group" as defined in the Policies of the Exchange.
- is not a Member of the Pro Group.

"Pro Group" means:

- (a) Subject to subparagraphs (b), (c) and (d), "Pro Group" will include, either individually or as a group:
 - (i) the member (i.e. a member of the Exchange under the applicable Exchange requirements) (the "**Member**");
 - (ii) employees of the Member;
 - (iii) partners, officers and directors of the Member;
 - (iv) Affiliates (as defined in applicable Exchange policies) of the Member; and
 - (v) Associates (as defined in applicable Exchange policies) of any parties referred to in subparagraphs (i) through (iv).
- (b) The Exchange may, in its discretion, include a person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the person is not acting at arm's length to the Member.
- (c) The Exchange may, in its discretion, exclude a person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the person is acting at arm's length to the Member.
- (d) The Exchange may deem a person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Exchange determines that:
 - (i) the person is an affiliate or associate of the Member acting at arm's length of the Member;
 - (ii) the associate or affiliate has a separate corporate and reporting structure;
 - (iii) there are sufficient controls on information flowing between the Member and the associate or affiliate; and

- (iv) the member maintains a list of such excluded persons.

Corporate Placee Form

The Subscriber, if not an individual, either *[check appropriate box]*:

- has a current Corporate Placee Registration Form on file with the Exchange;
- has completed and returned with this Subscription Agreement a duly executed Corporate Placee Registration Form (Schedule "D" to this Subscription Agreement); or
- will hold less than 5% of the issued and outstanding common shares of the Corporation.

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ACCEPTANCE

The foregoing is acknowledged, accepted and agreed to this _____ day of _____, 2016 on the terms and conditions contained in this Subscription Agreement.

SHOAL GAMES LTD.

Per: _____
Authorized Signing Officer

1. **Defined Terms.**

In addition to the terms defined throughout this Subscription Agreement, the following capitalized terms used in this Subscription Agreement have the following meanings:

"**1933 Act**" means the United States Securities Act of 1933, as amended;

"**Accredited Investor Status Certificate**" means the accredited investor status certificate in the form attached hereto as Schedule "A";

"**Agent**" means Waverley Corporate Financial Service Ltd.;

"**Business Day**" means any day except Saturday, Sunday or a statutory holiday in Vancouver, British Columbia;

"**Closing**" means the closing on the Closing Date of the transaction of purchase and sale of the Shares as contemplated by this Subscription Agreement;

"**Closing Date**" means the date(s) as may be agreed upon by the Corporation, and provided that the Corporation may close the Offering in one or more tranches on one or more Closing Dates;

"**Closing Time**" means 9:00 a.m. (Vancouver time) on the Closing Date or such other time as may be determined by the Corporation;

"**Commissions**" has the meaning ascribed thereto in Section 17 of this Subscription Agreement;

"**Corporation**" has the meaning ascribed thereto on page 2 of this Subscription Agreement;

"**Exchange**" means the TSX Venture Exchange;

"**NI 45-106**" means National Instrument 45-106 – *Prospectus Exemptions*;

"**Offering**" has the meaning ascribed thereto on page 1 of this Subscription Agreement;

"**Public Record**" means, without limitation, information circulars, offering memoranda, material change reports, press releases and any other documents or reports filed by the Corporation with the Exchange and any applicable Canadian securities regulatory authority and available on the Corporation's SEDAR profile located at www.sedar.com during the 24 months preceding the date hereof;

"**Regulation S**" means regulation S adopted by the SEC under the 1933 Act;

"**Reporting Jurisdictions**" means British Columbia and Alberta;

"**Share**" has the meaning ascribed thereto on page 2 of this Subscription Agreement;

"**Securities**" has the meaning ascribed thereto on page 2 of this Subscription Agreement;

"**Securities Laws**" means the securities laws, regulations, rules, rulings and orders and the blanket rulings and policies and written interpretations of, and multilateral or national instruments adopted by, the securities regulators and the policies and rules of any applicable stock exchange or quotation or stock reporting system, including the Exchange;

"**Shoal Games**" has the meaning ascribed thereto on page 2 of this Subscription Agreement;

"**Subscriber**" has the meaning ascribed thereto on page 2 of this Subscription Agreement;

"**Subscription Agreement**" means this subscription agreement and the schedules attached hereto;

"**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"**U.S. Accredited Investor**" means an "accredited investor" as defined in Rule 501(a) of Regulation D;

"**U.S. Accredited Investor Status Certificate**" means the accredited investor status certificate in the form attached hereto as Schedule "B";

"**U.S. Person**" means a U.S. person as that term is defined in Rule 902 of Regulation S; and

"**U.S. Subscriber**" means (a) any person purchasing the Securities in the United States, (b) any U.S. Person, (c) any person purchasing the Securities on behalf of any person in the United States or any U.S. Person, (d) any person that receives or received an offer for the Securities while in the United States, or (e) any person that is in the United States at the time the buy order was made or this Subscription Agreement was executed.

All references herein to monetary amounts are to lawful money of Canada, unless otherwise specified.

Delivery and Payment. The Subscriber agrees to deliver by no later than 5:00 p.m. (Vancouver time) on the day that is two (2) business days prior to the Closing Date, to Suite 409, 221 W. Esplanade, North Vancouver, B.C., V7M 3J3, Attention: Henry Bromley; Email: henry@shoalgames.com, Telephone 604-694-0300, Fax Number 604-694-0301.

- (a) a completed and duly signed copy of this Subscription Agreement;
- (b) if the Subscriber is purchasing the Shares as an "**accredited investor**" as defined in NI 45-106, a duly completed and executed copy of the Accredited Investor Status Certificate in the form attached hereto as Schedule "A", including Exhibit "A" thereto if the Subscriber is an individual;
- (c) if applicable, a duly completed and executed copy of the U.S. Accredited Investor Status Certificate which is attached hereto as Schedule "B";
- (d) if applicable, a duly completed and executed copy of Corporate Placee Registration Form (Form 4C) which is attached hereto as Schedule "C";
- (e) a certified cheque or bank draft or other form of payment in immediately available funds payable to "W.L. Macdonald Law Corporation – In Trust", representing the Total Subscription Price. If you choose to pay the Total Subscription Price by wire transfer, please do so by following the wiring instructions set out in Schedule "D" attached hereto. If closing is to occur by way of "delivery against payment", the Subscriber shall deliver the Total Subscription Price on the Closing Date; and
- (f) all other documents as may be required by the Securities Laws or requested by the Corporation.

The Subscriber acknowledges and agrees that such documents, when executed and delivered by the Subscriber, will form part of and will be incorporated into this Subscription Agreement with the same effect as if each constituted a representation and warranty or covenant of the Subscriber hereunder in favour of the Corporation. The Subscriber consents to the filing of such documents as may be required to be filed with the Securities Commissions and the Exchange in connection with the transactions contemplated hereby.

2. **Closing.** The Closing will be held at the offices of the Corporation's legal counsel, Macdonald Tuskey at Suite 409, 221 W. Esplanade, North Vancouver, B.C., V7M 3J3, or at such other location as the parties may agree in writing, at the Closing Time on the Closing Date, all in accordance with this Subscription Agreement.

It is a condition of Closing that (i) all documents required to be completed and signed in accordance with Section 2 hereof be received prior to the Closing Date, (ii) the Corporation having obtained all necessary approvals and consents and regulatory approvals including the Exchange Acceptance and the Shareholder Approval, and (iii)

the issue and sale of the Shares being exempt from the requirement to file a prospectus and any requirement to deliver an offering memorandum under applicable securities legislation relating to the sale of the Shares, or the Corporation having received such orders, consents or approvals as may be required to permit such sale without the requirement to file a prospectus or deliver an offering memorandum.

