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Shoal Games Ltd. Announces Third Quarter Results

ANGUILLA, B.W.I., November 14, 2016 / Shoal Games Ltd. (TSXV:SGW) (OTCQB:SGLDF) <http://www.shoalgames.com> ("the Company"), owner of Trophy Bingo (<http://www.trophybingo.com>), a mobile game live in the Apple, Google and Amazon App Stores, Garfield's Bingo (<http://www.garfieldsbingo.com>), and Rooplay (<http://www.rooplay.io>), today announced its unaudited financial results for the third quarter ended September 30, 2016. All amounts are presented in United States dollars and are in accordance with United States Generally Accepted Accounting Principles.

Recent Shoal Games Ltd. highlights include:

- Total Net Revenue for the quarter ended September 30, 2016, was \$52,758.
- Sales and marketing expenses were \$26,604 for the quarter ended September 30, 2016, a decrease of 84% from sales and marketing expenses of \$166,758 in the second quarter of 2016.
- The Company reduced marketing expenditures for Trophy Bingo as it repositioned its focus to Garfield's Bingo targeting North American, South American, and Asian markets.
- Licensed the rights to develop and publish Rooplay, an innovative education and entertainment platform for children.

"During the third quarter of 2016, the Company was focused on three objectives: enhance the monetization of Trophy Bingo, speed the development of Garfield's Bingo, and secure an exciting new product into our pipeline," commented Jason Williams, Shoal Games CEO. "All three objectives were achieved," continued Williams. "First, Trophy Bingo revenues remained solid despite an 84% cut in our marketing expenses. Second, Garfield's Bingo was in rapid development for the entire quarter and is now scheduled for a Worldwide release on November 29th, 2016. Finally, the Company identified an opportunity to enter a new growing market with an innovative product called Rooplay. The rights to develop and publish Rooplay were secured from the London-based founders and the product is in active development."

"Garfield's Bingo will be launched in the Apple, Google and Amazon app stores. The game is nearly 100% complete and will hopefully be a hit with the millions of Garfield fans worldwide. As the game is built using the successful Trophy Bingo system, we anticipate the Retention and Monetization Key Performance Indicators (KPI's) for Garfield's Bingo will be high. As the mobile bingo category is one of the largest of all categories, and Garfield will be the first mega-brand to be featured in a bingo game, management is hopeful that the game will be a big success," commented Williams.

"Additionally, the third quarter was particularly exciting for the development of Shoal Games as we have begun development on a product which will see the company enter a new market. Management believes that opportunities exist for providing games and educational experiences for children and secured a license to an innovative new technology for a product called Rooplay. Rooplay is an educational games platform for children that enable InstantPlay opportunities to learn, create, and progress with personalized content. Rooplay will offer 1000's of curated games, both developed in house and licensed from others, accessible

for a monthly subscription fee. Developed in partnership with the King's College of London, Rooplay will be the first system of its kind to offer personalized and child-led educational experiences. Shoal Games anticipates that Rooplay will be live in the App Stores in Q1 2017."

Total revenue, net of platform fees to Apple, Google and Amazon, for the quarter ended September 30, 2016, was \$52,758, an increase from revenue of \$11,130 for third quarter of 2015 and a decrease from revenue of \$77,821, in the second quarter of 2016. The increase in total revenue compared to the third quarter of fiscal 2015, is due to the Company launching a full global release of a feature complete Trophy Bingo in the Google Play and Apple App Store in the latter half of the third quarter of fiscal 2015 and an increase in players playing Trophy Bingo. The decrease in total revenue compared to the second quarter of fiscal 2016, is due to lower marketing spend whilst the Company completed the development of additional features for Trophy Bingo and finalized the development of Garfield's Bingo.

Sales and marketing expenses were \$26,044 for the quarter ended September 30, 2016, a decrease of 81% over expenses of \$137,266 in the third quarter of 2015 and a decrease of 84% from sales and marketing expenses of \$166,758 in the second quarter of 2016. This decrease in sales and marketing expenses in the quarter ended September 30, 2016, compared to the third quarter of fiscal 2015 and the second quarter of fiscal 2016, was due to a lower marketing spend for player acquisitions in Trophy Bingo whilst the Company prepared for the launch of planned new features in Trophy Bingo to meet active player demand and to complete the development of Garfield's Bingo. Selling and marketing expenses in the quarter ended September 30, 2016 principally included publishing services and user acquisition costs to acquire players for Trophy Bingo.

General and administrative expenses consist primarily of premises costs for our offices, legal and professional fees, and other general corporate and office expenses. General and administrative expenses decreased to \$65,601 for the quarter ended September 30, 2016, a decrease of 17% from costs of \$79,398 for the third quarter of fiscal 2015 and an increase of 91% from costs of \$34,410 in the second quarter of 2016. Effective July 2, 2015, the Company commenced trading on the TSX Venture Exchange as a tier 2 Technology Issuer under the trading symbol "SGW. This decrease in general and administrative expenses compared to the third quarter of fiscal 2015, is due to the fees incurred in listing the Company in the third quarter of 2015. The increase in general and administrative expenses compared to the second quarter of fiscal 2016, is due to hiring the staff to develop Trophy Bingo and Garfield's Bingo directly from Roadhouse Interactive Limited and establishing the new office for the new employees to work within.

