Offering Memorandum

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 – Risk Factors.

Date:	February 29, 2016
The Issuer:	Shoal Games Ltd.
Headquarters:	Hansa Bank Bldg., The Valley, Anguilla, AI-2640
Canadian Address:	#1405 – 1166 Alberni St. Vancouver, B.C. V6E 3Z3
Phone:	(604) 694-0300
Fax:	(604) 694-0301
Email:	henry@shoalgames.com
Currently listed or quoted:	TSXV:SGW and OTCQB:SGLDF
Reporting Issuer:	Yes, reporting in British Columbia and Alberta
SEDAR filer:	Yes

The Offering

Securities Offered	Common Shares without par value
Price Per Security	$0.60
Minimum Offering	**There is no minimum. You may be the only purchaser. Funds available under the offering may not be sufficient to accomplish our proposed objectives.**
Maximum Aggregate Offering	$2,000,000
Minimum Subscription Amount	$900
Maximum Subscription Amount	$10,000
Payment Terms	Payment in full in Canadian or US funds by certified cheque, bank draft or money order payable to "Shoal Games Ltd.". **See Item 5.2 - Subscription Procedure.**
Proposed Closing Date(s)	April 29, 2016
Income Tax Consequences	There are important tax consequences to these securities. **See Item 6 – Income Tax Consequences/ TFSA and RRSP Eligibility.**
Purchaser's Rights	You have two (2) business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. **See Item 11 – Purchasers' Rights.**
Resale Restrictions	You will be restricted from selling your securities for 4 months and a day. **See Item 10 – Resale Restrictions.**
Selling Agents	No

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Note Regarding Forward Looking Statements

Certain statements in this Offering Memorandum may be forward-looking. Such statements include those with respect to Shoal Games' business plans and use of funds raised under this Offering Memorandum. Although Shoal Games believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurances that its expectations will be achieved. Such assumptions, which may prove incorrect, include the following: (i) Shoal Games will be successful in its efforts to pursue the business activities referred to in this Offering Memorandum, (ii) Shoal Games will be successful in its efforts to identify and secure subscribers hereunder, (iii) the subscribers hereunder will complete the subscriptions they have agreed to make under their subscription agreements, (iv) Shoal Games will not identify and pursue other business objectives using the proceeds raised hereunder and (v) Shoal Games' revenues will remain sufficiently high and the costs of operating Shoal Games' business sufficiently low so as to permit Shoal Games to implement its business plans in a profitable manner. Factors that could cause actual results to differ materially from expectations include those described at Item 8 - Risk Factors. No assurance can be given that any events anticipated by the forward-looking information in this Offering Memorandum will transpire or occur, or if any of them do so, what benefits that Shoal Games will derive therefrom. In particular, no assurance can be given as to the future financial performance of Shoal Games. Shoal Games disclaims any intention or obligation to update or revise any forward-looking statements in order to account for any new information or any other event, except as required under applicable law. The reader is warned against undue reliance on these forward-looking statements.

Statement Regarding Incorporation of Offering Memorandum Marketing Materials

Subsection 5.1 of Section 2.9 of National Instrument 45-106 requires this statement by Shoal Games Ltd. that there are offering memorandum marketing materials that contain material facts relating to Shoal Games Ltd., its common shares and its private placement offering of 3,333,333 common shares at $0.60 per share. The offering memorandum marketing materials include a company description, corporate highlight summary, investor contact information, management team bios and a slide deck power point presentation prepared by Shoal Games Ltd. on the Stockhouse website: www.stockhouse.com\dealroom . The above noted offering memorandum marketing materials are available for review by prospective subscribers on Shoal Games Ltd.'s corporate website at www.shoalgames.com and on the Stockhouse website at www.stockhouse.com\dealroom.

Glossary of Terms

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

"**Common Shares"** or **"Shares"** means the common shares in the capital of SGL, as currently constituted;

"**Maximum Offering**" means an offering of 3,333,333 Common Shares at a price of $0.60 per Common Share for total gross proceeds of $2,000,000.

"**NI 45-106**" means National Instrument 45-106 *Prospectus Exemptions*.

"**Offering**" means the offering of Common Shares pursuant to the terms of this Offering Memorandum.

"**Offering Documents**" means any offering memorandum, OM standard term sheet, OM marketing materials and applicable subscription agreement prepared by Shoal Games in connection with a distribution of its securities.

"**Offering Jurisdictions**" means British Columbia, Alberta, Saskatchewan, Manitoba and Ontario

"**Offering Memorandum**" means this offering memorandum dated February 29, 2016 as amended or supplemented.

"**Regulations**" means the Tax Act regulations.

"**RRSP**" means Registered Retirement Savings Plan as defined under the Tax Act.

"**Rights Offering**" means a proposed rights offering to be completed by SGL following this Offering.

"Shoal Games" or "SGL" means Shoal Games Ltd.

"**Subscribers**" means parties who subscribe for Common Shares pursuant to this Offering.

"**Subscription Agreement**" means the Subscription Agreement entered into between a Subscriber and Shoal Games with respect to the purchase of Common Shares by a Subscriber under this Offering.

"**Tax Act**" means the *Income Tax Act* (Canada).

"**TFSA**" means Tax-Free Savings Account as defined by the Tax Act.

In this Offering Memorandum, references to "dollars" and $ are to the lawful currency of Canada, unless otherwise indicated.

Item 1 – Use of Available Funds

1.1 Funds

The following table discloses the available funds of this Offering.

		Assuming 50% of maximum offering	Assuming maximum offering
A	Amount to be raised by this offering	$1,000,000	$2,000,000
B	Exchange and Internet Fees	$50,000	$50,000
C	Estimated offering costs (e.g. legal, accounting, audit)	$50,000	$50,000
D	Available funds: D = A – (B + C)	$900,000	$1,900,000
E	Additional sources of funding required	Note 1	Note 1
F	Working capital as at December 31, 2015	$450,000	$450,000
G	Total: G = (D + E) - F	$1,350,000	$2,350,000

Note 1: The amount of funds raised in this Offering will affect management's allocation of funds to different business segments, depending on the amount of funds raised. The Company requires an additional $600,000 to cover its G&A for the next 12 months (see the chart below). Additionally the Company contracts a team of dedicated software engineers to provide additional episodes and further game enhancements to Trophy Bingo. Additional marketing expenditures will increase the number of game downloads, engaged players, and revenues. Management believes Trophy Bingo has the potential to become the next top grossing bingo game which will provide significant value and returns to the company for many years.

1.2 Use of Available Funds

The following table provides a breakdown of how Shoal Games will use the available funds of this Offering in the 12 months ensuing from the date of this Offering Memorandum:

Description of intended use of available funds listed in order of priority	Assuming 50% of maximum offering	Assuming maximum offering
General & Administrative	$600,000	$600,000
Future Development Improvements	$600,000	$600,000
Player Acquisition and Marketing Costs	$150,000	$1,150,000
Total: Equal to G in the available funds table above	$1,350,000	$2,350,000

1.3 Reallocation

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

Item 2 – Business of Shoal Games Ltd.

2.1 Structure

SGL was incorporated as Bingo.com Inc. on September 30, 2004 under the Business Companies Act of Anguilla, B.W.I. It changed its name to Bingo.com Ltd. on October 5, 2004. SGL continued under the

International Business Companies Act of Anguilla, BWI on November 4, 2004. From the date of its incorporation until April 5, 2005, SGL existed solely as a wholly-owned subsidiary of Bingo.com, Inc., a Florida incorporated company. On April 6, 2005, Bingo.com, Ltd. merged with its parent company, Bingo.com, Inc. and Bingo.com Ltd became the surviving corporation of the merger. The principal reason for the merger was to re-domicile the company under the International Business Companies Act of Anguilla, B.W.I. and gain the benefits of an advantageous tax regime.

On January 22, 2015, Bingo.com, Ltd. filed Articles of Amendment with the Anguilla Registrar of Companies changing its name to “Shoal Games Ltd.”. Effective at the open of markets on January 27, 2015, the Common Shares commenced trading under the new trading symbol “SGLDF” on the OTC-QB.

Shoal Games filed a listing application in June, 2015 with the TSX Venture Exchange (“TSX-V”) for a listing of its Common Shares and effective at the market open on July 2, 2015, the Common Shares commenced trading on the TSXV under the trading symbol “SGW”.

SGL’s head office is located at Hansa Bank Building, Ground Floor, Landsome Road, The Valley, Anguilla, BWI. SGL’s registered office is located at Spencer House, The Valley, Anguilla, BWI. SGL’s website is www.shoalgames.com and Shoal Games’ primary contact person in Vancouver is:

Henry W. Bromley, C.F.O.
#1405 – 1166 Alberni Street
Vancouver, B.C.,
Telephone: 604-218-0622
Email: henry@shoalgames.com

Intercorporate Relations

SGL’s wholly owned subsidiary, Shoal Media Inc., an Anguilla company, is the publisher of Trophy Bingo.

The following is a breakdown of SGL's corporate structure:

SHOAL GAMES LTD.
Structure of the Group

Shoal Games Ltd.
Holding Company
Anguilla, BWI

Company Name	**Shoal Media Inc.**	**Shoal Games.com (UK) Plc**	**Coral Reef Marketing Inc.**	**English Bay Office Management Ltd.**
Location	*Anguilla, BWI*	*United Kingdom*	*Anguilla, BWI*	*Vancouver Canada*
% Held by SGL	*100%*	*99%*	*100%*	*100%*
Operation	*Publisher of Trophy Bingo*	*Dormant UK Public Company*	*Marketing Company*	*Administration Company*

2.2 Our Business

General

Shoal Games Ltd. is in the mobile games business and its sole product, Trophy Bingo, ([www.trophybingo.com)](http://www.trophybingo.com) earns more revenue the more game downloads it secures. Additional downloads are obtained from increased marketing expenditures and brand exposure. The mobile games business is undergoing a paradigm shift where customers only pay once they have become engaged in a game rather than prior to experiencing the game. Engaged customers continue to spend additional funds for enhanced game play provided by additional episodes and features. SGL has already successfully attracted over 300,000 players to try Trophy Bingo and achieved a 4.47 star rating (out of 5.0) from these players. SGL intends to engage millions of bingo players worldwide and secure a place in the Apple and Google top grossing charts.

SGL targets the social bingo segment of the mobile games industry with its innovative game titled Trophy Bingo. Trophy Bingo is a puppy themed bingo adventure where, presently, players win their way through 120 levels of bingo challenges. The game is free to download and generates revenue using a free-to-play strategy where players can choose to watch advertising and make in-app purchases to earn in-game currency which they can then spend on extra bingos or on the premium power plays contained within the game. In-game purchases are transactions made from within a mobile game that are processed by the platform provider (Apple iOS; Google Android; Amazon Android). The worldwide full launch and marketing of Trophy Bingo commenced in the third quarter of 2015 when the latest version of Trophy Bingo was released world-wide in the Apple App Store and Google Play Store on all supported mobile phones and tablet devices.

SGL's strengths are in its knowledge and experience in the online bingo industry. The company has operated in online bingo for over fifteen years and understands the games, players, and technology required to build a successful business. The unique construction of Trophy Bingo creates an entirely new bingo game experience that appeals to players seeking a game that's fun, easy-to-learn, and packed with new puzzle challenges. There are two bingo games, owned by competitors, that dominate the social bingo segment – Bingo Blitz and Bingo Bash. It is believed these two games generate over $100,000,000 per year in combined revenue. SGL believes that Trophy Bingo can match these games in popularity with continued investment in development and marketing.

Free-to-play social bingo games are grouped within the social casino segment of mobile games. According to Eilers Research, the social casino segment alone is expected to have generated revenues of 3.5 billion USD in 2015, up from 2.0 billion USD in 2013, or 38% annual growth. Eilers Research notes that mobile products now account for 61% of all social casino revenue. Despite this impressive growth, Eilers Research believes that social casino on mobile remains underpenetrated as it accounts for less than 10% of total mobile game revenues versus ~45% of Facebook game revenues. Eilers Research projects that the social casino segment will grow to 4.4 billion USD by 2017.

Of all mobile games, social casino games are the highest monetizing in terms of average revenue per download. From a study of all mobile games in the Apple App Store, social casino games held 15 of the top 20 positions for average revenue per download. For all of 2015, Bingo Bash was the 9th highest grossing per average download and Bingo Blitz was the 13th highest grossing per average download of all apps for all of 2015 (@_ricmoore).

2.3 Development of Business

Trophy Bingo was released world-wide in the Google Play Store on August 12, 2015, in the Apple App Store on September 3, 2015, and in the Amazon Appstore on November 30, 2015. Upon release onto each platform, the game immediately entered a phase of live development and data science tuning to increase the game's Key Performance Indicators ("KPI"). Initially, marketing investments were relatively small while the fine tuning of Trophy Bingo was underway. During the tuning phase of a mobile game it's the Company's objective to maximize critical KPI's which include retention, virality, and monetization. Securing high retention figures ensures that once players are acquired, they continue to come back and play on a daily basis. Maximizing a game's virality and viral co-efficient helps to grow a large player base at no cost to the Company as players send referrals and are incentivized to promote the game to friends and contacts on social networks. Ultimately it's Trophy Bingo's design that creates an environment of high monetization and ensures that the Company is maximizing the revenue opportunities (through both in-app purchases and in-game advertising) for each and every player that engages with the game. ***SGL has created an innovative design for Trophy Bingo that is attracting, retaining and monetizing players at high levels even though only the initial phase of the development plan has been completed.*** SGL believes that when the remaining features of the game design are completed and released, Trophy Bingo will become a top grossing game.

2.4 Long Term Objectives

SGL has completed the initial, largest, and most difficult phase of a social casino games' development with Trophy Bingo and has created a game that players enjoy, will play for months and will pay for in a new and innovative format. Trophy Bingo is the first bingo game in the world to offer 120 levels of bingo challenges that players must complete. The next phase of Trophy Bingo's continual development plan involves expanding the content in the game so that players who become engaged do not reach the end of the available gameplay and stop spending. This phase of Trophy Bingo will see players on an endless path of gameplay which will maximize the revenue opportunities available for SGL through Trophy Bingo.