3. **Certain Subscriber Acknowledgements.** The Subscriber acknowledges and agrees (on its own behalf and, if applicable, on behalf of each beneficial purchaser for whom the Subscriber is contracting hereunder) with the Corporation (which acknowledgements and agreements shall survive the Closing) that:

- (a) no securities commission, agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to, the Securities;
- (b) the offer, sale and delivery of the Shares is conditional upon such being exempt from the prospectus requirements and any requirement to deliver an offering memorandum in connection with the distribution of the Shares under the Securities Laws or upon the issuance of such orders, consents or approvals as may be required to permit such sale without a prospectus;
- (c) the Securities are subject to resale restrictions under the Securities Laws and the Subscriber (and, if applicable, others for whom it is contracting hereunder) will comply with all relevant Securities Laws concerning any resale of the Securities and will consult with its legal advisors with respect to complying with all restrictions applying to such resale;
- (d) the purchase of the Shares has not been made through or as a result of any general solicitation or general advertising or any seminar or meeting whose attendees have been invited by general solicitation or general advertising and the distribution of the Shares has not been accompanied by any advertisement, including, without limitation, in printed public media, radio, television or telecommunications, including electronic display or as part of a general solicitation;
- (e) no prospectus or offering memorandum within the meaning of the Securities Laws has been delivered to or summarized for or seen by the Subscriber (and, if applicable, others for whom it is contracting hereunder) in connection with the Offering and the Subscriber (and, if applicable, others for whom it is contracting hereunder) is not aware of any prospectus or offering memorandum having been prepared by the Corporation;
- (f) in purchasing the Shares, the Subscriber (and, if applicable, others for whom it is contracting hereunder) has relied solely upon this Subscription Agreement, and not upon any verbal or written representation as to any fact or otherwise made by or on behalf of the Corporation or any employee, agent or affiliate thereof or any other person associated therewith. The Subscriber, on its own behalf and on behalf of others for whom the Subscriber is contracting hereunder, has acknowledged that the decision to purchase the Shares was made on the basis of this Subscription Agreement and the Corporation's counsel are entitled to the benefit of this section;
- (g) the Shares are being offered for sale on a "private placement" basis;
- (h) none of the Securities have been or will be registered under the 1933 Act or the securities laws of any state, and the Securities may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person or a person in the United States unless registered under the 1933 Act and the securities laws of all applicable states or unless an exemption from such registration requirements is available, and the Corporation has no obligation or present intention of filing a registration statement under the 1933 Act in respect of any of the Securities;
- (i) (i) the Subscriber (or, if applicable, others for whom it is contracting hereunder) is solely responsible for obtaining such tax and legal advice as it considers appropriate in connection with

the execution, delivery and performance by it of this Subscription Agreement and the transactions contemplated hereunder (including the resale and transfer restrictions referred to herein); and (ii) the Corporation's counsel is acting as counsel to the Corporation and is not acting as counsel to the Subscriber;

- (j) in accepting this Subscription Agreement, the Corporation is relying upon the representations and warranties and acknowledgements of the Subscriber set out herein including, without limitation, in connection with determining the eligibility of the Subscriber or (if applicable) the eligibility of others on whose behalf the Subscriber is contracting hereunder to purchase Shares under the Securities Laws. The Subscriber hereby agrees to notify the Corporation immediately of any change in any representation, warranty, covenant or other information relating to the Subscriber or the beneficial purchaser contained in this Subscription Agreement which takes place prior to Closing;
- (k) the Securities are subject to the terms, conditions and provisions of this Subscription Agreement (including the schedules hereto) and the constating documents of the Corporation;
- (l) the certificates evidencing the Shares will bear a legend, regarding restrictions on transfer as required pursuant to applicable Securities Laws as set out in Section 7 of this Subscription Agreement;
- (m) the Subscriber consents to the Corporation making a notation on its records or giving instructions to any transfer agent of the Securities, respectively, in order to implement the restrictions on transfer set forth and described herein;
- (n) certain finders will receive finder's fees in connection with this Offering;
- (o) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus under the Securities Laws or other applicable securities legislation and, as a consequence of acquiring Shares pursuant to this exemption, (i) certain protections, rights and remedies provided by the Securities Laws or other applicable securities legislation including statutory rights of rescission or damages, will not be available to the Subscriber, (ii) the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with securities acquired in a private placement, (iii) the Subscriber may not receive information that would otherwise be required to be given under the Securities Laws, and (iv) the Corporation is relieved from certain obligations that would otherwise apply under the Securities Laws; and
- (p) no person has made to the Subscriber any written or oral representations:
 - (i) that any person will resell or repurchase the Subscriber's Securities;
 - (ii) that any person will refund the purchase price of the Subscriber's Securities; or
 - (iii) as to the future price or value of any of the Subscriber's Securities.

4. **Conditions of Closing.** The Subscriber acknowledges and agrees that, as the sale of the Shares will not be qualified by a prospectus, such sale is subject to the condition that the Subscriber (or, if applicable, any others for whom it is contracting hereunder) sign and return to the Corporation all relevant documentation required by the Securities Laws. The Subscriber acknowledges and agrees that the Corporation may be required to provide the Securities Regulators or other authorities pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "**PCMLTFA**") with a list setting forth the identities of the beneficial purchasers of the Shares. Notwithstanding that the Subscriber may be purchasing Shares as agent on behalf of an undisclosed principal, the Subscriber agrees to provide, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation in order to comply with the foregoing.

If conditional acceptance for the Offering is not obtained from the Exchange on or before the Closing Time, the Corporation and the Subscriber will have no further obligations under this Subscription Agreement and will return the Subscription Agreement to the Subscriber.

5. **Acceptance of Offer to Purchase.** The acceptance by the Corporation of the Subscriber's irrevocable offer to purchase the Shares shall constitute an agreement by the Corporation with the Subscriber that the Subscriber shall have, in respect of such Shares, the benefits of the representations, warranties and covenants of the Corporation made by the Corporation, contained in this Subscription Agreement. Such representations, warranties and covenants shall form an integral part of this Subscription Agreement and shall survive the Closing and shall continue in full force and effect for the benefit of the Subscriber for a period of two years after the Closing.

6. **Subscriber's Representations, Warranties, Acknowledgements and Covenants.** The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting hereunder) represents, warrants, acknowledges and covenants, as applicable, to the Corporation and the Agent, as follows and acknowledges that the Corporation and the Agent are relying on such representations, warranties, acknowledgements and covenants in connection with the transactions contemplated in this Subscription Agreement:

