

## SHOAL GAMES LTD.

### NOTICE TO NON-U.S. RESIDENT SHAREHOLDERS REQUIRING EXEMPTIONS TO PARTICIPATE IN RIGHTS OFFERING

July 15 2016

Dear Shareholder:

On June 30, 2016, Shoal Games Ltd. (the "**Company**") issued a press release providing details of the Company's rights offering (the "**Rights Offering**") to the holders of its common shares ("**Common Shares**") of record at the close of business on July 5, 2016 (the "**Record Date**"). Pursuant to the Rights Offering, each holder of Common Shares (a "**Shareholder**") will receive one transferable right (each, a "**Right**") for each Common Share held as of the Record Date. Details of the Rights Offering are described in the Company's rights offering circular dated July 22, 2016 (the "**Circular**"), a copy of which may be obtained under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website [www.shoalgames.com](http://www.shoalgames.com).

Rights are evidenced by transferable rights certificates (the "**Rights Certificates**"). Ten Rights plus the sum of \$0.60 (the "**Subscription Price**") are required to subscribe for one additional Common Share on or before August 16, 2016 (the "**Basic Subscription Privilege**"). However, the Subscription Price escalates during the term of the Rights offering. In order to acquire Common Shares at the lowest price holders of Rights must exercise their Rights prior to August 16, 2016. Holders of Rights who wait and exercise their Rights after August 16, 2016 but on or before September 16, 2016 will be required to pay an escalated Subscription Price of \$0.65 for each Common Share. Holders of Rights who wait and exercise their Rights after September 16, 2016 but before the Expiry Time for the Rights Offering, which is 4:00 pm EST on October 11, 2016, will be required to pay the highest Subscription Price of \$0.70 for each Common Share. No fractional securities will be issued. **Any holder of Rights who exercises all of their Rights has the privilege of subscribing for additional Common Shares at the same Subscription Price paid on exercise of their Rights (the "Additional Subscription Privilege") without having to purchase additional Rights.**

Rights Certificates are not being mailed to Shareholders resident outside of Canada (the "**Eligible Jurisdiction**"), unless such Shareholders are able to establish to the satisfaction of the Company on or before September 30, 2016 that they are eligible to participate in the Rights Offering.

As a Shareholder whom the Company believes is, or may be, resident in a jurisdiction that is not an Eligible Jurisdiction (a "**Shareholder Requiring Exemption**"), you are being sent an exempt purchaser status certificate (the "**Exempt Purchaser Status Certificate**"), a copy of which is enclosed.

If you wish to participate in the Rights Offering, you must execute and return to the Company the Exempt Purchaser Status Certificate **on or before September 30, 2016** to confirm your eligibility to participate in the Rights Offering and provide all further information or documentation that the Company may require, in its sole discretion. The Company, in its sole discretion, will determine your eligibility to participate in the Rights Offering. Once your eligibility to participate in the Rights Offering is confirmed, Computershare Investor Services Inc., the subscription agent retained by the Company in connection with the Rights Offering (the "**Subscription Agent**"), will forward to you a Rights Certificate evidencing the number of Rights you are entitled to. As stated in the second paragraph above, the exercise price of the Rights escalates over the term of the Rights Offering. In order to acquire Rights at the lowest price they must be exercised by August 16, 2016. The exercise price then escalates to \$0.65 per share after August 16, 2016 but on or before September 16, 2016 and after September 16, 2016 it escalates again to \$0.70 per share until the Rights expire on October 11, 2016.

If you do not satisfy the Company of your eligibility to participate in the Rights Offering on or before the various dates as described above or at the latest September 30, 2016, the Subscription Agent will attempt, on a best efforts basis, to sell your Rights on the TSX Venture Exchange prior to the Expiry Time. The Subscription Agent's ability to sell the Rights, and the prices obtained for the Rights, are dependent on market conditions. The Subscription Agent will not be subject to any liability for failure to sell any Rights held for the benefit of Shareholders Requiring Exemptions at any particular price or prices, or at all. The proceeds received by the Subscription Agent, if any, from the sale of the Rights, net of any applicable costs, expenses and taxes will be divided among the Shareholders Requiring Exemption on a *pro rata* basis according to the total number of Common Shares held by them on the Record Date. The Subscription Agent will mail cheques to the Shareholders Requiring Exemptions at their addresses appearing in the records of the Subscription Agent for their respective proportions of those net proceeds, subject to any applicable taxes which must be withheld for particular Shareholders Requiring Exemptions. The Subscription Agent will not be required to make any such payment to any Shareholder Requiring Exemption if the amount owing to such holder is less than \$10.00. Such amount will be used by the Company to offset a portion of the remuneration of the Subscription Agent for its services.