We expect to continue to incur general and administrative expenses to support the business, and there can be no assurances that we will be able to generate sufficient revenue to cover these expenses.

Salaries, wages, consultants and benefits decreased to \$97,626 for the quarter ended September 30, 2016, a decrease of 9% compared to salaries, wages, consultants and benefits of \$107,633 in the third quarter of 2015 and a decrease of 8%, over salaries, wages, consultants and benefits of \$105,887 in the second quarter of 2016. This decrease compared to the third quarter of fiscal 2015 and the second quarter of fiscal 2016, is due to lower consultant charges incurred. The salaries, wages, and consultants expenses related to the development of Trophy Bingo, Garfield's Bingo and Rooplay are expensed under development costs.

Development and amortization costs - The Company expensed \$387,068 in development costs during the quarter ended September 30, 2016 and amortized \$120,503 of the capitalized development costs during the quarter ended September 30, 2016. This compares to \$303,162 expensed development costs during the third quarter of 2015 and amortization of \$120,503 of the capitalized development costs during the third quarter of 2015 and \$251,534 expensed development costs during the second quarter of 2016 and amortization of \$120,504 of the capitalized development costs during the second quarter of 2016. This increase of 28% in development costs compared to the third quarter of fiscal 2015 is due the increase of development expenses incurred in the development of Trophy Bingo, Garfield's Bingo and Rooplay. The increase of 54% in development costs compared to the second quarter of fiscal 2016 is due the increase of development expenses incurred in the development of new features for Trophy Bingo and the further

development of Garfield's Bingo plus the addition of the development of Rooplay in the third quarter of 2016.

In particular, the games contain systems for handling daily rewards, collections, gifting, an advanced spin wheel plus special events. Each of these features affects a particular performance statistic within the game and in combination it's expected that average retention and monetization will rise, while the average player acquisition cost (the average cost to generate one new install of the game) will fall. Daily rewards help to improve retention as players are inspired to come back to collect rewards. Whereas the collection and gifting system is designed to increase virality (reducing acquisition costs) and monetization as players interact more with their friends and spend more in-game currency trying to collect the special items.

Loss on prepaid development costs - During the second quarter of fiscal 2016, the Company prepaid \$863,660 in development costs to Roadhouse Interactive Limited. Effective August 31, 2016, Roadhouse Interactive Limited was placed in receivership. There was \$498,791 in development expenses which had not been utilized. The Company immediately expensed this.

The net loss after taxation for the quarter ended September 30, 2016, amounted to (\$1,156,098), a loss of (\$0.02) per share, compared to a net loss from continuing operations of (\$758,611) or (\$0.01) per share in the quarter ending September 30, 2015 and net loss of (\$620,968), or (\$0.01) per share in the second quarter of fiscal 2016.

We had cash of \$82,417 and working capital deficit of (\$59,119) at September 30, 2016. This compares to cash of \$570,086 and working capital of \$454,447 at December 31, 2015.

For full details of the Company's operations and financial results, please refer to the Securities and Exchange Commission website at www.sec.gov or the Shoal Games Ltd. corporate website at <http://investor.shoalgames.com> or on the www.sedar.com website.

About Shoal Games Ltd.

Shoal Games Ltd. (TSXV:SGW) (OTCQB:SGLDF) <http://www.shoalgames.com> is the parent company of the group of companies, which owns Trophy Bingo (<http://www.trophybingo.com>), live in the Apple, Google and Amazon App Stores, and Garfield's Bingo (<http://www.garfieldsbingo.com>), scheduled for a Q4 2016 release, and Rooplay (<http://www.rooplay.io>), an innovative cloud-gaming product currently in development. Rooplay, scheduled for a Q1, 2017 release will provide game players with an entirely new mobile experience for a monthly subscription fee.. The mobile bingo games are built on the Company's innovative proprietary free-to-play mobile game system that brings unique gameplay and industry leading monetization techniques to the bingo category which is both high growth and high value. Shoal Games Ltd. trades on the TSX Venture exchange in Canada and the OTCQB venture marketplace for companies that are current in their reporting with the U.S. regulator. Investors can find real time quotes and market information for the Company at http://web.tmxmoney.com/quote.php?qm_symbol=SGW and <http://www.otcmarkets.com/stock/SGLDF/quote>.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this press release (as well as information included in oral statements or other written statements made or to be made by the company) contains statements that are forward-looking, such as statements relating to anticipated future success of the company. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on behalf of the company. For a description of additional risks and uncertainties, please refer to the company's filings with the Securities and Exchange Commission. Specifically, readers should read the Company's Annual Report on Form 10-K, filed with the SEC on March 17, 2016, and the prospectus filed under Rule 424(b) of the Securities Act on March 9, 2005 and the SB2 filed July 17, 2007, and the TSX Venture Exchange Listing Application for Common Shares filed on June 29, 2015 on SEDAR, for a more thorough discussion of the Company's financial position and results of operations, together with a detailed discussion of the risk factors involved in an investment in Shoal Games Ltd.

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