- (a) *Authorization and Effectiveness.* If the Subscriber is an individual, he or she is of the full age of majority and has all requisite legal capacity and competence to execute and deliver this Subscription Agreement and to observe and perform its covenants and obligations hereunder, or if the Subscriber is a corporation, the Subscriber is duly incorporated and is a valid and existing corporation, has the necessary corporate capacity and authority to execute and deliver this Subscription Agreement, to subscribe for the Subscriber's Shares and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate action in respect thereof, or, if the Subscriber is a partnership, syndicate or other form of unincorporated organization, the Subscriber has the necessary legal capacity and authority to execute and deliver this Subscription Agreement, to subscribe for the Subscriber's Shares and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof, and, in any case, upon acceptance by the Corporation and the Selling Shareholders, this Subscription Agreement will constitute a legal, valid and binding agreement of the Subscriber enforceable against the Subscriber in accordance with its terms and will not result in a violation of or create a state of facts which, after notice, lapse of time or both, would constitute a default or breach of any of the Subscriber's constituting documents, by-laws or authorizing resolutions (if applicable), any agreement to which the Subscriber is a party or by which the Subscriber is bound or any law applicable to the Subscriber or any judgment, decree, order, statute, rule or regulation applicable to the Subscriber;
- (b) *Residence.* The Subscriber was offered the Subscriber's Shares in, and is a resident of, the jurisdiction referred to under "Name and Address of Subscriber" and/or "Details of Beneficial Subscriber" set out herein on pages two and three respectively, intends that the Securities Laws of that jurisdiction do and shall govern any transaction involving the Subscriber's Shares subscribed for by the Subscriber and that such addresses were not created and are not used solely for the purpose of acquiring the Subscriber's Shares;
- (c) *Private Placement Exemptions.* The Subscriber has properly completed, executed and delivered to the Corporation the certificate (dated as of the date hereof) set forth in Schedule "A" attached hereto and the information contained therein is true and correct and the representations, warranties and covenants contained in the applicable Schedule attached hereto will be true and correct both as of the date of execution of this Subscription Agreement and as at the Closing Time;
- (d) *Purchasing as Principal.* Unless paragraph (h) below applies, the Subscriber is purchasing the Subscriber's Shares as principal (as defined in all applicable Securities Laws) for its own account, and not for the benefit of any other person;

- (e) *Purchasing for Investment Only.* Unless paragraph (g) below applies, the Subscriber is purchasing the Subscriber's Shares for investment only and not with a view to resale or distribution of all or any of the Subscriber's Shares;
- (f) *No Syndication.* Unless paragraph (g) below applies, the Subscriber was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" provided in Schedule "A";
- (g) *Purchasing as Agent or Trustee.*
 - (i) In the case of the purchase by the Subscriber of the Subscriber's Shares as agent or trustee for any principal whose identity is disclosed or identified, each beneficial Subscriber of the Subscriber's Shares for whom the Subscriber is acting, is purchasing its Subscriber's Shares: (1) as principal for its own account and not for the benefit of any other person; (2) for investment only and not with a view to resale or distribution thereof, it pre-existed the Offering and has a bona fide purpose other than investment in the Subscriber's Shares; and (3) the beneficial Subscriber is an "accredited investor" as defined in NI 45-106;
 - (ii) in the case of the purchase by the Subscriber of the Subscriber's Shares as agent or trustee for any principal whose identity is disclosed or identified, the Subscriber is the duly authorized trustee or agent of such disclosed beneficial Subscriber with due and proper power and authority to execute and deliver, on behalf of each such beneficial Subscriber, this Subscription Agreement and all other documentation in connection with the purchase of the Subscriber's Shares hereunder, to agree to the terms and conditions herein and therein set out and to make the representations, warranties, acknowledgements and covenants herein and therein contained, all as if each such beneficial Subscriber were the Subscriber and the Subscriber's actions as trustee or agent are in compliance with applicable law and the Subscriber and each beneficial Subscriber acknowledges that the Corporation and the Selling Shareholders are required by law to disclose to certain regulatory authorities the identity of each beneficial Subscriber of Subscriber's Shares for whom it may be acting; and
 - (iii) in the case of the purchase by the Subscriber of the Subscriber's Shares on behalf of an undisclosed beneficial Subscriber, the Subscriber is deemed under applicable Securities Laws to be purchasing as principal;
- (h) *Broker.* The Subscriber understands that, in connection with the issue and sale of the Shares pursuant to the Offering, the Corporation will pay finder's fees to certain finders in accordance with Exchange policies.
- (i) *Illegal Use of Funds.*
 - a. None of the funds being used to purchase the Subscriber's Shares are to the Subscriber's knowledge proceeds obtained or derived directly or indirectly as a result of illegal activities. The funds being used to purchase the Subscriber's Shares which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (the "PCMLTFA") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of its knowledge (i) none of the funds to be provided by the Subscriber are being tendered on behalf of a person or entity who has not been identified to the Subscriber or have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States or any other jurisdiction; and (ii) it shall promptly notify the Corporation if the

Subscriber discovers that any of such representations cease to be true, and to provide the Corporation with appropriate information in connection therewith;

- b. None of the funds representing the Total Purchase Price which will be advanced by Subscriber to the Corporation hereunder will represent proceeds of crime for the purposes of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the “**PATRIOT Act**”) and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose Subscriber’s name and other information relating to the subscription agreement and Subscriber’s subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act. No portion of the Total Purchase Price to be provided by the Subscriber (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity who has not been identified to or by the Subscriber, and it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true and provide the Corporation with appropriate information in connection therewith;

- (j) *Resale Restrictions.* The Subscriber has been advised to consult its own legal advisors with respect to trading in the Securities and with respect to the resale restrictions imposed by the Securities Laws of the province in which the Subscriber resides and other applicable securities laws, including applicable U.S. securities laws, and acknowledges that no representation has been made respecting the applicable hold periods imposed by such securities laws or other resale restrictions applicable to such securities which restrict the ability of the Subscriber to resell such securities, that the Subscriber is solely responsible to find out what these restrictions are and the Subscriber is solely responsible (and the Corporation is not in any way responsible) for compliance with applicable resale restrictions and the Subscriber is aware that it may not be able to resell such securities except in accordance with limited exemptions under the Securities Laws, limited exemptions under U.S. securities laws and other applicable securities laws;

- (k) *No Purchase or Offer in United States.* Unless the Subscriber has made the representations set forth below in Section 7(l) hereof and has duly completed and executed Schedule "B" attached, the Subscriber:
 - (i) is a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a professional fiduciary organized, incorporated, or (if an individual) resident in the United States;
 - (ii) was not offered the Shares in the United States, at the time the purchase order originated was outside the United States, did not execute or deliver this Subscription Agreement or related documents in the United States, is not purchasing the Shares on behalf of a person in the United States or a U.S. Person as defined in Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States), and confirms that no act, solicitation, conduct or negotiation directly or indirectly in furtherance of the purchase of the Subscriber’s Shares hereunder has occurred in the United States; or
 - (iii) is not a U.S. Person and is not purchasing the Shares on behalf of, or for the account or benefit of, a person in the United States or a U.S. Person; and
 - (iv) has no intention to distribute either directly or indirectly any of the Securities in the United States, except in compliance with the U.S. Securities Act and any applicable state securities laws,

and acknowledges that the Subscriber’s Shares have not been, nor will they be, registered under the U.S. Securities Act or the securities laws of any state, and such securities may not be offered or sold in the

United States except pursuant to registration or unless an exemption from the registration requirements under the U.S. Securities Act and applicable state securities laws is available, and agrees not to offer or sell the Subscriber's Shares in the United States unless registered under the U.S. Securities Act or pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, and the Subscriber further acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Subscriber's Shares;