2.5 Short Term Objectives and How We Intend to Achieve Them

In addition to adding more levels to Trophy Bingo our current development involves adding a new gameplay mode where players can compete head-to-head with their own Power Plays and custom bingo cards.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
(1) Increase our Average Revenue Per Daily Active User (ARPDAU) by continuing to improve the games KPI's by constantly monitoring game play and making appropriate, real-time, programming adjustments.	**(2)** This work is continuous and ongoing as additional chapters, levels, and Power Plays are added.	$10,000 per month
(3) Add additional chapters, levels, and power plays to keep Trophy Bingo challenging, fun and entertaining.	**(5)** This work is continuous and ongoing.	$15,000 per month
(4) Complete development of Player vs Player system to improve virality, retention, and monetization of Trophy Bingo	**(6)** June 2016	$100,000
Significantly increase the number of Daily Active Users (DAU) from the current 15,000 DAU's to over 150,000 DAU's through targeted Player Acquisition expenditures (marketing).	**(7)** Player Acquisition marketing is continuous	$60,000 per month increasing to $150,000 per month as funds become available

2.6 Insufficient Funds

The Company has no contractual commitments that would result in default should insufficient funds be available to meet projected commitments. Most of the Company's staff are contractors, its development and publishing services are outsourced, and all operational costs can be significantly reduced or cancelled on 30 days notice should only a minimal amount of funds be raised in this Offering and other sources of funding prove unsuccessful. Management believes that Trophy Bingo in its current state will be capable of supporting minimal operation of the business. We believe the funds obtained from this Offering and the probable Rights Offering to follow will meet optimal funding requirements and provide returns to investors once its development milestones are reached.

Should the Company raise less than 100% of the funds available from this Offering, or take longer to meet the business objectives required to reach profitability, the Company must find other sources of cash. Management believes that the Company represents a strong business opportunity and that achieving the milestones set out for 2016 will meet with success. As such, management is confident that it can secure the necessary funds to finance the Company for the duration of 2016 from existing or new shareholders. Trophy Bingo is a live product that is loved by its growing fan base of loyal players, many of whom pay to play. By expanding the features and depth of Trophy Bingo the Company will be able to retain and monetize its fan base for years to come.

2.7 Material Agreements

The following material contracts have been entered into by Shoal Games:

1. Development and Intellectual Property Rights Agreement dated as of October 20, 2012 between Bingo.com, Ltd. (SGL) and Roadhouse Interactive Limited. This is an agreement with Roadhouse Interactive Limited, a Vancouver company, for development of SGL's social bingo game, "Trophy Bingo". Shoal Games Ltd. owns all intellectual property rights to Trophy Bingo and its key features.

2. Development Agreement – Amendment 2 dated as of July 1, 2013 between Roadhouse Interactive Limited and Bingo.com, Ltd. (SGL). This is an amendment to the Development and Intellectual Property Rights Agreement dated October 20, 2012 and contemplates the planned development path for Trophy Bingo through to final launch and ongoing live operations. The fees are flexibly structured, and collaboratively agreed between the parties, around the number of Roadhouse Interactive resources required to provide the necessary services on an ongoing basis.

3. Marketing & Development Services Agreement dated as of March 22, 2013 between Roadhouse Interactive Limited and Bingo.com, Ltd. (SGL) This is an amendment to the Development and Intellectual Property Rights Agreement dated October 20, 2012 and contemplates initial marketing services to be provided by Roadhouse Interactive Limited. Such services included a strategic review, social media planning, public relations schedule, a player acquisition plan, and a promotional website.

4. Marketing Services Agreement dated as of August 1, 2014 between Roadhouse Interactive Limited and Shoal Media Inc. This is a marketing agreement between Shoal Media Inc. (the wholly-owned subsidiary of Shoal Games Ltd. tasked with publishing Trophy Bingo) and Roadhouse Interactive Limited that sets out the marketing services which are necessary to properly launch and market Trophy Bingo, and to analyze the results of such activities on an ongoing basis.

5. Google Play Developer Distribution Agreement dated September 25, 2014. This is an agreement between Google Inc. and Shoal Media Inc. that facilitates the distribution to the public of Trophy Bingo by Google via their application store. Google Inc. will charge a transaction fee of 30% for each sale made through their application store.

6. iOS Developer Program License Agreement. This is agreement between Apple and Shoal Media Inc. that facilitates the distribution to the public of Trophy Bingo by Apple via their application store. Apple will charge a transaction fee of 30% for each sale made through their application store.

7. TSX-V escrow agreement among Shoal Games, Computershare and the Escrow Shareholders dated June 18, 2015.

8. Transfer Agent, Registrar and Dividend Disbursing Agent Agreement between Shoal Games and Computershare dated June 2, 2015.

Item 3 – Interests of Directors, Management, Promoters and Principal Holders

3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of Shoal Games and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of Shoal Games (a "**Principal Holder**"). Where the Principal Holder is not an individual, the following table provides the name of any person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the Principal Holder:

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. offering	Number, type and percentage of securities of the issuer held after completion of max. offering
Tryon M. Williams, British Columbia	Executive Chairman and Director	2015 – US$132,000 2016 – US$132,000	15,700,008 Common Shares (27.94%)	15,700,008 Common Shares (27.94%)
Jason M. Williams, London, U.K.	President, C.E.O. and Director	2015 – US$181,734 2016 – US$181,734	308,200 Common Shares (0.55%)	308,200 Common Shares (0.55%)
Christopher Mark Devereux, British Columbia	Director	2015 – US$2,500 2016 – US$2,500	154,500 Common Shares (0.27%)	154,500 Common Shares (0.27%)
George Whitton, Anguilla, BWI	Director	2015 – US$4,500 2016 – US$,4,500	105,000 Common Shares (0.19%)	105,000 Common Shares (0.19%)
Fiona Curtis, Anguilla, BWI	Director	2015 – US$2,500 2016 – US$2,500	50,000 Common Shares (0.09%)	50,000 Common Shares (0.09%)
Henry Bromley British Columbia	Chief Financial Officer	2015 – US$62,719 2016 – US$62,719	375,000 Common Shares (0.67%)	375,000 Common Shares (0.67%)
Pendinas Limited Isle of Man	Principal Holder	Not applicable	26,087,999 Common Shares (46.42%)	26,087,999 Common Shares (46.42%)

3.2 Management Experience

The names and principal occupations of the directors and executive officers of Shoal Games over the past five years are as follows:

Name	Principal occupation over the past five years and related experience
Tryon (Tarrnie) Williams	Mr. Tarrnie M. Williams has served as President, Chief Executive Officer and Chairman of SGL from August 20, 2001 until June 16, 2011. Since June 16, 2011, Mr. Williams has served as the Executive Chairman of SGL. Since 1984, Mr. Williams has served as a principal of T.M. Williams (ROW), Inc., a private consulting firm, and from 1993 until 2008, was Adjunct Professor, Faculty of Commerce and Business Administration at the University of British Columbia.

Name	Principal occupation over the past five years and related experience
	From 1988 to 1991, he was President and Chief Executive Officer of Distinctive Software, Inc. in Vancouver, BC, and, upon the acquisition of that company by Electronic Arts Inc., North America's largest developer of entertainment software, he became President and Chief Executive Officer of Electronic Arts (Canada) Inc., where he continued until 1993. From 1995 to 2012, Mr. Williams was a director of YM Biosciences, Inc., a biotechnology company until its sale to Gilead Sciences, Inc. In addition, he is a director of several other private corporations.
Jason Miles Williams	Mr. J. M. Williams served as Vice President, Business Development and Marketing Director for SGL from September 2001 until June 16, 2011. Mr. J.M. Williams has been a director of SGL since July 26, 2007. Since June 16, 2011, Mr. J. M. Williams has served as the President and Chief Executive Officer of SGL. Prior to his employment with SGL, he was a Business Analyst with Blue Zone Inc. (a technology company) and RBC Dominion Securities. Mr. J. M. Williams has a bachelor of Commerce degree from the University of Victoria and a Masters of Business Administration degree from the University of Warwick. Mr. J. M. Williams is the son of Mr. T. M. Williams, SGL's Executive Chairman.
Christopher Mark Devereux	Mr. C. M. Devereux served as Vice-President, Corporate Affairs for SGL from October 2001 until March 31, 2011. Since July 26, 2007, Mr. Devereux has served as a director of SGL. Since July 2012, Mr. Devereux has served as the Chief Strategy Officer for Roadhouse Interactive Limited, an online games development company. From April 2011 to April 2012, Mr. Devereux was the Chief Executive Officer of Greenscape Capital Group Inc., a publicly listed company specializing in providing strategic capital and business advisory services to companies in the environmental space. From May 2000 to September 2001, he was Vice-President, Corporate Affairs at Blue Zone Inc., a technology company. From 1996 to 2000, he was President of Mill Reef Holdings, a consultancy company. From 1992 to 1997, he practiced corporate / commercial law in private practice. Mr. Devereux has a law degree from Osgoode Hall, Toronto, Canada.
George Whitton	Mr. G. Whitton, now retired, has served as a director of SGL since June 10, 2009. He was Chairman and CEO of International Verifact Inc. ("IVI") from 1987 to 2000 prior to its merger with INGENICO of France. IVI was a publicly traded Canadian company which was a major supplier of point of sale terminals and related equipment for the banking, retail, and health care industries in Canada and the USA. From 1979 to 1987, Mr. Whitton was the owner, President and Chairman of Howarth & Smith Ltd., a large typography, printing and data management company which he sold in 1987. From 1985 to 1987, he was also the President and CEO of Canadian Telecommunications Group which was purchased by British Telecom in 1987. From 1973 to 1979, Mr. Whitton held senior operating positions with Canada Permanent Trust and CIBC. From 1962 to 1973, he was with IBM Canada holding various positions in sales, marketing and data center operations. Mr. Whitton has a Bachelor of Arts degree from the Scottish College of Commerce in 1960.

Name	Principal occupation over the past five years and related experience
Fiona Curtis	Ms. F. Curtis has served as a director of SGL since June 10, 2009. She has served as Compliance Officer and General Corporate Secretary for Counsel Limited, an Anguillian financial services corporation, since 2006. Ms. Curtis has been working in the financial services industry since 1990. She started at the brokerage firm, Burns Fry, in Toronto (now Nesbitt Burns, Bank of Montreal). She completed her Canadian Securities Course and became a licensed Securities Broker in 1992. She was educated in England, and attended the University of Toronto, Canada for her undergraduate degree. Ms. Curtis's Master in Business Administration in Finance & International Affairs was granted by the Rotman School of Business, University of Toronto.
Henry Bromley	Mr. Bromley has served as the Chief Financial Officer of SGL since July 2002. Mr. Bromley is the former Chief Financial Officer for CellStop Systems, Inc., a security manufacturing company and is the CFO of Roadhouse Interactive Limited. From 2000 to 2001, Mr. Bromley was a director and the Group Financial Officer for Agroceres & Co. Ltd. From 1995 - 1999, he was an employee of Ernst & Young working in South Africa and in the United States of America. Mr. Bromley has in addition worked for CitiBank, Unilever PLC and Gerrard. Mr. Bromley is a Chartered Accountant. Mr. Bromley is a consultant to SGL and devotes approximately 25% of his working time to his duties as C.F.O. of SGL.

3.3 Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions that have been in effect during the last 10 years against a director, executive officer or control person of Shoal Games or against a company of which any of them was an officer, director or control person. No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last 10 years with regard to those individuals or any companies of which any of those individuals was an officer, director or control person at that time.

3.4 Loans

SGL has no outstanding loans or debentures.

Item 4 – Capital Structure

4.1 Share Capital

The following sets out the capital structure of Shoal Games as at the date indicated below:

Description of security	Number authorized to be issued	Number outstanding as at January 31, 2016	Number outstanding Assuming 50% of maximum offering	Number outstanding after maximum offering
Common shares without par value	Unlimited	56,197,703	57,864,370	59,531,036
Stock options for common shares	None issued.	-	-	-

4.2 Long Term Debt Securities

SGL has no long-term debt.

4.3 Prior Sales

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
September 30, 2015	Common Shares	515,000	US$0.15	US$77,250 (Note 1)

Note 1 – This was the exercise of SGL stock options into shares of Shoal Games.

Item 5 – Securities Offered

5.1 Terms of Securities

The securities being offered pursuant to this Offering are Common Shares. The price of each Common Share is $0.60. The minimum number of Common Shares that must be purchased by a Subscriber is 1,500 Common Shares requiring a minimum investment of $900. The maximum number of Common Shares to be allocated to any Subscriber in this Offering is 16,667 requiring a maximum investment of $10,000.

Subscribers who purchase shares in this Offering will receive rights in any subsequent Rights Offering completed by SGL.

5.2 Subscription Procedure

(a) Subscription Documents

Subscribers will be required to enter into a Subscription Agreement with Shoal Games which will contain, among other things, representations, warranties and covenants by both Shoal Games and the Subscriber. Funds received by Shoal Games will be held in trust on behalf of the Subscriber for a minimum two day "cooling off" period during which time the Subscriber can cancel the subscription and receive a full refund without interest or deduction.

Reference is made to the Subscription Agreement to this Offering Memorandum for the terms of these representations, warranties and covenants.

