



Shoal Games Ltd.
Hansa Bank Building, Ground Floor
Landsome Road, The Valley
AI 2640, Anguilla, BWI
Ph: +1 888-374-2163
Fax: +1 604-694-0301

Shoal Games Ltd. Announces Fiscal 2017 Unaudited Results

ANGUILLA, B.W.I., February 14, 2018 / Shoal Games Ltd. (TSXV:SGW) (OTCQB:SGLDF) <http://www.shoalgames.com> ("the Company"), mobile software developer, publisher, and owner of Rooplay (<http://www.rooplay.com>), today announced its unaudited financial results for the Year ended December 31, 2017. All amounts are presented in United States dollars and in accordance with United States Generally Accepted Accounting Principles.

2017 and Recent Shoal Games Ltd. highlights include:

- Completion of equity financings raising \$1,877,767 net of issuance costs
- Signing of Moomin, Mr. Men, Little Miss, and Mr. Bean brand license agreements
- Launched the Rooplay Platform in 135 countries and 25 languages
- Launched 23 Rooplay Original entertainment and EdTech games
- Secured more than 250,000 downloads into Rooplay Platform

"2017 was an exciting year for Shoal Games as it saw the company transition successfully to its EdTech Platform strategy with the full launch of Rooplay in December," commented Jason Williams, Shoal Games CEO. "Rooplay's pioneering curated games platform brings calm, structure and accountability for children and parents in an increasingly confusing and fragmented digital world. Rooplay empowers children with inspired play, engagement and innovative learning to help prepare them for success in their futures. The Rooplay platform uses the same subscription business model as Netflix, but substitutes passive video content with active learning games designed to inspire children to success."

"Shoal Games curates and licenses content for the Rooplay platform, with a combination of our own exclusive games and third party developed appropriate and approved games. Rooplay has been developed as a flexible system, much like Netflix, so that content can be tailored individually for all types of users across all types of devices. Rooplay's hundreds of games are currently available on Android, and the Company plans to launch the Rooplay Platform for web, Apple iOS, and Smart TVs soon."

"The Company's in-house games studio published 23 Rooplay Original games in 2017 and pursues a platform strategy combined with exclusive content. With 16 games featuring Garfield and 7 featuring Moomin now live, Shoal Games is creating a valuable content library for Rooplay subscribers in addition the vast number of licensed games. The Company's studio in Vancouver continues to refine and increase its production capabilities and will be launching many more feature titles in 2018."

"Our strategy with Rooplay and the Rooplay Originals is gaining market traction and we believe 2018 will be a breakthrough year for Shoal Games. As we continue to invest in our games and platform technologies we're increasing subscriber value, and in time we believe that the low monthly subscription fee will be an easy decision for the hundreds of millions of families globally who seek a safe environment for their children to play games that are both fun and inspiring."

Total revenue from operations were \$93,475 for the year ended December 31, 2017, a decrease from revenue of \$278,921 for the same period in the prior year. The decrease in total revenue compared to fiscal 2016, is due to the Company ceasing to market its legacy product in mid 2016 while it developed and prepared for

the full launch of Rooplay in late 2017. Rooplay revenues are subscription based and are expected to grow slowly initially.

Sales and marketing expenses from operations were \$233,819 for the year ended December 31, 2017, a decrease of 42% over expenses of \$403,523 for the same period in the prior year. This decrease in sales and marketing expenses was due to a low marketing spend in 2017 for our legacy products in order to preserve cash and prepare for the main launch of Rooplay which began in late 2017. Selling and marketing expenses principally include publishing services and user acquisition costs to acquire players for the Rooplay platform.

Salaries, wages, consultants and benefits expenses, excluding salaries incurred for the development of our products increased to \$461,416 during the year ended December 31, 2017, an increase of 12% over expenses of \$413,166 for the previous year.

The Company expensed \$848,795 in development costs during the year ended December 31, 2017, a decrease of 21% over \$1,077,638 of development costs in the prior year. This decrease in development costs is due to a smaller team developing the Rooplay platform technology and our Originals gaming engines.

General and administrative expenses were \$261,521 for the year ended December 31, 2017, an increase of 13% over costs of \$231,404 for the previous year. This increase in general and administrative expenses is largely due to the increased expenditures incurred in raising capital in 2017. General and administrative expenses consist primarily of legal and professional fees, premises costs for our offices, and other general corporate and office expenses.