- (l) *U.S. Subscriber.* If the Subscriber is a U.S. Subscriber, then:
 - (i) the Subscriber understands and acknowledges that the Securities have not been registered under the 1933 Act or any state securities laws and that the sale of the Securities contemplated hereby is being made to a limited number of U.S. Accredited Investors in transactions not requiring registration under the 1933 Act; accordingly the Securities are "restricted securities" within the meaning Rule 144(a)(3) under the 1933 Act;
 - (ii) the Subscriber has no contract, undertaking, agreement or arrangement with any person to sell, transfer or pledge to such person, or anyone else, the Securities or any part thereof, or any interest therein, and has no present plans to enter into any such contract, undertaking, agreement or arrangement;
 - (iii) the Subscriber acknowledges that the Corporation has not and does not intend to file a registration statement under the 1933 Act in respect of the Securities, and the Subscriber acknowledges that there may be substantial restrictions on the transferability of, and that it may not be possible to liquidate its investment readily in, the Securities;
 - (iv) the Subscriber is a U.S. Accredited Investor and acknowledges that it is acquiring the Securities as an investment for its own account or for the account of a U.S. Accredited Investor as to which it exercises sole investment discretion and not with a view to any resale, distribution or other disposition of the Securities in violation of the federal or state securities laws of the United States and the Subscriber has concurrently executed and delivered a certificate in the form attached as Schedule "B" hereto; and
 - (v) the Subscriber understands and agrees that there may be material tax consequences to it of an acquisition, holding or disposition of the Securities. The Corporation give no opinion and make no representation with respect to the tax consequences under United States, state, local or foreign tax law of the acquisition, holding or disposition of such securities, and the Subscriber acknowledges that it is solely responsible for determining the tax consequences of its investment;
- (m) *Corporation or Unincorporated Organization.* If the Subscriber is a corporation or a partnership, syndicate, trust, association, or any other form of unincorporated organization or organized group of persons, the Subscriber was not created or being used solely to permit purchases of or to hold securities without a prospectus in reliance on a prospectus exemption;
- (n) *Absence of Offering Memorandum or Similar Document.* The Subscriber has not received, nor has it requested and does not have any need to receive, any offering memorandum or any other document describing the business and affairs of the Corporation (other than this Subscription Agreement), nor has any document been prepared for delivery to, or review by, prospective Subscribers in order to assist them in making an investment decision in respect of the Shares;
- (o) *Absence of Advertising.* The offering and sale of the Shares to the Subscriber was not made or solicited through, and the Subscriber is not aware of, nor has it purchased the Shares as a result of, any general solicitation or general advertising with respect to this Offering, including advertisements, articles, notices or other communications published in any printed public media, radio, television or telecommunications, including electronic display (such as the Internet,

including but not limited to the Corporation's website), or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

(p) *No Undisclosed Information.*

(i) The Subscriber's Shares are not being purchased by the Subscriber as a result of any material information not in the Public Record concerning the Corporation and the decision of the Subscriber to tender this Subscription Agreement and acquire the Subscriber's Shares has not been made as a result of any oral or written representation as to fact or otherwise made by or on behalf of the Corporation or any other person and is based entirely upon the Public Record;

(ii) The Subscriber has had access to the Public Record and has made such investigations, if any, concerning the Corporation as it has considered necessary so as to make an informed investment decision in connection with an investment in the Shares and it has not received, nor has it requested, nor does it have any need to receive, any other document describing the business and affairs of the Corporation which has been prepared for delivery to, and review by, prospective Subscribers in order to assist them in making an investment decision with respect to the Shares; and

(iii) the Subscriber has relied solely upon this Subscription Agreement and publicly available written information concerning, and issued by, the Corporation and not upon any verbal or other written representation as to fact or otherwise made by or on behalf of the Corporation or any employees or affiliates thereof assume no responsibility or liability of any nature whatsoever for the accuracy or adequacy of the publicly available information upon which the investment decision has been made or as to whether all information concerning the Corporation required to be disclosed by the Corporation has been disclosed.

(q) *Investment Suitability.* The Subscriber has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment hereunder in the Subscriber's Shares and is able to bear the economic risk of total loss of such investment;

(r) *Not a "Control Person".* The Subscriber is not a "control person" of the Corporation, as that term is defined in applicable Securities Laws, and will not become a "control person" of the Corporation by virtue of the purchase of the Subscriber's Shares under this Subscription Agreement and does not act or intend to act in concert with any other person to form a control group in respect of the Corporation;

(s) *Compliance with Resale Restrictions.* The Subscriber fully understands the restrictions on resale on the Securities and will not resell any Securities except in accordance with the provisions of applicable securities laws (including the Securities Laws and U.S. securities laws);

(t) *Other Documents.* The Subscriber will execute and deliver any other documents required by applicable Securities Laws to permit the purchase of the Subscriber's Shares on the terms herein set forth which the Corporation request;

(u) *Personal Information.* The Subscriber acknowledges that this Subscription Agreement requires the Subscriber to provide certain Personal Information to the Corporation and the Selling Shareholders. Such information is being collected and will be used by the Corporation for the purposes of completing the proposed Offering of Shares, which includes, without limitation, determining the Subscriber's eligibility to purchase the Subscriber's Shares under applicable Securities Laws and completing filings required by the Securities Commissions and/or the Exchange. The Subscriber agrees that the Subscriber's Personal Information may be disclosed by the Corporation to: (i) stock exchanges and applicable securities regulatory authorities; (ii) the Corporation's registrar and transfer agent; and (iii) any of the other parties involved in the

proposed Offering, including legal counsel, and may be included in record books in connection with the Offering. By executing this Subscription Agreement, the Subscriber consents to the foregoing collection, use and disclosure of the Subscriber's Personal Information. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in Section 4 hereof as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby; and

- (v) *International Subscribers.* If the Subscriber is a resident of a country other than Canada or the United States (an "**International Jurisdiction**") then in addition to the other representations and warranties contained herein, the Subscriber represents and warrants that:
- (i) the Subscriber is knowledgeable of, or has been independently advised as to, the applicable securities laws of the International Jurisdiction which would apply to this Subscription Agreement, if any;
 - (ii) the Subscriber is purchasing the Subscriber's Shares pursuant to exemptions from the prospectus and registration requirements under the applicable securities laws of that International Jurisdiction or, if such is not applicable, the Subscriber is permitted to purchase the Subscriber's Shares under the applicable securities laws of the International Jurisdiction without the need to rely on an exemption;
 - (iii) the applicable securities laws of the International Jurisdiction do not require the Corporation or the Selling Shareholders to file a prospectus or similar document or to register the Subscriber's Shares or to make any filings or seek any approvals of any kind whatsoever from any regulatory authority of any kind whatsoever in the International Jurisdiction;
 - (iv) the delivery of this Subscription Agreement, the acceptance of it by the Corporation and the issuance of the Subscriber's Shares to the Subscriber complies with all applicable laws of the Subscriber's jurisdiction of residence or domicile and all other applicable laws and will not cause the Corporation or the Selling Shareholders to become subject to or comply with any disclosure, prospectus or reporting requirements under any such applicable laws; and
 - (v) the Subscriber will, if requested by the Corporation, deliver to the Corporation a certificate or opinion of local counsel from the International Jurisdiction which will confirm the matters referred to in subsections (i), (ii), (iii) and (iv) above to the satisfaction of the Corporation, acting reasonably.

The Subscriber acknowledges and agrees that the foregoing representations and warranties are made by it with the intention that they may be relied upon by the Corporation and its counsel in determining the Subscriber's eligibility or (if applicable) the eligibility of others on whose behalf it is contracting hereunder to purchase the Subscriber's Shares under applicable securities laws. The Subscriber further agrees that by accepting delivery of the Subscriber's Shares on the Closing Date, it shall be representing and warranting that the foregoing representations and warranties are true and correct as at the Closing Time with the same force and effect as if they had been made by the Subscriber at the Closing Time and that they shall survive the purchase by the Subscriber of the Subscriber's Shares and shall continue in full force and effect notwithstanding any subsequent disposition by the Subscriber of the Subscriber's Shares. The Subscriber undertakes to notify the Corporation immediately of any change in any representation, warranty or other information relating to the Subscriber set out in this Subscription Agreement which takes place prior to the Closing Time.

7. **Legends.** The Subscriber acknowledges that the certificates representing the Shares, will bear the following legend:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THIS SECURITY BEFORE [THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE]"

and may also bear the following legend:

"WITHOUT PRIOR WRITTEN APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE]."