In order to subscribe for Common Shares, Subscribers must complete, execute and deliver the following documentation to Macdonald Tuskey, Corporate and Securities Lawyers, Suite 1405, 1166 Alberni Street, Vancouver, B.C., V6E 3Z3:

1. one completed and signed copy of the Subscription Agreement (including any exhibits attached thereto);

2. payment in full in Canadian funds by certified cheque, bank draft or money order payable to "**W.L. Macdonald Law Corporation – In Trust**";

3. completed and executed copies of the appropriate investor qualification form(s). The appropriate form(s) to be completed depend on your place of residence:

   (i) if you are resident in British Columbia, Alberta, Saskatchewan or Manitoba, you must submit two completed and signed copies of the Risk Acknowledgment Form attached to the Subscription Agreement as Exhibit 1;

   (ii) if you are resident in Ontario and purchasing Common Shares under the Ontario offering memorandum exemption in subsection 2.9(2.1) of NI 45-106 complete Exhibits 1, 2 and 3 attached to the Subscription Agreement. Only Exhibit 1 must be signed.

Subject to applicable securities laws, and the purchaser's two-day cancellation right, a subscription for Common Shares, evidenced by a duly completed Subscription Agreement delivered to Shoal Games shall be irrevocable by the Subscriber. **See Item 11 - Purchasers' Rights**.

Subscriptions for Common Shares will be received, subject to rejection and allotment, in whole or in part, and subject to the right of Shoal Games to close the subscription books at any time, without notice. If a subscription for Common Shares is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

The closing of the Offering amount is scheduled to occur on or before **April 29, 2016**. It is expected that certificates representing the Common Shares will be available for delivery within a reasonable period of time after the relevant closing date(s).

The subscription funds will be held in trust until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

(b) Distribution

The Offering is being conducted in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario pursuant to the exemptions from the prospectus requirements afforded by Sections 2.9(1), (2) and (2.1) "*Offering Memorandum*" of NI 45-106.

The exemptions pursuant to Section 2.9(1) and (2) of NI 45-106 are available for distributions to Subscribers in British Columbia, Alberta, Saskatchewan and Manitoba purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment Form attached to the Subscription Agreement as Exhibit 1.

In addition, Ontario Subscribers relying on the exemption set out in Section 2.9(2.1) of NI 45-106 must also sign Exhibit 1 Risk Acknowledgement and Exhibits 2 and 3 to the Subscription Agreement.

The foregoing exemptions relieve Shoal Games from the provisions of the applicable securities laws of each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario which otherwise would require Shoal Games to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers for Common Shares will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

The exemptions from the registration requirements contained in the applicable securities laws of each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario allow Shoal Games to offer the Common Shares for sale directly to the Subscribers.

Item 6 – Income Tax Consequences and RRSP Eligibility

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

SGL Common Shares will be a qualified investment under the Income Tax Act (the "Tax Act") and the regulations thereunder (the "Regulations") for a trust governed by a registered retirement savings plans ("RRSP"), registered retirement income fund ("RRIF") or tax-free savings account ("TFSA") at any particular time provided that, at that time, the SGL Common Shares are listed on a designated stock exchange (which currently includes Tiers 1 and 2 of the TSX Venture Exchange).

Notwithstanding that the SGL Common Shares may be a qualified investment for an RRSP, RRIF or TFSA as described above, the SGL Common Shares may still be considered a prohibited investment for such RRSP, RRIF or TFSA if the holder of the TFSA, or the annuitant of the RRSP or RRIF, as the case may be (the "Planholder"), has a "significant interest" in the Shoal Games for the purposes of the Tax Act or the Planholder does not deal at arm's length with Shoal Games. Generally, a Planholder will have a significant interest in Shoal Games if the Planholder, and other persons not at arm's length with the Planholder together, directly or indirectly, own more than 10% of the outstanding shares of any class of shares of Shoal Games. Planholders should consult their own tax advisors as to whether the SGL Common Shares will be a prohibited investment in their particular circumstances.

Item 7 – Compensation Paid to Sellers and Finders

This is a non-brokered Offering and therefore no compensation or commission is being paid to any person other than a fixed fee to Stockhouse for hosting the Offering on its service www.Stockhouse.com

Item 8 – Risk Factors

The purchase of Common Shares pursuant to this Offering should only be made after consulting with independent and qualified sources of investment and tax advice. Investment in the Common Shares at this time is highly speculative. SGL's business involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Purchasers of Common Shares must rely on the ability, expertise, judgement, discretion, integrity and good faith of the management of SGL. This Offering is suitable for investors who are willing to rely solely upon the management of SGL and who could afford a total loss of their investment.

The securities of SGL should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in this Offering Memorandum prior to making an investment in SGL. In addition to the other information presented in this Offering Memorandum, the following risk factors should be given special consideration when evaluating an investment in SGL's securities.

Risks Related to SGL

An investment in the Common Shares involves a high degree of risk and should only be considered by persons who can afford to lose their entire investment. The following are certain risk factors relating to an investment in the Common Shares which prospective investors should carefully consider before deciding whether to purchase any Common Shares. The following information is a summary only of such risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Offering Memorandum. Such risk factors may have a material adverse effect on the financial position or results of operations of SGL or the value of the Common Shares.

SGL is Unable to Meet Performance Forecasts

SGL's management tested and studied the social games marketplace before developing its financial projections. Shoal Games' forecasts are built upon data from the social games bingo industry and SGL's many years of experience in the bingo industry. Despite SGL's confidence in achieving its projections it faces numerous challenges in launching Trophy Bingo and may fail to meet the performance forecasts set out in this Offering Memorandum.

Trophy Bingo Player Acquisitions or Monetization do not Occur

With marketing expenditures of approximately $400,000, Trophy Bingo has attracted over 300,000 game downloads with over 40% 1-day retention; 25% 3-day retention and constantly improving longer period retention metrics. However, SGL's initial retention metrics may be unsustainable and may decline should player acquisition expenditures cease. Measures to implement increased marketing activity and proactive steps to improve the monetization of Trophy Bingo may fail. In the event of such failures SGL's performance projections will not materialize and SGL's business may not be sustainable.

Competition in the Marketplace Erodes Trophy Bingo's Market Share

SGL believes that only a few competitors exist in the bingo marketplace that can compete with Trophy Bingo's feature set. SGL also believes that these competitors have become stagnant and the unique features built into Trophy Bingo will require new competitors considerable development time to implement. However, SGL's assumptions with respect to its competitors and competing products could be false and SGL may face unexpected competition in the same social games sector from a new entrant in the marketplace. Such competition could erode SGL's expected market share and could adversely impact SGL's profitability.

Shoal Games' Limited History

SGL has a limited history with its non-gambling social bingo game operations, which is in the early stage of development and must be considered a start-up. As such, SGL is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that SGL will be successful in achieving a return on Shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

SGL has limited financial resources, has earned minimal revenue from its social bingo game operations, has no additional source of operating cash flow and there is no assurance that additional funding will be available to it for further development and marketing of the Trophy Bingo platform. There can be no assurance that SGL will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing could result in delay or indefinite postponement of development and marketing of the Trophy Bingo game.

Negative Operating Cash Flow

SGL social bingo game operations have no history of earnings or cash flow from operations. SGL may not generate material revenue from operations or self-sustaining commerciality for several years, if at all.

SGL's ability to continue operations and fund its liabilities are dependent on management's ability to secure additional financing. Although SGL has historically been successful in pursuing additional sources of financing there can be no assurance it will be able to do so in the future. There can be no assurances that additional funding will be available, or available under terms favourable to SGL, or at all. Failure to secure additional financing is likely to have a material adverse effect on SGL's business and its financial condition.

Dependence on Contractors for Success

SGL is dependent on contractors for the development and maintenance of its software platform and for marketing of and revenue from its Trophy Bingo product. The failure of such contractors to meet deadlines, product development benchmarks, marketing targets or other expectations or needs of SGL may result in SGL's business suffering significant setbacks and would have a material adverse effect on SGL's business and its financial condition.

OnLine Games Sector Instability

The online games sector is dynamic and ever-changing. Consumer loyalty to any particular game can be difficult to earn and retain. Even in the event that SGL is successful in obtaining profitability with Trophy Bingo, there is no assurance that the game's attraction will capture a large enough segment of the gaming market to ensure long term viability for either Trophy Bingo or SGL.

Key-Man and Liability Insurance, Uninsurable Risks

The success of SGL will be largely dependent upon the performance of its key officers. SGL has not purchased any "key-man" insurance with respect to any of its directors, officers or key employees, and has no current plans to do so.

Future Financing Requirements

In the future, SGL may need additional financing to continue its business and to implement software development and marketing programs. There can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing Common Shares from treasury, control of SGL may change and Shareholders will suffer additional dilution.

Limited Market for Securities

There is currently a limited market for SGL's Shares which are listed on the TSX Venture Exchange in Canada and OTCQB market in the United States. The current trading price of the Shares on the TSX Venture Exchange and OTCQB may not be sustained. The holding of the Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

Market prices for shares of early stage companies are often volatile. Factors such as software development problems, marketing delays or financial results could have a significant adverse effect on the price of the Shares.

Dividend Policy

SGL will not pay cash dividends in the foreseeable future as any earnings are expected to be retained for use in developing and expanding its business. Once sustainable profitability is achieved, it is the the company's intention to initiate the payment of dividends. However, the actual amount of dividends, if any, received from SGL will remain subject to the discretion of the Board of Directors and will depend on results of operations, cash requirements and future prospects of SGL.

Conflicts of Interest

Certain of the directors and officers of SGL also serve as directors, officers, employees or consultants of other companies involved in software development and marketing. There exists the possibility for such directors and officers to be in a position of conflict. Such directors and officers have duties and obligations under the laws of British Columbia and Canada to act honestly and in good faith with a view to the best interests of SGL and its Shareholders. Accordingly, such directors and officers will declare and abstain from voting on any matter in which such director and/or officer may have a conflict of interest.

Risks Related to the Offering

Subscription Price not an Indication of Value

The subscription price of the Common Shares is $0.60 per Common Share. Such subscription price was determined by SGL and does not necessarily bear any relationship to the book value of SGL's assets, past operations, cash flows, losses, financial condition or any other established criteria for value. Holders of Common Shares should not consider such subscription price as an indication of SGL's value. After the date of this Offering Memorandum, the Shares may trade at prices above or below such price.

Decline in the Trading Price May Occur

The trading price of the Common Shares in the future may decline below the subscription price of the Common Shares. Future prices of the Common Shares may adjust positively or negatively depending on various factors including SGL's future revenues, SGL's operations, speculation in the trade or business press about SGL's operations, and overall conditions affecting SGL's businesses, economic trends and the securities markets.

Loss of Entire Investment

An investment in Common Shares is highly speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in SGL.

Item 9 – Reporting Obligations

We are not required to send you any documents on an annual or ongoing basis unless you have first submitted a request to SGL in accordance with National Instrument 51-102. SGL's profile and continuous disclosure can be viewed on the SEDAR website (www.sedar.com). Additional information can be viewed on SGL's website at www.shoalgames.com.

Item 10 – Resale Restrictions

10.1 General Statement

For trades in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, the following applies:

> **These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.**

10.2 Restricted Period

For trades in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, the following applies:

> **Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the distribution date.**

Item 11 – Purchasers' Rights

If you purchase the Common Shares you will have certain rights, some of which are described below. For complete information about your rights, you should consult a lawyer.

Two Day Cancellation Right for a Subscriber

You can cancel your agreement to purchase the Common Shares. To do so, you must send a notice to SGL before midnight on the second business day after you sign the Subscription Agreement in respect of the Common Shares.

Rights of Action in the Event of a Misrepresentation

Applicable securities laws in the Offering Jurisdictions provide you with a remedy to sue to cancel your agreement to buy the securities or for damages if this Offering Memorandum, or any amendment thereto, contains a misrepresentation. Unless otherwise noted, in this section, a "misrepresentation" means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

These remedies are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the Persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In addition, these remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by you within the strict time limit prescribed in the applicable securities laws.

The applicable contractual and statutory rights are summarized below. By its execution of the Subscription Agreement, Shoal Games will be deemed to have granted these rights to you. Subscribers should refer to the applicable securities laws of their respective Offering Jurisdiction for the particulars of these rights or consult with professional advisors.

Statutory Rights of Action for Subscribers in the Province of British Columbia

Securities legislation in British Columbia provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages against Shoal Games, every director of Shoal Games at the date of the Offering Memorandum or any person who signed the Offering Memorandum. The purchaser may also elect to exercise a right of rescission against Shoal Games in which case the purchaser has no right of action for damages. Purchasers should refer to the applicable provisions of the British Columbia securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below.

If there is a misrepresentation in this Offering Memorandum, purchasers have a statutory right to sue:

(a) Shoal Games to cancel their agreement to buy the Common Shares; or

(b) for damages against Shoal Games, directors of Shoal Games at the date of the Offering Memorandum and any person who signed the Offering Memorandum (collectively defined as the "Insiders" for this section).

If this Offering Memorandum or any amendment thereto contains a misrepresentation and it was a misrepresentation on the date of investment, a purchaser to whom such Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against the Insiders. A purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against Shoal Games:

(a) the purchaser may elect to exercise a right of rescission against Shoal Games in which case the purchaser does not have a right of action for damages against the Insiders;

(b) the Insiders are not liable under subsection (a) if Shoal Games proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) in an action for damages pursuant to subsection (a), the Insiders are not liable for all or any portion of the damages that the Insiders prove do not represent the depreciation in value of the security as a result of the misrepresentation relied on;

(d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and

(e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

Statutory Rights of Action for Subscribers in the Province of Alberta

Securities legislation in Alberta provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, or both, against Shoal Games or selling security holder on whose behalf the distribution is made if the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the Alberta securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below.

If there is a misrepresentation in this Offering Memorandum, purchasers have a statutory right to sue:

(a) Shoal Games to cancel their agreement to buy the Common Shares; or

(b) for damages against Shoal Games, directors of Shoal Games at the date of the Offering Memorandum and every person who signed this Offering Memorandum.

This statutory right to sue is available to the purchaser whether or not the purchaser relied on the misrepresentation. However, there are various defences available to the persons or companies that the purchaser has the right to sue. In particular, Shoal Games would have a defence if the purchaser knew of the misrepresentation when the purchaser purchased the Common Shares.