The net loss after taxation for the year ended December 31, 2017, amounted to (\$1,749,282), a loss of (\$0.03) per share, compared to a net loss of (\$3,156,302), a loss of (\$0.05) per share, in year ended December 31, 2016. The net loss in fiscal 2016 included the one time write off of \$498,791 of prepaid development costs due to the unfortunate bankruptcy of our primary software development supplier.

During the year ended December 31, 2017, the Company received Canadian Scientific Research and Development tax credits of \$30,761 cash. These credits were recognized upon receipt of funds.

During the year ended December 31, 2017, the Company incurred non-cash stock compensation expenses of \$37,825 from the issuance of 725,000 stock options at CAD\$0.54 per option compared to stock compensation expenses of \$257,293 in fiscal 2016 from the issuance of 1,010,000 stock options at CAD\$0.54 per option. The options are issued to consultants and employees as per the Companies 2015 Stock Option Plan.

We had cash of \$478,397 and working capital of \$337,683 at December 31, 2017. This compares to cash of \$60,190 and working capital of \$13,896 at December 31, 2016.

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) (www.shoalgames.com) is the owner of the EdTech Games Platform Rooplay (www.rooplay.com). Rooplay's pioneering curated games platform brings calm, structure and accountability for children and parents in an increasingly confusing and fragmented digital world. Empowering children with inspired play, engagement and innovative learning prepares them for success in their futures. Rooplay is available exclusively on Android and is live worldwide in the Google Play Store. Featuring Garfield, Moomin, Mr. Men, Little Miss, and Mr. Bean, the product offers families a handpicked and growing selection of hundreds of educational games for a monthly subscription fee. The Rooplay platform uses the same subscription business model as Netflix, but substitute's passive video content with active learning games designed to inspire children to success.

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 31, 2017, 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.

For more information contact:

Henry Bromley

CFO

ir@shoalgames.com

(888) 374-2163

SHOAL GAMES LTD. and subsidiaries

(Expressed in United States Dollars)

Consolidated Balance Sheets

(Unaudited)

As at	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash	\$ 478,397	\$ 60,190
Accounts receivable less allowance for doubtful accounts \$27,666 (December 31, 2016 - \$27,666)	15,022	17,194
Prepaid expenses	47,214	33,494
Total Current Assets	540,633	110,878
Equipment, net	9,720	10,148
Security deposits	-	8,067
Deferred tax asset, less valuation allowance of \$105,176 (December 31, 2016 - \$15,017)	-	-
Total Assets	\$ 550,353	\$ 129,093
Liabilities and Stockholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable	\$ 30,111	\$ 3,667
Accrued liabilities	84,081	87,959
Accounts payable and accrued liabilities - related party	44,185	5,356
Derivative liability – warrants	44,572	-
Total Current Liabilities	202,949	96,982
Promissory notes (Note 6)	502,313	347,698
Total Liabilities	705,262	444,680
Commitments (Note 8)		
Stockholders' Deficiency:		
Common stock, no par value, unlimited shares Authorized 65,169,703 shares issued and outstanding (December 31, 2016 - 59,708,318)	23,133,231	21,223,271
Accumulated deficit	(23,312,720)	(21,563,438)
Accumulated other comprehensive income:		
Foreign currency translation adjustment	24,580	24,580
Total Stockholders' Deficiency	(154,909)	(315,587)
Total Liabilities and Stockholders' Deficiency	\$ 550,353	\$ 129,093

See accompanying notes to the consolidated financial statements.

SHOAL GAMES LTD. and subsidiaries

(Expressed in United States Dollars)

Consolidated Statements of Operations and Comprehensive Loss

For Periods Ended December 31, 2017 and 2016

(Unaudited)