Additionally, if the Subscriber is a U.S. Person, the certificates representing the Shares will bear a legend in substantially the following form:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT IF APPLICABLE, (C) INSIDE THE UNITED STATES (1) PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (2) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND THE HOLDER, PRIOR TO SUCH SALE PURSUANT TO (C)(1) OR (2), HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION. PROVIDED THAT IF THE CORPORATION IS A "FOREIGN ISSUER" AS THAT TERM IS DEFINED BY REGULATION S OF THE U.S. SECURITIES ACT AT THE TIME OF SALE, A NEW CERTIFICATE BEARING NO RESTRICTIVE LEGEND, DELIVERY OF WHICH WILL CONSTITUTE "GOOD DELIVERY", MAY BE OBTAINED FROM THE TRANSFER AGENT, UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN FORM SATISFACTORY TO THE CORPORATION AND ITS TRANSFER AGENT, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE 1933 ACT."

8. **Corporation's Representations, Warranties and Covenants.** The Corporation hereby represents, warrants, covenants and agrees with the Subscriber and the Agent as follows:

- (a) the Corporation will promptly comply with all filing and other requirements under all applicable Securities Laws in connection with the Offering;
- (b) on the Closing Date, the Corporation will have taken all necessary steps to duly and validly create and issue the Shares;
- (c) the Corporation shall use its commercially reasonable efforts to maintain its status as a "reporting issuer" in, not in default of any requirement of the Securities Laws of, the Reporting Jurisdictions for a period of at least 24 months after the Closing Date;

- (d) for a period of at least 24 months after the Closing Date, the Corporation shall use its commercially reasonable efforts to remain a corporation validly subsisting under the laws of its jurisdiction of existence, licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of its properties owned or leased or the nature of the activities conducted by it make such licensing, registration or qualification necessary and shall carry on its business in the ordinary course and in compliance in all material respects with all applicable laws, rules and regulations of each such jurisdiction;
- (e) the Corporation shall use its commercially reasonable efforts to maintain the listing on the Exchange of the common shares in the capital of the Corporation for a period of at least 24 months after the Closing Date. The Corporation shall obtain from the Exchange, not later than the Closing Date, approval to issue the Securities; and
- (f) the Corporation shall provide such information as the Subscriber may reasonably request to enable the Subscriber to comply with the terms and conditions of any exemptive order or ruling obtained by the Subscriber from any applicable regulatory authority.
- (g) The Corporation has been duly incorporated and organized and is a valid and subsisting company under the laws of Anguilla, British West Indies, and is duly qualified to carry on business in Anguilla, British West Indies and in each other jurisdiction, if any, wherein the carrying out of the activities contemplated makes such qualifications necessary.
- (h) The Shares will, upon issue and delivery, be validly issued as fully paid and non-assessable upon receipt by the Corporation of full payment therefor.
- (i) The Corporation has filed all forms, reports, documents and information required to be filed by it, whether pursuant to applicable securities laws or otherwise, with the Exchange (or one of its predecessors) or the applicable securities regulatory authorities (the "Disclosure Documents"). As of the time the Disclosure Documents were filed with the applicable securities regulators and on SEDAR (System for Electronic Document Analysis and Retrieval) (or, if amended or superseded by a filing prior to the date of this Subscription Agreement, then on the date of such filing): (i) each of the Disclosure Documents complied in all material respects with the requirements of the applicable securities laws; and (ii) none of the Disclosure Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (j) The financial statements of the Corporation contained in the Disclosure Documents: (i) complied as to form in all material respects with the published rules and regulations under the applicable securities laws; (ii) were reported in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, as the case may be; and (iii) present fairly the consolidated financial position of the Corporation and its subsidiaries, if any, as of the respective dates thereof and the consolidated results of operations of the Corporation and its subsidiaries, if any, for the periods covered thereby.
- (k) There is no "material fact" or "material change" (as those terms are defined in applicable securities legislation) in the affairs of the Corporation that has not been generally disclosed to the public.
- (l) The Corporation has the full corporate right, power and authority to execute this Subscription Agreement, and to issue the Shares to the Subscriber pursuant to the terms of this Subscription Agreement.
- (m) This Subscription Agreement constitutes a binding and enforceable obligation of the Corporation, enforceable in accordance with its terms.

9. **Acknowledgements.** The Subscriber acknowledges and agrees that the foregoing representations and warranties are made by it with the intention that they may be relied upon by the Corporation and its legal counsel in determining its eligibility or (if applicable) the eligibility of others on whose behalf it is contracting hereunder to purchase the Shares under applicable securities legislation. The Subscriber further agrees that by issuance of the Shares on the Closing Date, the Subscriber shall be representing and warranting that the foregoing representations and warranties are true and correct as at the Closing Time with the same force and effect as if they had been made by the Subscriber at the Closing Time and that they shall survive the purchase by the Subscriber of the Shares and still continue in full force and effect notwithstanding any subsequent disposition by the Subscriber of the Securities. The Corporation and its respective legal counsel shall be entitled to rely on the representations and warranties of the undersigned contained in this Subscription Agreement.

10. **Indemnity.** The Subscriber and each beneficial purchaser, if any, agrees to indemnify and hold harmless the Corporation, the Selling Shareholders and the Underwriters and their respective directors, officers, employees, agents, advisers, shareholders, unitholders and affiliates from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Subscriber or beneficial purchaser contained herein or in any document furnished by the Subscriber to the Corporation, the Selling Shareholders or the Underwriters in connection herewith being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the Subscriber to the Corporation, the Selling Shareholders or the Underwriters in connection herewith.

11. **Finder's Fees.** The Subscriber understands that, in connection with the issue and sale of the Shares pursuant to the Offering, the Corporation may pay finder's fees to certain finders in accordance with Exchange policies.

12. **Delivery of Securities.** If and to the extent physical certificates are delivered, the Subscriber hereby authorizes and directs the Corporation to deliver certificates, representing the Shares to be issued to such Subscriber pursuant to this Subscription Agreement to the residential or business address indicated in this subscription.

13. **Acceptance or Rejection of Subscription.** The Corporation will have the right, in its sole discretion, to accept or reject this Subscription Agreement in whole or in part at any time at or prior to the Closing Time. The Subscriber acknowledges and agrees that the acceptance of this offer will be conditional upon the issue and sale of the Subscriber's Shares to the Subscriber being exempt from any prospectus or offering memorandum requirements of the Securities Laws and the equivalent provisions of securities laws of any other applicable jurisdiction. If this Subscription Agreement is rejected in its entirety, the Subscriber and each beneficial purchaser, if any, for whom the Subscriber is acting as agent or trustee, understands that any funds, certified cheques and bank drafts delivered by the Subscriber to the Corporation or its legal counsel representing the total Purchase Price for the Subscriber's Shares will be returned promptly to the Subscriber without interest or deduction. If this Subscription Agreement is accepted only in part, the Subscriber understands that a cheque representing the portion of the Purchase Price for that portion of its subscription for the Subscriber's Shares that is not accepted will be promptly delivered to the Subscriber without interest or deduction.

14. **No Revocation.** The Subscriber agrees that this Subscription Agreement is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber without the consent of the Corporation. Further, the Subscriber expressly waives and releases the Corporation from all rights of withdrawal or rescission to which the Subscriber might otherwise be entitled pursuant to the Securities Laws or otherwise at law.

15. **Costs.** All costs and expenses incurred by the Subscriber (including any fees and disbursements of any special counsel obtained by the Subscriber) relating to the sale of the Shares to the Subscriber shall be borne by the Subscriber.