If the purchaser intends to rely on the rights described in (a) or (b) above, the purchaser must do so within strict time limitations. The purchaser must commence its action to cancel the agreement by notice to Shoal Games within 180 days and must commence its action for damages by notice to Shoal Games within one year from the date of the transaction.

If this Offering Memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact which is required to be stated or which is necessary in order to make any statement therein not misleading in light of the circumstances in which it was stated (herein called a "misrepresentation") and it was a misrepresentation on the date of investment, a purchaser to whom this Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against Shoal Games, while still the owner of any of the securities offered hereunder provided that, if the Offering Memorandum contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and has a right of action for damages against Shoal Games:

(a) the purchaser may elect to exercise a right of rescission against Shoal Games in which case the purchaser does not have a right of action for damages against Shoal Games;

(b) Shoal Games is not liable under subsection (a) if Shoal Games proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) in an action for damages pursuant to subsection (a), Shoal Games is not liable for all or any portion of the damages that Shoal Games proves does not represent the depreciation in value of the security as a result of the misrepresentation relied on;

(d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and

(e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

Statutory Rights of Action for Subscribers in the Province of Saskatchewan

In the event that this Offering Memorandum and any amendment thereto or advertising or sales literature used in connection therewith delivered to a purchaser of the securities resident in Saskatchewan contains an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities (herein called a "material fact") or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (herein called a "misrepresentation"), a purchaser will be deemed to have relied upon that misrepresentation and will have a right of action for damages against Shoal Games, the promoters and "directors" (as defined in *The Securities Act, 1988* (Saskatchewan)) of Shoal Games, every person or company whose consent has been filed with this Offering Memorandum or amendment thereto but only with respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum or any amendment thereto, and every person who or company that sells the securities on behalf of Shoal Games under this Offering Memorandum or amendment thereto.

Alternatively, where the purchaser purchased the securities from Shoal Games, the purchaser may elect to exercise a right of rescission against Shoal Games.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the securities and the verbal statement is made either before or contemporaneously with the purchase of the securities, the purchaser has a right of action for damages against the individual who made the verbal statement.

No persons or company is liable, nor does a right of rescission exist, where the persons or company proves that the purchaser purchased the securities with knowledge of the misrepresentation. In an action for damages, no persons or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied on.

No action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any action, other than an action for rescission, the earlier of one year after the purchaser first had knowledge of the facts giving rise to the cause of action or six years after the date of the transaction that gave rise to the cause of action.

These rights are (i) in addition to and do not derogate from any other right the purchaser may have at law; and (ii) subject to certain defences as more particularly described in *The Securities Act, 1988* (Saskatchewan).

Statutory Rights of Action for Subscribers in the Province of Manitoba

In the event that this Offering Memorandum (including any amendment hereto) delivered to a purchaser of Common Shares resident in Manitoba, contains a misrepresentation and it is a misrepresentation at the time of purchase, the purchaser shall be deemed to have relied upon the misrepresentation and shall have, in addition to any other rights they may have at law: (a) a right of action for damages against (i) Shoal Games, (ii) every director of Shoal Games at the date of this Offering Memorandum (collectively, the "Directors"), and (iii) every person or company who signed this Offering Memorandum (collectively, the "Signatories"); and (b) a right of rescission against Shoal Games.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

A purchaser may elect to exercise a right of rescission against Shoal Games, in which case the purchaser will have no right of action for damages against Shoal Games, Directors or Signatories.

Shoal Games, the Directors and Signatories will not be liable if they prove that the purchaser purchased Common Shares with knowledge of the misrepresentation.

All persons or companies referred to above that are found to be liable or accept liability are jointly and severally liable. A person or company who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

A Director or Signatory will not be liable:

(a) if they prove this Offering Memorandum was sent or delivered to the purchaser without their knowledge or consent and, on becoming aware of its delivery, gave reasonable notice to Shoal Games that it was delivered without their knowledge and consent;

(b) if they prove that, after becoming aware of a misrepresentation in this Offering Memorandum, they withdrew their consent to this Offering Memorandum and gave reasonable notice to Shoal Games of their withdrawal and the reasons therefore;

(c) if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert ("Expert Opinion"), such person proves they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of this Offering Memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or

(d) with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority, or not purporting to be a copy of, or an extract from an Expert Opinion, unless the Director or Signatory (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In an action for damages, Shoal Games, the Directors and Signatories will not be liable for all or any part of the damages that they prove do not represent the depreciation in value of the Common Shares as a result of the misrepresentation relied upon. The amount recoverable under the right of action shall not exceed the price at which the Common Shares were offered for sale.

A purchaser of Common Shares to whom this Offering Memorandum was not delivered prior to such purchase in circumstances where such Offering Memorandum was required to be delivered has a right of rescission or a right of action for damages against Shoal Games or any dealer who failed to deliver the Offering Memorandum within the prescribed time.

A purchaser of Common Shares to whom the Offering Memorandum is required to be sent may rescind the contract to purchase the Common Shares by sending a written notice of rescission to Shoal Games not later than midnight on the second day, excluding Saturdays, Sundays and statutory holidays, after the purchaser signs the agreement to purchase the Common Shares.

Unless otherwise provided under applicable securities legislation, no action shall be commenced to enforce a right of action unless the right is exercised not later than:

(a) in the case of rescission, 180 days from the day of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of (i) 180 days from the day the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) two years from the day of the transaction that gave rise to the cause of action.

The rights discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of The Securities Act (Manitoba) and are subject to the defences contained therein.

Statutory Rights of Action for Subscribers in the Province of Ontario

Section 5.3 of Ontario Securities Commission Rule 45-501 ("Rule 45-501") provides that when an offering memorandum is delivered to a prospective purchaser resident in the Province of Ontario to whom securities are sold in reliance upon the offering memorandum prospectus exemption contained in section 2.9(2.1) of National Instrument 45-106, the rights referred to in Section 130.1 of the *Securities Act* (Ontario) (the "Act") shall be described in the offering memorandum.

Section 130.1 of the Act and Rule 45-501 provide that in the event that this Offering Memorandum, together with any amendments hereto, is delivered to a prospective purchaser in the Province of Ontario and contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, a purchaser in Ontario who purchases securities offered by this Offering Memorandum (other than a purchaser purchasing under the "accredited investor" exemption under Section 2.3 of National Instrument 45-106 that is a Canadian financial institution or a Schedule III Bank, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada) or a subsidiary of any such entity if the such entity owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) will have a right of action against Shoal Games for damages or a right of rescission as follows:

(a) the right of rescission will be exercisable by an investor resident in Ontario, only if the investor gives written notice to Shoal Games, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment) that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to Shoal Games not later than the earlier of:

(i) 180 days after the investor had knowledge of the facts giving rise to the course of action; or

(ii) three years after the date of the transaction giving rise to the cause of action;

(b) an investor who exercises a right of rescission will cease to have a right of action for damages against Shoal Games under Section 130.1 of the Act.

(c) Shoal Games will not be liable if it proves that the investor purchased securities with knowledge of the misrepresentation;

(d) in the case of an action for damages, Shoal Games will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation that the investor relied upon;

(e) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and

(f) the right of action for damages and right of rescission are in addition to and without derogation from any other right the investor may have at law.

Reference is made to the Act for the complete text of the provisions under which these rights are conferred and this summary is subject to the express provisions of the Act.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them.

THE FOREGOING IS A SUMMARY ONLY AND SUBJECT TO INTERPRETATION. REFERENCE SHOULD BE MADE TO THE APPLICABLE SECURITIES LEGISLATION, THE REGULATIONS AND THE RULES THEREUNDER FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED.

THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS THEREOF.

ITEM 12 – Financial Statements

The audited financial statements of Shoal Games for the financial years ended December 31, 2013 and 2014 and the unaudited financial statements for the nine months ended September 30, 2015 follow this Item 12.

SHOAL GAMES LTD. and subsidiaries

(previously Bingo.com, Ltd.)

Consolidated Financial Statements

Years ended December 31, 2014 and 2013

DAVIDSON & COMPANY LLP — Chartered Accountants — A Partnership of Incorporated Professionals

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Shoal Games Ltd.
(formerly Bingo.com, Ltd.)

We have audited the accompanying consolidated financial statements of Shoal Games Ltd. (formerly Bingo.com, Ltd.) (the "Company"), which comprise the consolidated balance sheets of Shoal Games Ltd. (formerly Bingo.com, Ltd.) as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Shoal Games Ltd. (formerly Bingo.com, Ltd.) as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years ended December 31, 2014 and 2013 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Shoal Games Ltd. (formerly Bingo.com, Ltd.) will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Shoal Games Ltd. (formerly Bingo.com, Ltd.) has suffered recurring losses from operations and has a net capital deficiency. These matters, along with the other matters set forth in Note 1, indicate the existence of material uncertainties that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

"DAVIDSON & COMPANY LLP"
Chartered Accountants

Vancouver, Canada

March 23, 2015

SHOAL GAMES LTD. and subsidiaries
(previously Bingo.com, Ltd.)

Consolidated Balance Sheets

As at December 31,		2014		2013
Assets				
Current assets:				
Cash	$	2,876,386	$	491,203
Accounts receivable, less allowance for doubtful accounts $nil (2013 - $nil) (Note 5)		122,056		281,257
Prepaid expenses		14,367		112,095
Total Current Assets		3,012,809		884,555
Equipment, net (Note 6)		9,269		7,770
Other assets (Note 7)		964,025		1,446,038
Security deposits		10,642		11,519
Domain name rights and intangible assets held for sale (Note 8)		-		1,257,241
Deferred tax asset, less valuation allowance of $17,907 (2013 - $17,201) (Note 12)		-		-
Total Assets	$	3,996,745	$	3,607,123
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$	35,013	$	159,891
Accrued liabilities		72,898		67,374
Accounts payable and accrued liabilities - related party (Note 13)		48,668		11,275
Total Current Liabilities		156,579		238,540
Commitments (Note 11)				
Stockholders' equity (Note 10):				
Common stock, no par value, unlimited shares authorized, 55,682,703 shares issued and outstanding (December 31, 2013 - 67,877,703)		19,257,040		20,097,690
Accumulated deficit		(15,441,454)		(16,753,687)
Accumulated other comprehensive income:				
Foreign currency translation adjustment		24,580		24,580
Total Stockholders' Equity		3,840,166		3,368,583
Total Liabilities and Stockholders' Equity	$	3,996,745	$	3,607,123

See accompanying notes to consolidated financial statements.

SHOAL GAMES LTD. and subsidiaries

(previously Bingo.com, Ltd.)

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31,		2014		2013
Advertising revenue	$	22,655	$	25,133
Trophy Bingo revenue		9,815		1,265
Total revenue		32,470		26,398
Cost of sales:				
Trophy Bingo amortization (Note 7)		482,013		-
Total cost of sales		482,013		-
Gross (loss) profit		(449,543)		26,398
Operating expenses:				
Depreciation and amortization (Note 6)		3,470		4,687
Directors fees		12,000		12,000
General and administrative		212,649		296,494
Salaries, wages, consultants and benefits		520,287		272,496
Selling and marketing		247,258		197,441
Trophy Bingo development (Note 7)		1,181,382		-
Total operating expenses		2,177,046		783,118
Loss before other income (expense) and income taxes		(2,626,589)		(756,720)
Other income (expense):				
Foreign exchange (loss) gain		(44,617)		1,552
Profit on the sale of subsidiaries (Note 4)		-		812
Interest and other income		510		840
Loss from continuing operations before income taxes		(2,670,696)		(755,516)
Income tax expense (Note 12)		(848)		(1,666)
Loss from continuing operations	$	(2,671,544)	$	(755,182)
Discontinued operations:				
Gaming revenue		1,684,047		1,912,301
Gain from the sale of the domain name (Note 9)		6,677,759		-
Selling and marketing		(628,029)		(1,942,885)
Income/(loss) after tax		5,062,233		(785,766)
Other comprehensive income (loss)		-		-
Comprehensive profit (loss)	$	5,062,233	$	(787,863)
Basic profit (loss) per common share (Note 2)				
Continuing operations	$	(0.04)	$	(0.01)
Discontinued operations	$	0.11	$	(0.00)
Diluted profit (loss) per common share (Note 2)				
Continuing operations		(0.04)		(0.01)
Discontinued operations	$	0.11	$	(0.00)
Weighted average common shares outstanding, basic (Note 2)		69,564,552		67,165,374
Weighted average common shares outstanding, diluted (Note 2)		69,584,417		67,165,374

See accompanying notes to consolidated financial statements.

SHOAL GAMES LTD. and subsidiaries

(previously Bingo.com, Ltd.)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2014 and 2013

	Common stock			Accumulated Other Comprehensive income	
	Shares	Amount	Accumulated Deficit	Foreign currency translation adjustment	Total Stockholders' Equity
Balance, December 31, 2012	65,877,703	$ 19,197,690	$ (15,965,824)	$ 24,580	$ 3,256,446
Private placement	1,000,000	450,000	-	-	450,000
Private placement	1,000,000	450,000	-	-	450,000
Net loss	-	-	(787,863)	-	(787,863)
Balance, December 31, 2013	67,877,703	$20,097,690	$(16,753,687)	$ 24,580	$3,368,583
Private placement	500,000	200,000	-	-	200,000
Private placement	1,250,000	500,000	-	-	500,000
Exercise of stock options	55,000	9,350			9,350
Private placement	1,000,000	700,000	-	-	700,000
Redemption of shares (Note 9)	(15,000,000)	(2,250,000)	(3,750,000)		(6,000,000)
Net income	-	-	5,062,233	-	5,062,233
Balance, December 31, 2014	55,682,703	$19,257,040	$(15,441,454)	$ 24,580	$3,840,166

See accompanying notes to consolidated financial statements.