If you are the beneficial owner of Common Shares, please note that such Common Shares and the Rights are likely registered in the name of your broker or an agent of that broker. Without your specific instructions, your broker or its agents or nominees will not be able to execute or deliver the Exempt Purchaser Status Certificate. Therefore, if you choose to participate in the Rights Offering, please ensure that instructions respecting the execution or delivery of the Exempt Purchaser Status Certificate are communicated to your broker or an agent of that broker. As stated in the second paragraph above the exercise price of the Rights escalates over the term of the Rights Offering. In order to acquire Rights at the lowest price they must be exercised by August 16, 2016. The exercise price then escalates to \$0.65 per share after August 16, 2016 but on or before September 16, 2016 and after September 16, 2016 it escalates again to \$0.70 per share until the Rights expire on October 11, 2016.

A completed and executed Exempt Purchaser Status Certificate should be delivered by email to [henry@shoalgames.com](mailto:henry@shoalgames.com) or facsimile to the Company at (604) 973-0280 on or before September 30, 2016 followed by delivery of an original copy to the Company at:

Shoal Games Ltd.  
Attn. Mr. Henry Bromley  
1405 – 1166 Alberni Street  
Vancouver, British Columbia  
V6E 3Z3 Canada

Any questions or requests for assistance may be directed to the Subscription Agent at the contact information set out below.

**Direct Dial: (604) 661-9442**

**E-Mail: [marina.noorpour@computershare.com](mailto:marina.noorpour@computershare.com)**

Sincerely,

*(signed) Tryon M. Williams*  
Tryon (Tarnie) M. Williams  
Chairman and Director  
Shoal Games Ltd.

**EXEMPT PURCHASER STATUS CERTIFICATE FOR NON- U.S. RESIDENT  
SHAREHOLDERS REQUIRING EXEMPTIONS**

Unless otherwise defined herein, all capitalized terms used herein shall have the meaning ascribed thereto in Shoal Games Ltd.'s (the "**Company**") Notice to Shareholders Requiring Exemptions dated July 15, 2016.

The undersigned hereby represents and warrants to the Company, the Subscription Agent and their respective directors, officers, employees, legal counsel and agents as follows:

1. The undersigned is resident in the jurisdiction named below as the "Address of Shareholder", outside of Canada.
2. Under the laws of the undersigned's place of residence, the undersigned is entitled to receive, own and exercise the Rights.
3. The distribution to, and exercise by, the undersigned of such Rights is not unlawful and is exempt from any prospectus or similar filing requirement under the laws applicable to the undersigned or the laws of the undersigned's place of residence and does not require obtaining any approvals of a regulatory authority in the undersigned's place of residence.

The undersigned acknowledges that the Company and the Subscription Agent and their respective directors, officers and employees are relying on the foregoing representations and warranties and are entitled and requested to do so in forwarding a Rights Certificate to the undersigned, accepting the undersigned's subscription and in issuing and distributing the subscribed for Common Shares.

The undersigned acknowledges that the foregoing representations and warranties are true and accurate as of the date of this Exempt Purchaser Status Certificate and will be true and accurate as of each of the dates of issuance of each of the securities described herein (collectively, the "**Issuance Dates**"). If any such representation or warranty shall not be true and accurate prior to any Issuance Date, the undersigned shall give immediate written notice of such fact to the Company and the Subscription Agent.

Dated: \_\_\_\_\_

Signed: \_\_\_\_\_

\_\_\_\_\_  
Address of Shareholder

\_\_\_\_\_  
Witness (if Shareholder is an individual)

\_\_\_\_\_  
Print the name of Shareholder

\_\_\_\_\_  
Print Name of Witness

\_\_\_\_\_  
If Shareholder is not an a individual, print name and title of authorized signing officer or representative