16. **Execution of Subscription Agreement.** The Corporation, shall be entitled to rely on delivery of a PDF copy of executed subscriptions, and acceptance by the Corporation of such PDF subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. If less than a complete copy of this Subscription Agreement is delivered to the Corporation on Closing, the Corporation shall be entitled to assume that the Subscriber accepts and agrees with all terms and conditions of this Subscription Agreement on pages not delivered at Closing unaltered. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

17. **Collection of Personal Information.** The Subscriber acknowledges and consents to the fact that the Corporation is collecting the Subscriber's personal information for the purpose of fulfilling this Subscription Agreement and completing the Offering. The Subscriber's personal information (and, if applicable, the personal information of those on whose behalf the Subscriber is contracting hereunder) may be disclosed by the Corporation to (a) stock exchanges, including the Exchange, or securities regulatory authorities (including the Ontario Securities Commission as referred to below), (b) the Corporation's registrar and transfer agent registrar and transfer agent, (c) Canadian tax authorities, (d) authorities pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and (e) any of the other parties involved in the Offering, including legal counsel, and may be included in record books in connection with the Offering. By executing this Subscription Agreement, the Subscriber is deemed to be consenting to the foregoing collection, use and disclosure of the Subscriber's personal information (and, if applicable, the personal information of those on whose behalf the Subscriber is contracting hereunder) and to the retention of such personal information for as long as permitted or required by law or business practice. Notwithstanding that the Subscriber may be purchasing Shares as agent on behalf of an undisclosed principal, the Subscriber agrees to provide, on request, particulars as to the nature and identity of such undisclosed principal, and any interest that such undisclosed principal has in the Corporation all as may be required by the Corporation in order to comply with the foregoing.

Furthermore, the Subscriber is hereby notified that:

- (a) the Corporation may deliver to any securities commission having jurisdiction over the Corporation, the Subscriber or this subscription, including the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission (collectively, the "**Commissions**") certain personal information pertaining to the Subscriber, including such Subscriber's full name, residential address and telephone number, the number of shares or other securities of the Corporation owned by the Subscriber, the number of Shares purchased by the Subscriber and the total purchase price paid for such Shares, the prospectus exemption relied on by the Corporation and the date of distribution of the Shares,
- (b) such information is being collected indirectly by the Commissions under the authority granted to them in securities legislation,
- (c) such information is being collected for the purposes of the administration and enforcement of the securities laws, and
- (d) the Subscriber may contact the following public official in Ontario with respect to questions about the Ontario Securities Commission's indirect collection of such information at the following address and telephone number:

Administrative Assistant to the Director of Corporate Finance
Ontario Securities Commission
Suite 1903, Box 55, 20 Queen Street West
Toronto, Ontario, M5H 3S8
Telephone: (416) 593-8086

18. **Anti-Money Laundering Legislation.** In order to comply with legislation aimed at the prevention of money laundering, the Corporation may require additional information concerning investors from time to time and the Subscriber agrees to provide all such information. The Subscriber acknowledges that if, as a result of any

information or other matter which comes to the attention of the Corporation, any director, officer or employee of the Corporation or any investment advisor, or their respective professional advisors, knows or suspects that an investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by Canadian law or otherwise.

19. **Consent.** By executing this Subscription Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of each beneficial purchaser on whose behalf the Subscriber is acting) acknowledges and expressly consents to:

- (a) the disclosure of Personal Information by the Corporation to the Exchange (as described in Exchange Appendix 6A, a copy of which is attached as Schedule "D") pursuant to Form 4B; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time.

For the purposes of this Section 19, "Personal Information" means any information about the Subscriber.

20. **Governing Law.** The contract arising out of this Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

21. **Survival of Representations and Warranties.** The covenants, representations and warranties contained herein shall survive the Closing and continue in full force and effect for a period of two years following the Closing.

22. **Assignment.** The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Subscriber and the Corporation and their respective heirs, executors, administrators, successors and assigns; provided however, that: (a) this Subscription Agreement may not be assigned by the Subscriber without the consent of the Corporation, in its discretion, other than the assignment by a Subscriber who is acting as nominee or agent to the beneficial owner. The benefits and the obligations of this Subscription Agreement, insofar as they apply to the Subscriber, shall pass with any assignment or transfer of the Securities.

23. **Entire Agreement and Headings.** Except as otherwise stated herein, this Subscription Agreement (including the schedules hereto) constitutes the entire agreement between the Subscriber and the Corporation relating to the subject matter hereof and there are no representations, warranties, covenants, understandings or other agreements relating to the subject matter hereof except as stated or referred to herein. This Subscription Agreement may be amended or modified in any respect by written instrument only. The headings contained herein are for convenience only and shall not affect the meanings or interpretation hereof.

24. **Effective Date.** The Subscription Agreement is intended to and shall take effect on the date it has been accepted by the Corporation.

25. **Time of Essence.** Time shall be of the essence of this Subscription Agreement.

26. **Language.** It is the express wish of the Subscriber that the Subscription Agreement and any related documentation be drawn up in English only. Il est de la volonté expresse du souscripteur que la convention de souscription ainsi que tout document connexe soient rédigés en langue anglaise uniquement.

27. **Currency.** All dollar amounts referred to in this Subscription Agreement are in Canadian dollars.

SCHEDULE "A"

ACCREDITED INVESTOR STATUS CERTIFICATE

The categories listed herein contain certain specifically defined terms. If you are unsure as to the meanings of those terms, or are unsure as to the applicability of any category below, please contact your broker and/or legal advisor before completing this certificate.

In connection with the purchase by the undersigned Subscriber of the Subscriber's Shares, the Subscriber, on its own behalf and on behalf of each of the beneficial purchasers for whom the Subscriber is acting, hereby represents, warrants, covenants and certifies to the Corporation (and acknowledges that the Corporation and its counsel are relying thereon) that:

- (a) the Subscriber, or each of the beneficial purchasers for whom the Subscriber is acting, is purchasing the Subscriber's Shares as principal for its own account and not for the benefit of any other person;
- (b) the Subscriber, or each of the beneficial purchasers for whom the Subscriber is acting, is an "accredited investor" within the meaning of NI 45-106 on the basis that the undersigned fits within the category of an "accredited investor" reproduced below beside which the undersigned has indicated the undersigned belongs to such category;
- (c) upon execution of this Schedule "A", including if applicable Exhibit "A" attached hereto, by the Subscriber, this Schedule "A" shall be incorporated into and form a part of the Subscription Agreement.

(PLEASE CHECK THE BOX OF THE APPLICABLE CATEGORY OF ACCREDITED INVESTOR)

- (a) except in Ontario, a Canadian financial institution, or a Schedule III bank;
- (a.1) in Ontario, a financial institution that is (i) a bank listed in Schedule I, II or III of the *Bank Act* (Canada); (ii) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473(1) of the *Securities Act* (Ontario); or (iii) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be;
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- (c) a subsidiary of any person or company referred to in paragraphs (a), (a.1) or (b), if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;

- (d) a person or company registered under the securities legislation of a jurisdiction (province or territory) of Canada as an adviser or dealer, except as otherwise prescribed by the regulations;
- (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- (f) the Government of Canada or a jurisdiction (province or territory) of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction (province or territory) of Canada;
- (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction (province or territory) of Canada;
- (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds \$1,000,000;
- (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000;
- (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;
- (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;
- (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;
- (n) an investment fund that distributes or has distributed its securities only to (i) a person that is or was an accredited investor at the time of the distribution, (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [*Minimum amount investment*] or 2.19 [*Additional investment in investment funds*] of NI 45-106, or (iii) a person described in sub-paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [*Investment fund reinvestment*] of NI 45-106;

- (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;
- (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;
- (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;
- (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

For the purposes hereof, the following definitions are included for convenience:

- (a) "bank" means a bank named in Schedule I or II of the *Bank Act* (Canada);
- (b) "Canadian financial institution" means (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (c) "company" means any corporation, incorporated association, incorporated syndicate or other incorporated organization;

- (d) “financial assets” means (i) cash, (ii) securities, or (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (e) “fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;
- (f) “investment fund” has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- (g) “person” includes
 - (i) an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons whether incorporated or not, and
 - (iv) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative.
- (h) “related liabilities” means (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or (ii) liabilities that are secured by financial assets;
- (i) “Schedule III bank” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (j) “spouse” means, an individual who, (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual, (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or (iii) in Alberta, is an individual referred to in paragraph (i) or (ii), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and
- (k) “subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

In NI 45-106 a person or company is considered to be an affiliated entity of another person or company if one is a subsidiary entity of the other, or if both are subsidiary entities of the same person or company, or if each of them is controlled by the same person or company.