SHOAL GAMES LTD. and subsidiaries

(previously Bingo.com, Ltd.)

Consolidated Statements of Cash Flows

Years ended December 31,		2014		2013
Cash flows from operating activities:				
Net income (loss)	$	5,062,233	$	(787,863)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization		3,470		4,687
Trophy Bingo amortization		482,013		-
Profit on the sale of subsidiary		-		(812)
Gain on the sale of the domain name		(6,677,759)		-
Changes in operating assets and liabilities:				
Accounts receivable		159,201		81,609
Prepaid expenses		97,728		394,038
Other assets		877		788
Accounts payable and accrued liabilities		(30,260)		83,361
Net cash used in operating activities		(902,497)		(224,192)
Cash flows from investing activities:				
Acquisition of equipment		(4,969)		(2,177)
Proceeds on disposal of domain name, net of transaction costs		1,935,000		-
Software development		(51,701)		(1,058,432)
Net cash provided by (used in) investing activities		1,878,330		(1,060,609)
Cash flows from financing activities:				
Exercise of stock options		9,350		-
Private placement		1,400,000		900,000
Net cash provided by financing activities		1,409,350		900,000
Change in cash		2,385,183		(384,801)
Cash, beginning of year		491,203		876,004
Cash, end of year	$	2,876,386	$	491,203
Supplementary information:				
Interest paid	$	-	$	-
Income taxes paid	$	848	$	1,008
Non-cash financing activity	$	-	$	-
Non-cash investing activity – other assets incurred through accounts payable	$	-	$	51,701
Non-cash investing activity – acquisition and redemption of 15,000,000 common shares on the disposal of the domain name rights through common stock and deficit (Note 9)	$	6,000,000	$	-

See accompanying notes to consolidated financial statements.

SHOAL GAMES LTD. and subsidiaries

(previously Bingo.com, Ltd.)
Notes to Consolidated Financial Statements

Years ended December 31, 2014 and 2013

1. Introduction:

Nature of business

Shoal Games Ltd. (previously Bingo.com, Ltd.) (the "Company") was incorporated on January 12, 1987, under the laws of the State of Florida as Progressive General Lumber Corp. On January 22, 1999, the Company changed its name to Bingo.com, Inc. On April 7, 2005, Bingo.com, Inc. completed a merger with its wholly- owned subsidiary Bingo.com, Ltd. The surviving corporation of the merger is Bingo.com, Ltd. which is domiciled in Anguilla, British West Indies. All of the outstanding common shares of Bingo.com, Ltd. were registered by Bingo.com, Inc. and Bingo.com, Ltd. under an S-4 registration statement dated March 3, 2005. The S-4 registration statement became effective on March 8, 2005. The principal reason for Bingo.com, Inc.'s merger with its subsidiary Bingo.com, Ltd. was to facilitate Bingo.com, Inc.'s reincorporation under the International Business Companies Act of Anguilla, B.W.I. Anguilla, B.W.I. is a corporate tax- free jurisdiction. Effective Thursday, April 7, 2005, the shares of Bingo.com, Ltd. began trading under the new ticker symbol "BNGOF". Subsequent to the year ended December 31, 2014, the Company changed its name to Shoal Games Ltd. and changed its ticker symbol to "SGLDF".

During the year ended December 31, 2014, the Company was in the business of marketing games and entertainment based on the game of bingo through its Internet portal, www.bingo.com and earned revenue from selling advertising and providing games of chance to its registered subscribers.

Effective December 31, 2014, the Company sold its Internet portal, www.bingo.com and will focus on the continued development and marketing of its social bingo game, Trophy Bingo.

Continuing operations

These consolidated financial statements have been prepared on the going concern basis, which presumes the realization of assets and the settlement of liabilities in the normal course of operations. The application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continued operations, or, in the absence of adequate cash flows from operations, obtaining additional financing. The Company has reported losses from operations for the year ended December 31, 2014 and 2013, and has an accumulated deficit of $15,441,454 as at December 31, 2014. This raises substantial doubt about the Company's ability to continue as a going concern.

1. Introduction (Continued):

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts and settlement of the liability amounts shown in the accompanying balance sheets is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Management continues to review operations in order to identify additional strategies designed to generate cash flow, improve the Company’s financial position, and enable the timely discharge of the Company’s obligations. If management is unable to identify sources of additional cash flow in the short term, it may be required to further reduce or limit operations.

2. Summary of significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) applicable to annual financial information and with the rules and regulations of the United States Securities and Exchange Commission. The financial statements include the accounts of the Company’s wholly-owned subsidiaries, English Bay Office Management Limited (registered in British Columbia, Canada), Bingo.com N.V. (registered in Curacao, Netherlands Antilles) sold during fiscal 2013 (Note 4), Coral Reef Marketing Inc. (registered in Anguilla), Shoal Media Inc. (registered in Anguilla) acquired in fiscal 2013 (Note 3), Bingo.com (Antigua) Inc., Bingo.com (Wyoming) Inc., Bingo Acquisition Corp, and the 99% owned subsidiary, Shoal Games (UK) plc. (previously Bingo.com (UK) plc) (registered in the United Kingdom). All inter-company balances and transactions have been eliminated in the consolidated financial statements.

(b) Use of estimates:

The preparation of consolidated financial statements in conformity with US GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and recognized revenues and expenses for the reporting periods.

Significant areas requiring the use of estimates include the valuation of long-lived assets, the collectibility of accounts receivable and the valuation of deferred tax assets. Actual results may differ significantly from these estimates.

(c) Revenue recognition:

Gaming revenues have been recognized on the basis of total dollars wagered, less commissions on all games, less all winnings payable to players.

SHOAL GAMES LTD. and subsidiaries

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Notes to Consolidated Financial Statements

Years ended December 31, 2014 and 2013

2. Summary of significant accounting policies (Continued):

(c) Revenue recognition: (Continued)

Advertising revenues have been recognized when collection of the amounts are reasonably assured. Cash received in advance of the advertising campaigns or impressions and clicks are recorded under unearned revenue.

Trophy Bingo revenues have been recognized on the sale of in game purchases at the time of purchase.

(d) Foreign currency:

The consolidated financial statements are presented in United States dollars, the functional currency of the Company and its subsidiaries. The Company accounts for foreign currency transactions and translation of foreign currency financial statements under Statement ASC 830, Foreign Currency Matters. Transaction amounts denominated in foreign currencies are translated at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities are adjusted at each balance sheet date to reflect the exchange rate at that date. Non-monetary assets and liabilities are translated at the exchange rate on the original transaction date.

Gains and losses from restatement of foreign currency monetary and non-monetary assets and liabilities are included in net income. Revenues and expenses are translated at the rates of exchange prevailing on the dates such items are recognized in earnings.

(e) Accounts receivable:

Trade and other accounts receivable are reported at face value less any provisions for uncollectible accounts considered necessary. Accounts receivable includes receivables from payment processors and trade receivables from customers. The Company estimates doubtful accounts on an item-by-item basis and includes over-aged accounts as part of allowance for doubtful accounts, which are generally ones that are ninety-days overdue. Bad debt expense, for the year ended December 31, 2014, was $nil (2013 - $nil).

(f) Equipment:

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided for annually on the declining balance method over the following periods:

Equipment and computers	3 years
Furniture and fixtures	5 years

Expenditures for maintenance and repairs are charged to expenses as incurred. Major improvements are capitalized. Gains and losses on disposition of equipment are included in income or expenses as realized.

SHOAL GAMES LTD. and subsidiaries
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Notes to Consolidated Financial Statements

Years ended December 31, 2014 and 2013

2. Summary of significant accounting policies (Continued):

(g) Software Development Costs:

Software development costs incurred in the research and development of new software products and enhancements to existing software products for external use are expensed as incurred once technological feasibility has been established. After technological feasibility is established, any software development costs are capitalized and amortized at the greater of the straight-line basis over the estimated economic life of the related product or the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for the related product. Commencing January 1, 2014, the Company obtained technological feasibility and is amortizing the capitalized software development costs over a period of 3 years. The Company performs an annual review of the estimated economic life and the recoverability of such capitalized software costs, using a net realizable value test.

If a determination is made that capitalized amounts are not recoverable based on the estimated cash flows to be generated from the applicable software, any remaining capitalized amounts are written off. Although the Company believes that its approach to estimates and judgments as described herein is reasonable, actual results could differ and the Company may be exposed to increases or decreases in revenue that could be material. Total software development costs for the development of Trophy Bingo were $2,627,420 as at December 31, 2014 (December 31, 2013 - $1,446,038).

(h) Advertising:

The Company expenses the cost of advertising in the period in which the advertising space or airtime is used. Advertising costs from continuing operations charged to selling and marketing expenses in 2014 totaled $247,258 (2013 - $197,441) and advertising costs from discontinued operations charged to selling and marketing expenses in 2014 totaled $430,031 (2013 - $1,809,784).

(i) Stock-based compensation:

The Company recognizes all stock-based compensation as an expense in the financial statements and that such cost be measured at the fair value of the award.

(j) Impairment of long-lived assets and long-lived assets to be disposed of:

The Company accounts for long-lived assets in accordance with the provisions of ASC 360, Property, Plant and Equipment and ASC 350, Intangibles–Goodwill and Others. During the years presented, the only long-lived assets reported on the Company's consolidated balance sheet are equipment, other assets, security deposits, and domain name rights. These provisions require that long-lived assets and certain identifiable recorded intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash

2. Summary of significant accounting policies (Continued):

(j) Impairment of long-lived assets and long-lived assets to be disposed of: (Continued)

flows expected to be generated by the asset.

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less costs to sell.

(k) Income taxes:

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Deferred income taxes are provided based on the estimated future tax effects of temporary differences between financial statement carrying amounts of assets and liabilities and their respective tax bases, as well as the benefit of losses available to be carried forward to future years for tax purposes.

Deferred tax assets and liabilities are measured using the enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered and settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets when it is not more likely than not that such future tax assets will be realized.

(l) Net (loss) income per share:

ASC 260, “Earnings Per Share”, requires presentation of basic earnings per share (“Basic EPS”) and diluted earnings per share (“Diluted EPS”). Basic earnings (loss) per share is computed by dividing earnings (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution, using the treasury stock method, that could occur if outstanding options or warrants were exercised and converted into common stock. In computing diluted earnings per share, the treasury stock method assumes that outstanding options and warrants are exercised and the proceeds are used to purchase common stock at the average market price during the period.

Options and warrants will have a dilutive effect under the treasury stock method only when the average market price of the common stock during the period exceeds the exercise price of the options and warrants. In periods where losses are reported, the weighted average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive. A total of nil (2013 - 1,410,000) stock options were excluded as at December 31, 2014.

SHOAL GAMES LTD. and subsidiaries

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Notes to Consolidated Financial Statements

Years ended December 31, 2014 and 2013

2. Summary of significant accounting policies (Continued):

(l) Net (loss) income per share: (Continued)

The earnings per share data for the year ended December 31, 2014 and 2013 are summarized as follows:

		2014		2013
Loss for the year from continuing operations	$	(2,671,544)	$	(755,182)
Income (loss) for the year from discontinued operations	$	7,733,777	$	(30,584)
Basic weighted average number of common shares outstanding		69,564,552		67,165,374
Effect of dilutive securities				
Stock Options		19,865		-
Diluted weighted average number of common shares outstanding		69,584,417		67,165,374
Basic earnings per common share outstanding				
Continuing operations	$	(0.04)	$	(0.01)
Discontinued operations	$	0.11	$	(0.00)
Diluted earnings (loss) per share by weighted average number of common shares outstanding				
Continuing operations	$	(0.04)	$	(0.01)
Discontinued operations	$	0.11	$	(0.00)

(m) Domain name and intangible assets:

The Company has capitalized the cost of the purchase of the domain name Bingo.com and was amortizing the cost over five years from the date of commencement of operations. In 2002, the Company suspended the amortization of the domain name cost in accordance with ASC 350, where companies are no longer required to amortize indefinite life assets but instead test the indefinite intangible asset for impairment at least annually. The capitalized amount is based on the net present value of the minimum payments permitted under the terms of the purchase agreement. The domain name is tested for impairment by comparing the future cash flows of the domain name with its carrying value. The Company determined that as a result of level 3 unobservable inputs in accordance with ASC 820, Fair Value Measurements and Disclosures, that the fair value of the domain name exceeded the carrying value and therefore no impairment existed for the years presented.

(n) New accounting pronouncements and changes in accounting policies:

In March 2013, the FASB issued ASU 2013-05, Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity, which provides guidance on releasing cumulative translation adjustments out of accumulated comprehensive income into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a

2. Summary of significant accounting policies (Continued):

(n) New accounting pronouncements and changes in accounting policies: (Continued)

nonprofit activity or a business within a foreign entity. This guidance is effective prospectively for interim and annual periods beginning on January 1, 2014. Early adoption is permitted. As the Company has not ceased to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity, the adoption of this guidance did not have a significant impact on the Company's consolidated financial position, results of operations, or cash flows.

In April 2013, the FASB issued ASU 2013-07, requiring financial statements to be prepared using the liquidation basis of accounting when liquidation is "imminent." Liquidation is considered imminent when the likelihood is remote that the organization will return from liquidation and either: (a) a plan for liquidation is approved by the person or persons with the authority to make such a plan effective and the likelihood is remote that the execution of the plan will be blocked by other parties; or (b) a plan for liquidation is being imposed by other forces (e.g., involuntary bankruptcy). In cases where a plan for liquidation was specified in the organization's governing documents at inception (e.g., limited-life entities), the organization should apply the liquidation basis of accounting only if the approved plan for liquidation differs from the plan for liquidation that was specified in the organization's governing documents. The ASU requires financial statements prepared using the liquidation basis to present relevant information about a company's resources and obligations in liquidation, including: (a) The organization's assets measured at the amount of the expected cash proceeds from liquidation, including any items it had not previously recognized under U.S. GAAP, that it expects to either sell in liquidation or use in settling liabilities (e.g., trademarks); (b) The organization's liabilities as recognized and measured in accordance with existing guidance that applies to those liabilities; (c) Accrual of the costs it expects to incur and the income it expects to earn during liquidation, including any anticipated disposal costs. The amendments in ASU 2013-07 are effective for interim and annual reporting periods beginning after December 15, 2013, with early adoption permitted. The implementation of this update had no effect on the Company's consolidated financial statements.

