Shoal Games Ltd.
Hansa Bank Building, Ground Floor
Landsome Road, The Valley
AI 2640, Anguilla, BWI
Ph: +1 264 461-2646
Fax: +1 264-498-3805

Shoal Games Announces Q1 Results and Research Update

ANGUILLA, B.W.I., May 16, 2017 - Shoal Games Ltd. (TSXV: SGW) (OTCQB: SGLDF) ("the Company"), mobile software developer, publisher, and owner of Rooplay (www.rooplay.com), today announced its unaudited financial results for the first quarter ended March 31, 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:

- Presentation of Rooplay, our innovative Edtech Games Platform, to mobile carriers at GSMA Mobile World Congress in Barcelona
- Reduction of Q4 loss of $745,368 to Q1 loss of $383,947
- Global Launch of Rooplay in 27 languages and 135 countries
- Initiated distribution discussions globally with mobile carriers
- Launches Rooplay with first international partner

"The first quarter of 2017 marked an important milestone for the Company as Rooplay, our disruptive platform in the family games and edugame market, was launched worldwide," commented Jason Williams, CEO of Shoal Games. "Rooplay is now live in 27 languages and 135 countries and is quickly growing its base of monthly subscribers. With more than 500 games in the library, families can benefit from a huge library of games for their children without worrying about intrusive ads or in-app purchases. Rooplay launched with four exclusive Rooplay Original games featuring Garfield and will see exclusive content launched every month to keep the catalogue fresh. The Shoal Games team has built a series of distribution strategies to enable Rooplay to grow without a large marketing budget in comparison to other apps that must pay for every download. Details of our distribution strategy can be read in the latest Fundamental Research Corp. analyst report."

Fundamental Research Corp. has recently published a research update entitled "Shoal Games Ltd. – Launches new app with an aggressive distribution strategy" dated May 8, 2017. The full report may be obtained at http://investor.shoalgames.com/research/

First Quarter Financial Results

Total revenue, net of platform fees to Apple, Google and Amazon, for the quarter ended March 31, 2017, decreased to $33,259 from revenue of $37,783, in the fourth quarter of 2016 and a decrease from revenue of $110,559 for first quarter of 2016. The decrease in total revenue compared to the first and fourth quarter of fiscal 2016, was expected and is due to lower marketing spend whilst the Company completed the development of Rooplay.

Sales and marketing expenses were $29,601 for the quarter ended March 31, 2017, an increase from sales and marketing expenses of $9,134 in the fourth quarter of 2016 and a decrease over expenses of $201,587 in the first quarter of 2016. This increase in selling and marketing expenses in the quarter ended March 31, 2017 compared to the fourth quarter of fiscal 2016 was due to larger marketing expenditures to promote the new Garfield's Bingo game launched in December 2016. The decrease in sales and marketing expenses in the quarter ended

March 31, 2017, compared to the first quarter of fiscal 2016 was due to reduced marketing expenditures on 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 were $50,599 for the quarter ended March 31, 2017, an increase from costs of $45,199 in the fourth quarter of 2016 and a decrease from costs of $86,194 for the first quarter of fiscal 2016. The increase in general and administrative expenses compared to the fourth quarter of fiscal 2016, is due to an increase in general and administrative expenses. The decrease in general and administrative expenses compared to the first quarter of fiscal 2016, is due to the legal expenses incurred in preparing for the future financings incurred in the first quarter of fiscal 2016. General and administrative expenses consist primarily of premises costs for our office, legal and professional fees, interest expense and other general corporate and office expenses.

Salaries, wages, consultants and benefits were $101,593 for the quarter ended March 31, 2017, an increase over salaries, wages, consultants and benefits of $96,250 in the fourth quarter of 2016 and a decrease compared to salaries, wages, consultants and benefits of $113,133 in the first quarter of 2016. This decrease compared to the first quarter of fiscal 2016, is due to lower consultant charges incurred. This increase compared to the fourth quarter of fiscal 2016, is due to higher consultant charges incurred.

The Company expensed $214,495 in development costs during the quarter ended March 31, 2017. This compares to a decrease over development costs of $221,653 during the fourth quarter of 2016 and amortization of $120,504 of the capitalized development costs during the fourth quarter of 2016 and a decrease over development costs of $217,383 during the first quarter of fiscal 2016 and amortization of $120,503 of the capitalized development costs during the first quarter of 2016. The capitalized development costs were fully amortized in the fourth quarter of fiscal 2016. The decrease of development expenses in the first and fourth quarters of fiscal 2016 is due to slightly lower development expenses incurred in the development of Rooplay, Trophy Bingo and Garfield's Bingo.

The net loss after taxation for the quarter ended March 31, 2017, amounted to ($383,947), a loss of ($0.01) per share, compared to a net loss of ($745,368), or ($0.01) per share in the fourth quarter of fiscal 2016 and a net loss of ($633,868) or ($0.01) per share in the quarter ending March 31, 2016.

During the quarter ended March 31, 2017, we used cash of ($216,339) in operating activities compared to cash used in operating activities of ($418,389) in the same period in the prior year and compared to using cash of ($454,158) in the fourth quarter of 2016.

Net cash generated by financing activities was $188,135 in the quarter ended March 31, 2017, which compares to cash generated by financing activity of $nil in the same period in the prior year.

We had cash of $31,776 and working capital deficit of ($155,201) at March 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) owns Rooplay (www.rooplay.com), an innovative EdTech games platform that empowers children to play, learn, and create; 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 movies/series.

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 further information, please contact:

Henry Bromley
CFO
ir@shoalgames.com
(888) 374-2163
www.shoalgames.com