In NI 45-106 a person (first person) is considered to control another person (second person) if (a) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation, (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

In NI 45-106 a trust company or trust corporation described in paragraph (p) above of the definition of “accredited investor” (other than in respect of a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada) is deemed to be purchasing as principal.

In NI 45-106 a person described in paragraph (q) above of the definition of “accredited investor” is deemed to be purchasing as principal.

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the Closing Time. If any such representations shall not be true and accurate prior to the Closing Time, the undersigned shall give immediate written notice of such fact to the Corporation prior to the Closing Time.

Dated: _____

Signed: _____

Witness (If Subscriber is an Individual)

Print the name of Subscriber

Print Name of Witness

If Subscriber is not an Individual,
print name and title of Authorized Signing Officer

EXHIBIT “A” TO SCHEDULE “A”

Risk Acknowledgement Form for Individual Accredited Investors

WARNING TO INVESTORS

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER	
1. About your investment	
Type of securities: Common Shares	Issuer: SHOAL GAMES LTD.
Purchased from: SHOAL GAMES LTD.	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE SUBSCRIBER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	Your Initials
Risk of loss - You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
Liquidity risk - You may not be able to sell your investment quickly - or at all.	
Lack of information - You may receive little or no information about your investment.	
Lack of advice - You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	
3. Accredited investor status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your initials
• Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)	
• Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
• Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	

<ul style="list-style-type: none"> Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.) 		
4. Your name and signature		
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.		
First and last name (please print):		
Signature:		Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON		
5. Salesperson information		
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the Subscriber with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>		
First and last name of salesperson (please print):		
Telephone:		Email:
Name of firm (if registered):		
SECTION 6 TO BE COMPLETED BY THE ISSUER		
6. For more information about this investment		
SHOAL GAMES LTD. 1405 – 1166 Alberni Street Vancouver, BC Canada V6E 3Z3 Attention: Henry Bromley, CFO Tel: 604-694-0300 Fax: 604-694-0301 Email: henry@shoalgames.com For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.		

SCHEDULE "B"

U.S. ACCREDITED INVESTOR STATUS CERTIFICATE

Capitalized terms used in this Certificate and not specifically defined have the meaning ascribed to them in the Subscription Agreement between the Subscriber and the Issuer to which this Schedule "B" is attached.

This Certificate applies only to persons that are U.S. Subscribers. A "U.S. Subscriber" is (a) any "U.S. person" as defined in Regulation S under the 1933 Act, (b) any person purchasing the Shares on behalf of any "U.S. Person", (c) any person that receives or received an offer of the Shares while in the United States, (d) any person that is in the United States at the time the purchaser's buy order was made or this Agreement was executed or delivered. "U.S. person" includes but is not limited to (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any partnership or corporation organized outside the United States by a U.S. person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts; or (iv) any estate or trust of which any executor or administrator or trustee is a U.S. person.

The Subscriber understands and agrees that none of the Securities have been or will be registered under the 1933 Act, or applicable state, provincial or foreign securities laws, and the Securities are being offered and sold to the Subscriber in reliance upon the exemption provided in Section 4(2) of the 1933 Act and Rule 506 of Regulation D under the 1933 Act for non-public offerings. The Shares are being offered and sold within the United States only to "accredited investors" as defined in Rule 501(a) of Regulation D. The Shares offered hereby are not transferable except in accordance with the restrictions described herein.

The Subscriber represents, warrants, covenants and certifies (which representations, warranties, covenants and certifications shall survive the Closing) to the Issuer (and acknowledges that the Issuer is relying thereon) that:

1. it is not resident in British Columbia;
2. it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Securities and it is able to bear the economic risk of loss of its entire investment;
3. the Issuer has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and it has had access to such information concerning the Issuer as it has considered necessary or appropriate in connection with its investment decision to acquire the Securities;
4. it is acquiring the Securities for its own account, for investment purposes only and not with a view to any resale, distribution or other disposition of the Securities in violation of the United States securities laws;
5. it (i) has adequate net worth and means of providing for its current financial needs and possible personal contingencies, (ii) has no need for liquidity in this investment, and (iii) is able to bear the economic risks of an investment in the Securities for an indefinite period of time;

6. if the Subscriber is an individual (that is, a natural person and not a corporation, partnership, trust or other entity), then it satisfies one or more of the categories indicated below (**please place an “X” on the appropriate lines**):

_____ a natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of purchase exceeds US \$1,000,000, calculated by (i) not including the person’s primary residence as an asset; (ii) not including indebtedness that is secured by the person’s primary residence, up to the estimated fair market value of the primary residence at the time of the sale of the securities as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) including indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of the securities as a liability,

_____ a natural person who had an individual income in excess of US \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of US \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year, or

_____ a director or executive officer of the Issuer;

7. if the Subscriber is a corporation, partnership, trust or other entity), then it satisfies one or more of the categories indicated below (**please place an “X” on the appropriate lines**):

_____ an organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the securities, with total assets in excess of US \$5,000,000,

_____ a “bank” as defined under Section (3)(a)(2) of the 1933 Act or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the 1933 Act acting in its individual or fiduciary capacity; a broker dealer registered pursuant to Section 15 of the *Securities Exchange Act of 1934* (United States); an insurance company as defined in Section 2(13) of the 1933 Act; an investment company registered under the *Investment Company Act of 1940* (United States) or a business development company as defined in Section 2(a)(48) of such Act; a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the *Small Business Investment Act of 1958* (United States); a plan with total assets in excess of \$5,000,000 established and maintained by a state, a political subdivision thereof, or an agency or instrumentality of a state or a political subdivision thereof, for the benefit of its employees; an employee benefit plan within the meaning of the *Employee Retirement Income Security Act of 1974* (United States) whose investment decisions are made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000, or, if a self-directed plan, whose investment decisions are made solely by persons that are accredited investors,

_____ a private business development company as defined in Section 202(a)(22) of the *Investment Advisers Act of 1940* (United States),

_____ a trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the 1933 Act, or

_____ an entity in which all of the equity owners satisfy the requirements of one or more of the categories set forth in Section 5 of this Questionnaire;

8. it has not purchased the Securities as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, internet, television or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
9. if the Subscriber decides to offer, sell or otherwise transfer any of the Securities, it will not offer, sell or otherwise transfer any of such Securities directly or indirectly, unless:
 - (a) the sale is to the Issuer,
 - (b) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the 1933 Act and in compliance with applicable local laws and regulations in which such sale is made;
 - (c) the sale is made pursuant to the exemption from the registration requirements under the 1933 Act provided by Rule 144 thereunder and in accordance with any applicable state securities or “blue sky” laws, or