In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists ("ASU 2013-11"), which requires an entity to present an unrecognized tax benefit as a reduction to a deferred tax asset in the financial statements, when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. If the deferred tax asset is not available at the reporting date to settle any additional income taxes that would result from the disallowance of a tax position or the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. ASU 2013-11 is effective for the Company beginning

2. Summary of significant accounting policies (Continued):

(n) New accounting pronouncements and changes in accounting policies: (Continued)

January 1, 2014. The adoption of ASU 2013-11 did not have a material impact on the Company's reported results of operations or financial position.

In April 2014, the FASB issued ASU No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (ASU 2014-08), Under this revised guidance, only disposals representing a strategic shift in operations, such as a disposal of a major geographic area, a major line of business or a major equity method investment, will be presented as discontinued operations. ASU 2014-08 is effective prospectively for the Company in our first quarter of fiscal 2015, with early adoption permitted. We do not believe the adoption of this standard will have a significant impact on our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. This guidance provides a single, comprehensive revenue recognition model for all contracts with customers. The revenue guidance contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2016 for public entities, with no early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on the Company's financial position or results of operations.

In June 2014, the FASB issued ASU No. 2014-12, Compensation—Stock Compensation. This guidance requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. This update further clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the periods for which the requisite service has already been rendered. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015 and can be applied either prospectively or retrospectively to all awards outstanding as of the beginning of the earliest annual period presented as an adjustment to opening retained earnings. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material impact on the Company's financial position or results of operations.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). ASU 2014-15 provides guidance about

2. Summary of significant accounting policies (Continued):

(n) New accounting pronouncements and changes in accounting policies: (Continued)

management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and sets rules for how this information should be disclosed in the financial statements. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and interim periods thereafter. Early adoption is permitted. The Company is evaluating the effect of ASU 2014-15 on our consolidated financial condition and results of operations.

In November 2014, the FASB issued ASU No. 2014-16, Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity. This standard requires an entity to “determine the nature of the host contract by considering all stated and implied substantive terms and features of the hybrid financial instrument, weighing each term and feature on the basis of the relevant facts and circumstances which the hybrid financial instrument was issued or acquired and the potential outcome of the hybrid financial instrument. ASU 2014-16 is effective for annual periods ending after December 15, 2015 and interim periods thereafter. Early adoption is permitted. The Company is evaluating the effect of ASU 2014-15 on our consolidated financial condition and results of operations.

In January 2015, the FASB issued ASU 2015-01, which eliminates from GAAP the concept of extraordinary items. If an event or transaction meets the criteria for extraordinary classification, it is segregated from the results of ordinary operations and is shown as a separate item in the income statement, net of tax. ASU 2015-01 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted. The Company does not expect adoption of this guidance will have a material effect on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, which provides guidance for reporting entities that are required to evaluate whether they should consolidate certain legal entities. In accordance with ASU 2015-02, all legal entities are subject to reevaluation under the revised consolidation model. ASU 2015-02 is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted. The Company is still assessing the potential impact of ASU 2015-02 on its consolidated financial statements.

There have been no other recent accounting standards, or changes in accounting standards, during the year ended December 31, 2014, as compared to the recent accounting standards described in the Annual Report, that are of material significance, or have potential material significance, to us.

SHOAL GAMES LTD. and subsidiaries

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Notes to Consolidated Financial Statements

Years ended December 31, 2014 and 2013

2. Summary of significant accounting policies (Continued):

(o) Financial instruments:

(i) Fair values:

The fair value of accounts receivable, accounts payable, accrued liabilities and accounts payable and accrued liabilities - related party approximate their financial statement carrying amounts due to the short-term maturities of these instruments. Cash is carried at fair value using a level 1 fair value measurement.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset. The Company's cash was measured using Level 1 inputs.

(ii) Foreign currency risk:

The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. The Company has not entered into any forward exchange contracts or other derivative instrument to hedge against foreign exchange risk.

3. Acquisition of subsidiary:

Effective January 1, 2013, the Company acquired 100% of the share capital of Shoal Media Inc., an Anguillian corporation from Mr. T. M. Williams for $6,820. The Company accounted for the transaction as an asset acquisition. The net assets of Shoal Media Inc. were as follows:

		January 1, 2013
Assets		
Current assets:		
Cash	$	5,590
Total Current Assets	$	5,590
Liabilities		
Current liabilities:		
Accounts payable	$	-
Total Current Liabilities	$	-
Net Assets	$	5,590

SHOAL GAMES LTD. and subsidiaries

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Years ended December 31, 2014 and 2013

4. Sale of subsidiary

Effective December 19, 2013, the Company sold Bingo.com N.V. in an arms length transaction for $1. Since gaining a gaming license in Malta and moving our operations from Curacao to Malta in 2009, Bingo.com N.V. has been a dormant subsidiary. The Company sold the subsidiary, because it did not want to incur further costs to support a dormant subsidiary. The net assets of Bingo.com N.V. as at December 19, 2013, were as follows:

		December 19, 2013
Assets		
Current assets:	$	
Accounts receivable less allowance for doubtful accounts		1,318
Total Current Assets		1,318
Total Assets	$	1,318
Liabilities		
Current liabilities:		
Accounts payable	$	2,130
Total Current Liabilities	$	2,130
Net Assets	$	(812)

5. Accounts Receivable:

The accounts receivable as at December 31, 2014, is summarized as follows:

		2014		2013
Accounts receivable	$	122,056	$	281,257
Provision for doubtful accounts		-		-
Net accounts receivable	$	122,056	$	281,257

6. Equipment:

2014		Cost		Accumulated depreciation		Net book Value
Equipment and computers	$	105,341	$	96,995	$	8,346
Furniture and fixtures		7,088		6,165		923
	$	112,429	$	103,160	$	9,269

2013		Cost		Accumulated depreciation		Net book Value
Equipment and computers	$	100,372	$	93,754	$	6,618
Furniture and fixtures		7,088		5,936		1,152
	$	107,460	$	99,690	$	7,770

Depreciation expense was $3,470 (2013 - $4,687) for the year ended December 31, 2014.

7. Other assets:

During the year ended December 31, 2012, the Company commenced development of a social bingo game, Trophy Bingo. During the year ended December 31, 2014, the Company soft launched Trophy Bingo. The Company ceased to capitalize the development costs and commenced the amortization of the capitalized development costs over a period of three years.

December 31, 2014		Capitalized Expenses		Accumulated amortization		Net book Value
Trophy Bingo capitalized development expenses	$	1,446,038	$	482,013	$	964,025

December 31, 2013		Capitalized Expenses		Accumulated amortization		Net book Value
Trophy Bingo capitalized development expenses	$	1,446,038	$	-	$	1,446,038

During the year ended December 31, 2014, the Company expensed $1,181,382 (December 31, 2013 - $nil) in development costs.

8. Domain name rights and intangible asset held for sale:

The rights to use the domain name bingo.com were acquired in January of 1999 for a cash payment of $200,000 and the issuance of 500,000 shares of common stock of the Company at a value of $2.00 per share. The agreement was signed with Bingo, Inc., an unrelated party at the date of signing of the agreement. Under the terms of the agreement, the Company was required to make quarterly domain name purchase payments to the vendor based on 4% of annual gross revenue (as defined in the agreement), with total minimum payments of $1,100,000 in the first three years, including the initial cash payment, required over the 99 year period ending December 31, 2098. These minimum payment commitments were completed on June 30, 2002. During the year ended December 31, 2002, the agreement was amended so that the remaining domain name purchase payments to the vendor were made monthly, based on 4% of the preceding month’s gross revenue. During the year ended December 31, 2010, the Company purchased the remaining Domain Name payments for $900,000, with the issuance of 6,000,000 common shares of the Company, at a value of $0.15 per share. In accordance with ASC Topic 420-10-25-11, the Company expensed the Domain Name Purchase payments of $900,000 during the year ended December 31, 2010.

Domain name rights have been capitalized on the balance sheet based on the present value of the future minimum domain name purchase payments. In 2002, the Company suspended the amortization of the domain name in accordance with ASC 350, Intangibles - Goodwill and Others, where companies are no longer permitted to amortize indefinite life intangible assets.

8. Domain name rights and intangible asset held for sale: (Continued)

2014		Cost		Accumulated amortization		Net book Value
Domain name rights	$	-	$	-	$	-

2013		Cost		Accumulated amortization		Net book Value
Domain name rights	$	1,934,500	$	677,259	$	1,257,241

9. Discontinued operations

Effective December 31, 2014, the Company sold the www.bingo.com domain name to Unibet Group plc. for cash consideration of $2,000,000 and redemption of the 15,000,000 common shares of the Company, which were held by Unibet Group plc, at a price of $0.40 per share. The 15,000,000 common shares held by Unibet have been returned to the Company's treasury and were cancelled.

The Company recorded the following gain from the sale of domain name.

		Gain from sale of domain name
Sale of domain name	$	8,000,000
Domain name rights and intangible assets held for sale		(1,257,241)
Commission on sale		(65,000)
Gain from the sale of the domain name	$	6,677,759

The effect of the discontinued operations were as follows:

		2014		2013
Cash flows from operating activities: Discontinued operations	$	7,733,777	$	(30,584)
Cash flows from investing activities: Proceeds on disposal of domain name, net of transaction costs		1,935,000		-
Non-cash financing activity Non-cash investing activity – acquisition and redemption of 15,000,000 common shares on the disposal of the domain name rights through common stock and deficit	$	6,000,000	$	-

10. Stockholders' equity:

The holders of common stock are entitled to one vote for each share held. There are no restrictions that limit the Company's ability to pay dividends on its common stock. The Company has not declared any dividends since incorporation. The Company's common stock has no par value per common stock.

10. Stockholders' equity: (Continued)

(a) Common stock issuances:

During the year ended December 31, 2014, the Company repurchased 15,000,000 previously issued to Unibet Group Inc. at $0.40 per share. (Note 9) These shares were originally issued at $0.15 per share raising $2,250,000. Effective December 31, 2014, the Company reduced stock holders equity by $2,250,000 and $3,750,000 reduced opening deficit.

During the year ended December 31, 2014, the Company completed two separate private placements of a combined 1,750,000 common shares at $0.40 per share. Total proceeds of both offerings was $700,000.

During the year ended December 31, 2014, a holder of stock options exercised their options for 55,000 shares for $9,350 at an exercise price of $0.17 per share.

During the year ended December 31, 2014, the Company completed a private placement of 1,000,000 common shares at $0.70 per share. Total proceeds of the offering was $700,000.

During the year ended December 31, 2013, the Company completed two separate private placements of a combined 2,000,000 common shares at $0.45 per share. Total proceeds of both offerings was $900,000.

(b) Stock option plans:

(i) 1999 stock option plan:

The Company has reserved a total of 1,895,000 common shares for issuance under its 1999 stock option plan. The plan provides for the granting of non-qualified stock options to directors, officers, eligible employees and contractors of the Company. The Board of Directors determines the terms of the options granted, including the number of options granted, the exercise price and their vesting schedule.

As at December 31, 2014, there were a total of nil stock options (2013 - nil) outstanding. During the year ended December 31, 2014, there were nil options exercised (2013 - nil) and nil options expired unexercised (2013 – nil).

(ii) 2001 stock option plan:

During the year ended December 31, 2001, the Company's Board of Directors adopted the 2001 stock option plan. The Company has reserved a total of 5,424,726 common shares for issuance under the 2001 stock option plan. The plan provides for the granting of incentive and non-qualified stock options to directors, officers, eligible employees and contractors of the Company. The Board of Directors determines the terms of the options granted, including the number of options granted, the exercise price and their vesting schedule.

As at December 31, 2014, there were a total of 1,989,700 stock options (2013 - 2,539,700 stock options) issued, of which 1,989,700 (2013 - 1,934,700) had been exercised as at

10. Stockholders' equity: (Continued)

(b) Stock option plans: (Continued)

December 31, 2014. During the year ended December 31, 2014, 55,000 options were exercised (2013 - nil) and 550,000 (2013 - 585,000) stock options expired unexercised. Therefore as at December 31, 2014, there were nil (2013 - 605,000) stock options outstanding.

During the year ended December 31, 2012, the expiry date on 75,000 options with an expiry date of February 28, 2012 and an exercise price of $0.27 per share, was extended for 2 years and the expiry date. During the year ended December 31, 2014, these options expired unexercised.

During the year ended December 31, 2012, the expiry date on 175,000 options with an expiry date of March 5, 2012 and an exercise price of $0.33 per share, was extended for 1 year. These options expired unexercised.

(iii) 2005 stock option plan:

During the year ended December 31, 2005, the Company's Board of Directors adopted the 2005 stock option plan, which was approved by the shareholders at the Annual General meeting. The Company has reserved a total of 2,000,000 common shares for issuance under the 2005 stock option plan. The Plan is intended to provide incentive to employees, directors, advisors and consultants of the Company to encourage proprietary interest in the Company, to encourage such employees to remain in the employ of the Company or such directors, advisors and consultants to remain in the service of the Company, and to attract new employees, directors, advisors and consultants with outstanding qualifications. The Board of Directors determines the terms of the options granted, including the number of options granted, the exercise price and their vesting schedule.

As at December 31, 2014, there were a total of 520,000 (2013 - 805,000) stock options outstanding at exercise prices of $0.15 per share. During the year ended December 31, 2014, 285,000 (2013 - 150,000) stock options expired unexercised.