	Year ended December 31, 2017	Year ended December 31, 2016	Three Months ended December 31, 2017	Three Months ended December 31, 2016
Total revenue	\$ 93,475	\$ 278,921	\$ 18,587	\$ 37,783
Cost of sales:				
Game development amortization	-	482,013	-	120,503
Total cost of sales	-	482,013	-	120,503
Gross profit (loss)	93,475	(203,092)	18,587	(82,720)
Operating expenses:				
Depreciation and amortization	4,068	3,570	1,453	2,069
Directors fees	5,500	6,000	3,000	-
General and administrative	261,521	231,404	43,465	45,199
Promissory note accretion and interest	84,132	-	22,110	-
Provision for doubtful debts	-	27,666	-	27,666
Salaries, wages, consultants and benefits	461,416	413,166	121,589	96,520
Selling and marketing	233,819	403,523	82,336	9,134
Stock based compensation	37,825	257,293	37,825	257,293
Games development	848,795	1,077,638	242,890	221,653
Total operating expenses	1,937,076	2,420,260	554,668	659,534
Loss before other income (expense) and income taxes	(1,843,601)	(2,623,352)	(536,081)	(742,254)
Other income (expense):				
Gain on derivative liability – warrants	78,712	-	54,043	-
Foreign exchange (loss) income	(15,172)	(33,020)	(12,311)	(1,828)
Interest and other income	18	155	5	16
Loss on prepaid development	-	(498,791)	-	-
Loss before income taxes	(1,780,043)	(3,155,008)	(494,344)	(744,066)
Income tax (recovery) expense	(30,761)	(1,294)	(30,761)	1,302
Net loss for the period	(1,749,282)	(3,156,302)	(463,583)	(745,368)
Other comprehensive income (loss)	-	-	-	-
Comprehensive loss for the period	\$ (1,749,282)	\$ (3,156,302)	\$ (463,583)	\$ (745,368)
Basic and diluted loss per common share	\$ (0.03)	\$ (0.05)	\$ (0.01)	\$ (0.01)
Weighted average common shares outstanding, basic	61,730,928	58,227,957	65,025,158	59,708,318
Weighted average common shares outstanding, diluted	61,730,928	58,227,957	65,025,158	59,708,318

SHOAL GAMES LTD. and subsidiaries

(Expressed in United States Dollars)

Consolidated Statements of Stockholders' Deficiency For the period ended December 31, 2017 (Unaudited)

	Common stock		Accumulated Deficit	Accumulated Other Comprehensive income	Total Stockholders' Equity (Deficiency)
	Shares	Amount		Foreign currency translation adjustment	
Balance, December 31, 2016	59,708,318	\$21,223,271	\$(21,563,438)	\$ 24,580	(\$315,587)
Discount on promissory note	-	23,461	-	-	23,461
Gain on extinguishment and reissuance of promissory notes with related parties	-	94,191	-	-	94,191
Private placement, net of issuance expenses	5,340,274	1,825,457	-	-	1,825,457
Exercise of Warrants	121,111	52,310	-	-	52,310
Stock based compensation	-	37,825	-	-	37,825
Derivative liability – warrants	-	(123,284)	-	-	(123,284)
Net loss	-	-	(1,749,282)	-	(1,749,282)
Balance, December 31, 2017	65,169,703	\$23,133,231	\$(23,312,720)	\$ 24,580	(\$154,909)

SHOAL GAMES LTD. and subsidiaries

(Expressed in United States Dollars)

Consolidated Statements of Cash Flows For the year ended December 31, 2017 and 2016 (Unaudited)

	2017	2016
Cash flows from operating activities:		
Net loss	\$ (1,749,282)	\$ (3,156,302)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,068	3,570
Game development amortization	-	482,013
Accretion of promissory note	84,132	5,171
Gain on derivative liability – warrants	(78,712)	-
Stock based compensation	37,825	257,293
Changes in operating assets and liabilities:		
Accounts receivable	2,172	27,754
Prepaid expenses	(13,720)	(16,289)
Security deposits	8,067	893
Accounts payable and accrued liabilities	61,395	(80,810)
Net cash used in operating activities	(1,644,055)	(2,476,707)
Cash flows from investing activities:		
Acquisition of equipment	(3,640)	(7,404)
Net cash used in investing activities	(3,640)	(7,404)
Cash flows from financing activities:		
Proceeds from Private placement, net of issuance costs	1,825,457	1,492,455
Promissory note	188,135	400,811
Rights issue	-	80,949
Warrant exercised	52,310	-
Net cash provided by financing activities	2,065,902	1,492,455
Change in cash	418,207	(509,896)
Cash, beginning of period	60,190	570,086
Cash, end of period	\$ 478,397	\$ 60,190
Supplementary information:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ 1,294
Non-cash financing activity – Extinguishment of promissory notes	\$ 94,191	\$ -
Non-cash financing activity – Discount on related party loans	\$ 23,461	\$ -
Non-cash investing activity	\$ -	\$ -