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Shoal Games Announces Q2 2017 Results

ANGUILLA, B.W.I., July 27, 2017 - Shoal Games Ltd. (TSXV: SGW) (OTCQB: SGLDF) (“the Company”), mobile software developer, publisher, and owner of Rooplay (www.rooplay.com) and the Rooplay Originals games featuring Garfield, today announced its unaudited financial results for the second quarter ended June 30, 2017. 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:

- Signed Global license of the popular Moomins brand
- Development of Garfield Checkers and Garfield Chess games
- Launch of 12 Rooplay Original games featuring Garfield as stand alone apps
- Successful closing of a private placement raising CAD\$1.045 million

"The second quarter of 2017 saw the Rooplay strategy continue to come to fruition with the launch of 10 Rooplay Original stand alone games featuring Garfield," commented Jason Williams Shoal Games CEO. "Rooplay Original games are produced by Shoal Games and are published onto the Rooplay platform which makes our content offering of over 500 EdTech games stronger. In addition, the Rooplay Original games are also published as stand alone apps in the Google Play store which generate free traffic and send players to Rooplay when they want more game content. This strategy is live and is just one of many strategies that Shoal Games uses to generate free traffic into Rooplay. Our content strategy is to deliver a huge quantity of quality education and entertainment games onto Rooplay all featuring popular brands. Over the coming months, we will be releasing a variety of games for a global audience featuring Garfield, the Moomins, and many more brands that have strong global demand. This growth in player traffic we expect will turn into long term recurring revenue."

Second Quarter Financial Results

Total revenue, net of platform fees to Apple, Google and Amazon, for the quarter ended June 30, 2017, decreased to \$22,776, from revenue of \$33,259, in the first quarter of 2017 and from revenue of \$77,821 for second quarter of 2016. The decrease in total revenue compared to the second quarter of fiscal 2016 and the first quarter of fiscal 2017, is due to lower marketing spend whilst the Company completed the development of Rooplay.

Sales and marketing expenses were \$50,531 for the quarter ended June 30, 2017, an increase from sales and marketing expenses of \$29,601 in the first quarter of 2017 and \$166,758 in the second quarter of 2016. The increase in selling and marketing expenses in the quarter ended June 30, 2017, compared to the first quarter of fiscal 2017, was due to a larger marketing campaign to promote the initial launch of Rooplay. The decrease in sales and marketing expenses in the quarter ended June 30, 2017, compared to the second quarter of fiscal 2016 was due to a lower marketing spend for player acquisitions in Trophy Bingo and Garfield's Bingo whilst the Company prepared for the launch of Rooplay. Selling and marketing expenses principally include publishing services and user acquisition costs to acquire players.

General and administrative expenses increased to \$71,090 for the quarter ended June 30, 2017, from costs of \$50,599 in the first quarter of 2017 and \$34,410 for the second quarter of fiscal 2016. The increase in general and administrative expenses compared to the second quarter of fiscal 2016 and the first quarter of fiscal 2017, is due to the legal expenses incurred in preparing the private placement and costs incurred from the financing.

Salaries, wages, consultants and benefits increased to \$116,537 for the quarter ended June 30, 2017, an increase over salaries, wages, consultants and benefits of \$101,593 in the first quarter of 2017 and \$105,887 in the second quarter of 2016. This increase compared to the second quarter of fiscal 2016 and the first quarter of fiscal 2017, is due to higher consultant charges incurred.

Development costs decreased to \$196,816, for the quarter ended June 30, 2017, a decrease over development costs of \$214,495 during the first quarter of 2017 and \$251,534 during the second quarter of fiscal 2016 and amortization of \$120,503 of the capitalized development costs during the second quarter of fiscal 2016. The decrease compared to the second quarter of fiscal 2016 and the first quarter 2017, is due to lower development expenses incurred in the development of the Company's products.

The net loss for the quarter ended June 30, 2017, amounted to (\$439,042), a loss of (\$0.01) per share, compared to a net loss of (\$383,947), a loss of (\$0.01) per share and a net loss of (\$620,968) or (\$0.01) per share in the quarter ending June 30, 2016.

During the quarter ended June 30, 2017, we used cash of (\$563,509) in operating activities compared to cash used in operating activities of (\$1,477,535) in the same period in the prior year and compared to using cash of (\$216,339) in the first quarter of 2016.

Net cash generated by financing activities was \$785,728 in the quarter ended June 30, 2017, which compares to cash generated by financing activity of \$1,513,354 in the same period in the prior year and \$188,135 during the first quarter of fiscal 2017. This cash generated by financing activity is due to the cash raised from the private placement Unit offering.

We had cash of \$253,995 and working capital of \$214,189 at June 30, 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 parent company of the group of companies, which owns Rooplay (www.rooplay.com), an innovative EdTech games platform that empowers children to play, learn, and create; Rooplay Original edugames series featuring Garfield; Garfield's Bingo (www.garfieldsbingo.com), the first bingo game to feature a mega-brand; and Trophy Bingo (www.trophybingo.com), live across mobile platforms with over 500,000 installs. Rooplay is available exclusively on Android and is live worldwide in Google Play. The product offers families a handpicked and growing selection of more than 500 interactive games for a monthly subscription fee. Rooplay follows the same subscription business model as Netflix, but with games instead of video.

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.

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