During the year ended December 31, 2012, the expiry date on 285,000 options with an expiry date of February 28, 2012 and an exercise price of $0.27 per share, was extended for a further 2 years. During the year ended December 31, 2014, these options expired unexercised.

During the year ended December 31, 2012, the expiry date on 100,000 options with an expiry date of March 5, 2012 and an exercise price of $0.33 per share, was extended for a further 1 year. During the year ended December 31, 2013, these options expired unexercised.

10. Stockholders' equity: (Continued)

(b) Stock option plans: (Continued)

A summary of stock option activity for the stock option plans for the years ended December 31, 2014 and 2013 are as follows:

	Number of options		Weighted average exercise price
Outstanding, December 31, 2012	2,145,000	$	0.23
Granted	-		-
Exercised	-		-
Expired	(735,000)		0.31
Outstanding, December 31, 2013	1,410,000	$	0.19
Granted	-		-
Exercised	(55,000)		0.17
Expired	(835,000)		0.21
Outstanding, December 31, 2014	520,000	$	0.15

The aggregate intrinsic value for options as of December 31, 2014 was $286,000 (2013 - $242,300) with a closing share price of $0.70 per share.

The following table summarizes information concerning outstanding and exercisable stock options at December 31, 2014:

Range of exercise prices per share	Number outstanding	Number exercisable	Expiry date
$ 0.15	520,000	520,000	September 30, 2015
	520,000	520,000	

During the year ended December 31, 2014, the Company recorded stock-based compensation expense of $nil (2013 - $nil) relating to the extension of the common stock purchase options to certain employees, officers, and directors of the Company in accordance with ASC 718, Compensation - Stock Compensation.

11. Commitments:

The Company leases office facilities in Vancouver, British Columbia, Canada, and The Valley, Anguilla, British West Indies. These office facilities are leased under operating lease agreements. The Canadian operating lease expires on April 30, 2017. The Anguillan operating lease expired on April 1, 2011 but unless 3 month's notice is given it automatically renews for a future 3 months until notice is given. Minimum lease payments under these operating leases are approximately as follows:

2015	$	17,869
2016		17,119
2017		5,706

11. Commitments: (Continued)

The Company paid rent expense totaling $26,052 for the year ended December 31, 2014 (2013 - $121,520).

The Company has a management consulting agreement with T.M. Williams (Row), Inc., an Anguilla incorporated company, and Mr. T. M. Williams dated August 20, 2001, (the "T. M. Williams Agreement"), amended February 28, 2002, in connection with the provision of services to the Company by Mr. T. M. Williams.

The agreement was amended during the year ended December 31, 2010 to include a consultancy payment of $11,666 per month payable in arrears. This contract is for the provision of services by Mr. T. M. Williams as Executive Chairman of the Company. During the year ended December 31, 2014, the agreement was amended to provide for a consultancy payment equal to the sum of 6.5% of the total monthly Gross Win of the cash bingo business and 2.5% of the monthly social bingo business with a minimum of $11,000 and a maximum of $25,000 per month.

During the year ended December 31, 2014, the Company entered into an agreement with Jayska Consulting Ltd. and Mr. J. M. Williams, Chief Executive Officer of the Company for the provision of services of Mr. J. M. Williams as Chief Executive Officer of the Company. The Consulting agreement provides for a consultancy payment of GBP£5,000 per month payable in arrears. In addition, during the year ended December 31, 2014, entered into an agreement with LVA Media Inc. and Mr. J. M. Williams, for the provision of services of Mr. J. M. Williams as Chief Executive Officer of the Company. The Consulting agreement provides for a consultancy payment equaling the sum of 3% of the total monthly Gross Win of the cash bingo business and 2.5% of the monthly social bingo business with a minimum of $7,500 and a maximum of $25,000 per month.

12. Income taxes:

The Company is domiciled in the tax-free jurisdiction of Anguilla, British West Indies. The computed benefit / expense differed from the amounts computed by applying the United States of America federal income tax rate of 34 percent and various other rates for other jurisdictions to the pretax income / losses from operations as a result of the following:

	2014	2013
Computed "expected" tax (expense) benefit	$ (1,721,159)	$ 267,307
Reduction in income taxes resulting from income taxes in other tax jurisdictions	1,721,775	(331,977)
Other	(149)	(99)
Change in taxation rates in other jurisdictions	2,786	124,029
Change in exchange rates	(4,807)	1,554
Change in valuation allowance	706	(62,480)
	$ (848)	$ (1,666)

SHOAL GAMES LTD. and subsidiaries

(previously Bingo.com, Ltd.)
Notes to Consolidated Financial Statements

Years ended December 31, 2014 and 2013

12. Income taxes: (Continued)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2014 and 2013 are presented below:

		2014		2013
Deferred tax assets:				
Net operating loss carry forwards	$	17,907	$	17,201
Valuation Allowance		(17,907)		(17,201)
	$	-	$	-

The valuation allowance for deferred tax assets as of December 31, 2014 and 2013, was $17,907 and $17,201, respectively. The net change in the total valuation allowance was an increase of $706 for the year ended December 31, 2014, and a decrease of $62,480 for the year ended December 31, 2013.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those differences become deductible.

Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in assessing the realizability of deferred tax assets.

13. Related party transactions:

The Company has a liability of $3,937 (2013 - $nil) to a company owned by a current director and officer of the Company for payment of services rendered of $174,789 (2013 - $140,000) by the current director and officer of the Company.

The Company has a liability of $3,580 (2013 - $3,320) to a current director and officer of the Company for expenses incurred.

The Company has a liability of $23,300 (2013 - $nil) to a company owned by a current director and officer of the Company for payment of services rendered of $90,014 (2013 - $nil) by the current director and officer of the Company.

The Company has a liability of $nil (2013 - $nil) to a company owned by a current director and officer of the Company for payment of services rendered of $96,736 (2013 - $nil) by the current director and officer of the Company.

The Company has a liability of $3,313 (2013 - $nil) to a company owned by a current director of the Company for payment of services rendered of $11,163 (2013 - $nil) by the current director of the Company.

SHOAL GAMES LTD. and subsidiaries

(previously Bingo.com, Ltd.)
Notes to Consolidated Financial Statements

Years ended December 31, 2014 and 2013

13. Related party transactions: (Continued)

The Company has a liability to Bingo, Inc. for rental of the UK office of $nil (2013 - $nil), for rental expense for the year ended December 31, 2014 of $1,045 (2013 - $93,870).

The Company has a liability of $10,000 (2013 - $5,002), to independent directors of the Company for payment of services rendered. During the year ended December 31, 2014, the Company paid $12,000 (2013 - $12,000) to the independent directors in director fees.

The Company has a liability of $4,538 (2013 - $2,953), to an officer of the Company for payment of services rendered and expenses incurred of $71,601 (2013 - $62,530) by the officer of the Company.

The related party transactions are in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related party.

14. Segmented information:

The Company operates in two reportable business segments, firstly the sale of in-app purchases on Trophy Bingo and secondly the business of marketing games and entertainment based on the game of bingo through its Internet portal, bingo.com, supported mainly by the revenue generated from the deposits received for the games for money and selling advertising on the website. The revenue for the year ended December 31, 2014 and 2013, has been derived primarily from the revenue generated from the deposits received for the games for money.

The Company had the following revenue by geographical region.

	2014		2013	
Revenue From Continuing Operations				
Advertising revenue				
Nordics	$	391	$	349
Other		22,264		24,784
Total advertising revenue	$	22,655	$	25,133
Trophy Bingo Revenue				
Western Europe	$	1,165	$	-
Central, Eastern and Southern Europe		10		-
Nordics		348		-
North America		6,948		1,265
Other		1,344		-
Total gaming revenue	$	9,815	$	1,265
Total revenue from continuing operations				
Western Europe	$	1,165	$	-
Central, Eastern and Southern Europe		10		-
Nordics		739		349
North America		6,948		1,265
Other		23,608		24,784
Total revenue	$	32,470	$	26,398

SHOAL GAMES LTD. and subsidiaries

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Years ended December 31, 2014 and 2013

14. Segmented information: (Continued)

Gaming revenue from discontinued operations				
Western Europe	$	144,071	$	188,997
Central, Eastern and Southern Europe		10,826		16,097
Nordics		1,518,088		1,696,926
Other		11,062		10,281
Total gaming revenue from discontinued operations	$	1,684,047	$	1,912,301

Equipment

The Company's equipment is located as follows:

Net Book Value		2014		2013
Anguilla	$	2,115	$	849
Canada		3,308		4,090
United Kingdom		2,824		1,298
United States of America		1,022		1,533
	$	9,269	$	7,770

15. Concentrations:

Major customers

For the year ended December 31, 2014, there was no single player on the gaming site who had wagered more than 10% of the total gaming revenue. The Company was reliant on Unibet to provide contracted services pursuant to its Partner Program. These services include the supply and operation of the games (i.e. Bingo and Slots); the development and maintenance of the website, customer support to our players playing on our website www.bingo.com, processing all deposits and collection of those funds and processing all withdrawal requests. The Company has a receivable from Unibet of $112,552 as at December 31, 2014 (December 31, 2013 - $276,403).

During the year ended December 31, 2014 and 2013, the Company offered limited advertising. Therefore there were no advertising sales representing more than 10% of the total sales.

During the year ended December 31, 2014 and 2013, the Company sold in-app purchases on its social bingo site, Trophy Bingo. There was no single player who had purchased more than 10% of the Trophy Bingo revenue.

16. Concentrations of credit risk:

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company places its cash with high quality financial institutions and limits the amount of credit exposure with any one institution.

The Company currently maintains a substantial portion of its day-to-day operating cash balances at financial institutions. At December 31, 2014, the Company had total cash balances

16. Concentrations of credit risk: (Continued)

of $2,876,386 (2013 - $491,203) at financial institutions, where $2,526,185 (2013 - $106,158) is in excess of federally insured limits.

The Company has concentrations of credit risk with respect to accounts receivable, the majority of its accounts receivable are concentrated geographically in the United Kingdom amongst a small number of customers.

As of December 31, 2014, the Company had one customer, totaling $112,552 who accounted for greater than 10% of the total accounts receivable. As of December 31, 2013, the Company had one customer, totaling $276,403 who accounted for greater than 10% of the total accounts receivable.

The Company controls credit risk through monitoring procedures and receiving prepayments of cash for services rendered. The Company performs credit evaluations of its customers but generally does not require collateral to secure accounts receivable.

SHOAL GAMES LTD. and subsidiaries

Consolidated Balance Sheets
(Unaudited)

As at		September 30, 2015		December 31, 2014
Assets				
Current assets:				
Cash	$	1,373,007	$	2,876,386
Accounts receivable less allowance for doubtful accounts $nil (December 31, 2014 - $nil)		10,518		122,056
Prepaid expenses		15,338		14,367
Total Current Assets		1,398,863		3,012,809
Equipment, net		7,252		9,269
Other assets (Note 3)		602,516		964,025
Security deposits		9,258		10,642
Deferred tax asset, less valuation allowance of $17,225 (December 31, 2014 - $17,907) (Note 7)		-		-
Total Assets	$	2,017,889	$	3,996,745
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$	129,128	$	35,013
Accrued liabilities		80,922		72,898
Accounts payable and accrued liabilities - related party (Note 8)		37,206		48,668
Total Current Liabilities		247,256		156,579
Commitments (Note 6)				
Stockholders' equity (Note 5):				
Common stock, no par value, unlimited shares authorized, 56,197,703 shares issued and outstanding (December 31, 2014 - 55,682,703)		19,334,290		19,257,040
Accumulated deficit		(17,588,237)		(15,441,454)
Accumulated other comprehensive income:				
Foreign currency translation adjustment		24,580		24,580
Total Stockholders' Equity		1,770,633		3,840,166
Total Liabilities and Stockholders' Equity	$	2,017,889	$	3,996,745

See accompanying notes to the consolidated financial statements.

SHOAL GAMES LTD. and subsidiaries

Consolidated Statements of Operations and Comprehensive Loss
For Periods Ended September 30, 2015 and 2014
(Unaudited)

	Nine Months ended September 30, 2015	Nine Months ended September 30, 2014	Three Months ended September 30, 2015	Three Months ended September 30, 2014
Advertising revenue	$ 9,290	$ 17,550	$ 1,216	$ 6,143
Trophy Bingo revenue	16,785	2,710	9,914	2,164
Total revenue	26,075	20,260	11,130	8,307
Cost of sales:				
Trophy Bingo amortization (Note 3)	361,509	361,510	120,503	120,504
Total cost of sales	361,509	361,510	120,503	120,504
Gross loss	(335,434)	(341,250)	(109,373)	(112,197)
Operating expenses:				
Depreciation and amortization	2,289	2,494	763	885
Directors fees	7,500	9,500	3,500	2,500
General and administrative	318,959	155,201	79,398	45,904
Salaries, wages, consultants and benefits	328,453	405,168	107,633	116,690
Selling and marketing	212,404	171,439	137,266	55,016
Trophy Bingo development (Note 3)	934,816	832,714	303,162	342,504
Total operating expenses	1,804,421	1,576,516	631,722	563,499
Loss before other income (expense) and income taxes	(2,139,855)	(1,917,766)	(741,095)	(675,696)
Other income (expense):				
Foreign exchange loss	(24,034)	(19,526)	(17,779)	(35,262)
Interest and other income	801	316	263	102
Loss from continuing operations before income taxes	(2,163,088)	(1,936,976)	(785,611)	(710,856)
Income tax expense	-	(45)	-	(45)
Loss from continuing operations	(2,163,088)	(1,937,021)	(785,611)	(710,901)
Discontinued operations: (Note 4)				
Gaming revenue	-	1,344,997	-	377,294
Gain from the sale of the domain name	16,305	-	-	-
Selling and marketing	-	(569,929)	-	(125,303)
Loss after tax	$ (2,146,783)	$ (1,161,953)	$ (785,611)	$ (458,910)
Other comprehensive income (loss)	-	-	-	-
Comprehensive loss	$ (2,146,783)	$ (1,161,953)	$ (785,611)	$ (458,910)
Basic profit (loss) per common share				
Continuing operations	$ (0.04)	$ (0.03)	$ (0.01)	$ (0.01)
Discontinued operations	$ -	$ 0.01	$ -	$ 0.00
Diluted profit (loss) per common share				
Continuing operations	$ (0.04)	$ (0.03)	$ (0.01)	$ (0.01)
Discontinued operations	$ -	$ 0.01	$ -	$ 0.00
Weighted average common shares outstanding, basic	55,682,703	69,189,541	55,682,703	69,682,733
Weighted average common shares outstanding, diluted	55,682,703	69,189,541	55,682,703	69,682,733

See accompanying notes to the consolidated financial statements.