- (d) the Securities are sold in a transaction that does not require registration under the 1933 Act or any applicable state laws and regulations governing the offer and sale of securities, and
 - (e) it has prior to such sale pursuant to subsection (c) or (d) furnished to the Issuer an opinion of counsel of recognized standing reasonably satisfactory to the Issuer, to such effect;
10. it understands and acknowledges that upon the issuance thereof, and until such time as the same is no longer required under the applicable requirements of the 1933 Act or applicable U.S. state laws and regulations, the certificates representing the Securities, and all securities issued in exchange therefor or in substitution thereof, will bear a legend (in addition to the legends required by Canadian securities laws and the TSX Venture Exchange) in substantially the following form:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”). THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF SHOAL GAMES LTD. (THE “ISSUER”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT OR (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE ISSUER AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

Delivery of certificates bearing such a legend may not constitute “good delivery” in settlement of transactions on Canadian stock exchanges or over-the-counter markets. If the Issuer is a “foreign issuer” with no “substantial U.S. market interest” (all within the meaning of Regulation S under the 1933 Act) at the time of sale, a new certificate, which will constitute “good delivery”, will be made available to the purchaser upon provision by the Subscriber of a declaration together with such other evidence of the availability of an exemption as the Issuer or its transfer agent may reasonably require.

11. it understands and agrees that there may be material tax consequences to the Subscriber of an acquisition or disposition of the Securities. The Issuer gives no opinion and makes no representation with respect to the tax consequences to the Subscriber under United States, state, local or foreign tax law of the undersigned’s acquisition or disposition of such Securities, in particular, no determination has been made whether the Issuer will be a “passive Foreign investment company” (“**PFIC**”) within the meaning of Section 1291 of the United States Internal Revenue Code;
12. it understands and agrees that the financial statements of the Issuer have been prepared in accordance with International Financial Reporting Standards, which differ from United States

generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;

13. it consents to the Issuer making a notation on its records or giving instructions to any transfer agent of the Issuer in order to implement the restrictions on transfer set forth and described in this Certification and the Agreement;
14. it is resident in the United States of America, its territories and possessions or any state of the United States or the District of Columbia (collectively the “**United States**”), is a “U.S. Person” as such term is defined in Regulation S of the 1933 Act or was in the United States at the time the securities were offered or the Agreement was executed;
15. it understands that the Issuer has no obligation to register any of the Securities or to take action so as to permit sales pursuant to the 1933 Act (including Rule 144 thereunder); and
16. it understands and acknowledges that the Issuer is not obligated to remain a “foreign issuer”.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK. THE NEXT PAGE IS
THE SIGNATURE PAGE]

The Subscriber undertakes to notify the Issuer immediately of any change in any representation, warranty or other information relating to the Subscriber set forth herein which takes place prior to the closing time of the purchase and sale of the Securities.

Dated _____, 2016.

X

Signature of individual (if Subscriber is an individual)

X

Authorized signatory (if Subscriber is not an individual)

Name of Subscriber (please print)

Name of authorized signatory (please print)

SCHEDULE "C"

RISK ACKNOWLEDGEMENT FORM

**Risk Acknowledgement under BCI 32-513
*Registration exemption for trades
in connection with certain prospectus-exempt distributions***

Name of Issuer: SHOAL GAMES LTD.

Name of Seller: _____

I acknowledge that

- the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
- the person selling me these securities does not act for me;
- this is a risky investment and I could lose all my money;
- the person selling me these securities has not provided financial services to me other than in connection with a Prospectus-Exempt Distribution;
- the person selling me these securities does not hold or have access to my assets;
- I am investing entirely at my own risk.

Date

Signature of Subscriber

Print name of Subscriber

Name of salesperson acting on behalf of seller

Sign two copies of this document. Keep one copy for your records.

National Instrument 45-106 *Prospectus Exemptions* may require you to sign an additional risk acknowledgement form. If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered adviser or dealer.

SCHEDULE "D"



FORM 4C

CORPORATE PLACEE REGISTRATION FORM

This Form will remain on file with the Exchange and must be completed if required under section 4(b) of Part II of Form 4B. The corporation, trust, portfolio manager or other entity (the "Placee") need only file it on one time basis, and it will be referenced for all subsequent Private Placements in which it participates. If any of the information provided in this Form changes, the Placee must notify the Exchange prior to participating in further placements with Exchange listed Issuers. If as a result of the Private Placement, the Placee becomes an Insider of the Issuer, Insiders of the Placee are reminded that they must file a Personal Information Form (2A) or, if applicable, Declarations, with the Exchange.

1. Placee Information:
 - (a) Name: _____
 - (b) Complete Address: _____
 - (c) Jurisdiction of Incorporation or Creation: _____

2.
 - (a) Is the Placee purchasing securities as a portfolio manager: (Yes/No)? _____
 - (b) Is the Placee carrying on business as a portfolio manager outside of Canada: (Yes/No)? _____

3. If the answer to 2(b) above was "Yes", the undersigned certifies that:
 - (a) it is purchasing securities of an Issuer on behalf of managed accounts for which it is making the investment decision to purchase the securities and has full discretion to purchase or sell securities for such accounts without requiring the client's express consent to a transaction;
 - (b) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a "portfolio manager" business) in _____ [jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;
 - (c) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;
 - (d) the total asset value of the investment portfolios it manages on behalf of clients is not less than \$20,000,000; and
 - (e) it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing.

4. If the answer to 2(a). above was "No", please provide the names and addresses of Control Persons of the Placee:

Name *	City	Province or State	Country

* If the Control Person is not an individual, provide the name of the individual that makes the investment decisions on behalf of the Control Person.

5. Acknowledgement - Personal Information and Securities Laws

- (a) "Personal Information" means any information about an identifiable individual, and includes information contained in sections 1, 2 and 4, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (i) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to this Form; and
 - (ii) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.
- (b) The undersigned acknowledges that it is bound by the provisions of applicable Securities Law, including provisions concerning the filing of insider reports and reports of acquisitions.

Dated and certified (if applicable), acknowledged and agreed, at _____
on _____

(Name of Purchaser - please print)

(Authorized Signature)

(Official Capacity - please print)

(Please print name of individual whose signature appears above)

THIS IS NOT A PUBLIC DOCUMENT

**APPENDIX 6A
ACKNOWLEDGEMENT – PERSONAL INFORMATION**

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the TSX Venture Exchange (collectively referred to as "the Exchange") collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant,
- to consider the eligibility of the Issuer or Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed:

- (a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and
- (b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers.

SCHEDULE "E"

**INSTRUCTIONS FOR WIRING FUNDS TO
W.L. MACDONALD LAW CORPORATION**

CAD Trust Account:

BMO Bank of Montreal
595 Burrard Street, Vancouver, BC V7X 1L7

Account Name: W.L. Macdonald Law Corporation
Institution #: 001
Branch/Transit: 00040
Account ID: 00041748699
Swift Code: BOFMCAM2
Routing #: CC000100040

USD Trust Account:

BMO Bank of Montreal
595 Burrard Street, Vancouver, BC V7X 1L7

Account Name: W.L. Macdonald Law Corporation
Institution #: 001
Branch/Transit: 00040
Account ID: 00044641570
Swift Code: BOFMCAM2
Routing #: CC000100040

**PLEASE ALSO INSTRUCT YOUR BANKER TO QUOTE
YOUR NAME AND REFERENCE "SHOAL GAMES LTD."**

**PLEASE ENSURE THAT APPLICABLE WIRE FUNDS FOR YOUR BANK AND \$15.00 FOR
THE RECEIVING BANK'S WIRE CHARGES ARE ADDED TO YOUR WIRED
SUBSCRIPTION AMOUNT.**