SHOAL GAMES LTD. and subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the period ended September 30, 2015
(Unaudited)

	Common stock			Accumulated Other Comprehensive income	
	Shares	Amount	Accumulated Deficit	Foreign currency translation adjustment	Total Stockholders' Equity
Balance, December 31, 2014	55,682,703	$19,257,040	$(15,441,454)	$ 24,580	$3,840,166
Exercise of stock options	515,000	77,250	-	-	77,250
Net loss	-	-	(2,146,783)	-	(2,146,783)
Balance, September 30, 2015	56,197,703	$19,334,290	$ (17,588,237)	$ 24,580	$1,770,633

See accompanying notes to the consolidated financial statements.

SHOAL GAMES LTD. and subsidiaries

Consolidated Statements of Cash Flows
For the nine month period ended September 30, 2015 and 2014
(Unaudited)

	2015	2014
Cash flows from operating activities:		
Net loss	$ (2,146,783)	$ (1,161,953)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,289	2,494
Trophy Bingo amortization	361,509	361,510
Gain from the sale of the domain name	(16,305)	-
Changes in operating assets and liabilities:		
Accounts receivable	111,538	52,044
Prepaid expenses	(971)	88,350
Security deposits	1,384	440
Accounts payable and accrued liabilities	106,982	166,821
Net cash used in operating activities	(1,580,357)	(490,294)
Cash flows from investing activities:		
Acquisition of equipment	(272)	(3,329)
Software development	-	(51,701)
Net cash used in investing activities	(272)	(55,030)
Cash flows from financing activities:		
Exercise of stock options	77,250	9,350
Proceeds from the issuance of shares	-	1,400,000
Net cash provided by financing activities	77,250	1,409,350
Change in cash	(1,503,379)	864,026
Cash, beginning of period	2,876,386	491,203
Cash, end of period	$ 1,373,007	$ 1,355,229
Supplementary information:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Non-cash financing activity	$ -	$ -
Non-cash investing activity	$ -	$ -

See accompanying notes to the consolidated financial statements.

1. Basis of Presentation:

The accompanying unaudited financial statements have been prepared by Shoal Games Ltd. ("the Company") in conformity with accounting principles generally accepted in the United States of America ("US GAAP") applicable to interim financial information and with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed, or omitted, pursuant to such rules and regulations. In the opinion of management, the unaudited interim consolidated financial statements include all adjustments necessary for the fair presentation of the results of the interim periods presented. All adjustments are of a normal recurring nature, except as otherwise noted below. These unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2014, included in the Company's Annual Report on Form 10-K, filed March 26, 2015, with the Securities and Exchange Commission. The results of operations for the interim periods are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

Continuing operations

These unaudited interim consolidated financial statements have been prepared on the going concern basis, which presumes the realization of assets and the settlement of liabilities in the normal course of operations. The application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continued operations, or, in the absence of adequate cash flows from operations, obtaining additional financing. The Company has reported losses from operations for the quarters ended September 30, 2015 and 2014, and has an accumulated deficit of $17,588,237 as at September 30, 2015. This raises substantial doubt about the Company's ability to continue as a going concern.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts and settlement of the liability amounts shown in the accompanying balance sheets is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Management continues to review operations in order to identify additional strategies designed to generate cash flow, improve the Company's financial position, and enable the timely discharge of the Company's obligations. If management is unable to identify sources of additional cash flow in the short term, it may be required to further reduce or limit operations.

SHOAL GAMES LTD. and subsidiaries

Notes to Consolidated Financial Statements
Nine Months ended September 30, 2015 and 2014
(Unaudited)

2. Summary of significant accounting policies:

(d) Basis of presentation:

These consolidated financial statements have been prepared in accordance with U.S. GAAP. The financial statements include the accounts of the Company's wholly-owned subsidiaries, English Bay Office Management Limited (registered in British Columbia, Canada), Coral Reef Marketing Inc. (registered in Anguilla), Bingo.com (Antigua) Inc., Bingo.com (Wyoming) Inc., Bingo Acquisition Corp, Shoal Media Inc. (registered in Anguilla), and the 99% owned subsidiary, Shoal Games (UK) Plc (previously Bingo.com (UK) plc.) (registered in the United Kingdom). All inter-company balances and transactions have been eliminated in the consolidated financial statements.

(e) Use of estimates:

The preparation of consolidated financial statements in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and recognized revenues and expenses for the reporting periods.

Significant areas requiring the use of estimates and judgment include the valuation of long-lived assets, software development costs, the collectability of accounts receivable, revenue recognition and the valuation of deferred tax assets. Actual results may differ significantly from these estimates.

Although the Company believes that its approach to estimates and judgments as described herein is reasonable, actual results could differ.

(d) Revenue recognition:

Trophy Bingo revenues have been recognized on the sale of in game purchases at the time of purchase.

Advertising revenues have been recognized as the advertising campaign or impressions and clicks are made on the website and when collection of the amounts are reasonably assured. Cash received in advance of the advertising campaigns or impressions and clicks are recorded under unearned revenue.

Gaming revenues have been recognized on the basis of total dollars wagered, less commissions on all games less all winnings payable to players.

(e) Foreign currency:

The consolidated financial statements are presented in United States dollars, the functional currency of the Company and its subsidiaries. The Company accounts for foreign currency transactions and the translation of foreign currency financial statements under Statement

SHOAL GAMES LTD. and subsidiaries

Notes to Consolidated Financial Statements
Nine Months ended September 30, 2015 and 2014
(Unaudited)

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3. Summary of significant accounting policies (Continued):

(e) Foreign currency: (Continued)

ASC 830, Foreign Currency Matters. Transaction amounts denominated in foreign currencies are translated at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities are adjusted at each balance sheet date to reflect the exchange rate at that date.

Non-monetary assets and liabilities are translated at the exchange rate on the original transaction date.

Gains and losses from restatement of foreign currency monetary and non-monetary assets and liabilities are included in income. Revenues and expenses are translated at the rates of exchange prevailing on the dates such items are recognized in earnings.

(e) Impairment of long-lived assets and long-lived assets to be disposed of:
The Company accounts for long-lived assets in accordance with the provisions of ASC 360, Property, Plant and Equipment and ASC 350, Intangibles-Goodwill and Others. During the periods presented, the only long-lived assets reported on the Company's consolidated balance sheet are equipment, other assets, security deposits, and domain name rights. These provisions require that long-lived assets and certain identifiable recorded intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset.

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less costs to sell.

(f) Domain name and intangible assets:

The Company has capitalized the cost of the purchase of the domain name Bingo.com and was amortizing the cost over five years from the date of commencement of operations. In 2002, the Company suspended the amortization of the domain name cost in accordance with ASC 350, where companies are no longer required to amortize indefinite life assets but instead test the indefinite life intangible asset for impairment at least annually. The capitalized amount is based on the net present value of the minimum payments permitted under the terms of the purchase agreement. The domain name is tested for impairment by comparing the future cash flows of the domain name with its carrying value. The Company determined that as a result of level 3 unobservable inputs in accordance with ASC 820, Fair Value Measurements and Disclosures, that the fair value of the domain name exceeded the carrying value and therefore no impairment existed for the periods presented.

SHOAL GAMES LTD. and subsidiaries

Notes to Consolidated Financial Statements
Nine Months ended September 30, 2015 and 2014
(Unaudited)

2. Summary of significant accounting policies (Continued):

(g) Software Development Costs:

Software development costs incurred in the research and development of new software products and enhancements to existing software products for external use are expensed as incurred once technological feasibility has been established. After technological feasibility is established, any software development costs which have been capitalized are amortized at the greater of the straight-line basis over the estimated economic life of the related product or the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for the related product. Commencing January 1, 2014, the Company obtained technological feasibility and is amortizing the capitalized software development costs over a period of 3 years. The Company performs an annual review of the estimated economic life and the recoverability of such capitalized software costs, using a net realizable value test.

If a determination is made that capitalized amounts are not recoverable based on the estimated cash flows to be generated from the applicable software, any remaining capitalized amounts are written off. Although the Company believes that its approach to estimates and judgments as described herein is reasonable, actual results could differ and the Company may be exposed to increases or decreases in revenue that could be material. Total software development costs for the development of Trophy Bingo were $3,562,236 as at September 30, 2015 (September 30, 2014 - $2,278,752).

(h) New accounting pronouncements and changes in accounting policy:

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers. This was updated by ASU No. 2015-14. This guidance provides a single, comprehensive revenue recognition model for all contracts with customers. The revenue guidance contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard was amended to be effective for the first interim period within annual reporting periods beginning after December 15, 2017 for public entities. The Company does not expect the adoption of this guidance to have a material impact on the Company’s financial position or results of operations.

In June 2014, the FASB issued ASU No. 2014-12, Compensation-Stock Compensation. This guidance requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. This update further clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the periods for which the requisite service has already been rendered. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after

SHOAL GAMES LTD. and subsidiaries

Notes to Consolidated Financial Statements
Nine Months ended September 30, 2015 and 2014
(Unaudited)

2. Summary of significant accounting policies (Continued):

(h) New accounting pronouncements and changes in accounting policy: (Continued)

December 15, 2015 and can be applied either prospectively or retrospectively to all awards outstanding as of the beginning of the earliest annual period presented as an adjustment to opening retained earnings. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material impact on the Company’s financial position or results of operations.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). ASU 2014-15 provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and sets rules for how this information should be disclosed in the financial statements. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and interim periods thereafter. Early adoption is permitted. The Company is evaluating the effect of ASU 2014-15 on our consolidated financial condition and results of operations.

In November 2014, the FASB issued ASU No. 2014-16, Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity. This standard requires an entity to “determine the nature of the host contract by considering all stated and implied substantive terms and features of the hybrid financial instrument, weighing each term and feature on the basis of the relevant facts and circumstances which the hybrid financial instrument was issued or acquired and the potential outcome of the hybrid financial instrument. ASU 2014-16 is effective for annual periods ending after December 15, 2015 and interim periods thereafter. Early adoption is permitted. The Company is evaluating the effect of ASU 2014-16 on our consolidated financial condition and results of operations.

In January 2015, the FASB issued ASU 2015-01, which eliminates from GAAP the concept of extraordinary items. If an event or transaction meets the criteria for extraordinary classification, it is segregated from the results of ordinary operations and is shown as a separate item in the income statement, net of tax. ASU 2015-01 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted. The Company does not expect adoption of this guidance will have a material effect on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, which provides guidance for reporting entities that are required to evaluate whether they should consolidate certain legal entities. In accordance with ASU 2015-02, all legal entities are subject to reevaluation under the revised consolidation model. ASU 2015-02 is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted. The Company is still assessing the potential impact of ASU 2015-02 on its consolidated financial statements.

SHOAL GAMES LTD. and subsidiaries

Notes to Consolidated Financial Statements
Nine Months ended September 30, 2015 and 2014
(Unaudited)

2. Summary of significant accounting policies (Continued):

(h) New accounting pronouncements and changes in accounting policy: (Continued)

On April 1, 2015, the FASB voted to defer the effective date of ASU No. 2014-09, which outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers and notes that lease contracts with customers are a scope exception. Public business entities may elect to adopt the amendments as of the original effective date; however, if the proposed deferral is approved, adoption is required for annual reporting periods beginning after December 15, 2017. We are currently assessing the impact of the guidance on our consolidated financial statements.

On April 17, 2015, the FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs , which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. Currently, debt issuance costs are recorded as an asset and amortization of these deferred financing costs is recorded in interest expense. Under the new standard, debt issuance costs will continue to be amortized over the life of the debt instrument and amortization will continue to be recorded in interest expense. The new standard is effective for the Company on January 1, 2016 and will be applied on a retrospective basis. The Company is currently evaluating ASU 2015-03, and anticipates a change in our presentation only since the standard does not alter the accounting for debt issuance costs.

The FASB has issued ASU 2015-05, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement. The amendments in ASU 2015-05 provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The amendments do not change the accounting for a customer’s accounting for service contracts. As a result of the amendments, all software licenses within the scope of Subtopic 350-40 will be accounted for consistent with other licenses of intangible assets. ASU 2015-05 is effective for public entities for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. The Company does not anticipate that ASU 2015-05 will have a significant impact on its consolidated financial statements.

In September 2015, the Financial Accounting Standards Board ("FASB") issued ASU 2015-16, Simplifying the Accounting for Measurement-Period Adjustments guidance to simplify the accounting for adjustments in a business combination. An acquirer should recognize adjustments to provisional amounts with a corresponding adjustment of goodwill, as well as the effect on earnings of changes in depreciation, amortization or other income effects, in the reporting period in which the adjustments are identified as if the accounting had been completed at the acquisition date. Disclosure is required, by line item, of the amount recorded in current period earnings that

SHOAL GAMES LTD. and subsidiaries

Notes to Consolidated Financial Statements
Nine Months ended September 30, 2015 and 2014
(Unaudited)

2. Summary of significant accounting policies (Continued):

(h) New accounting pronouncements and changes in accounting policy: (Continued)

would have been recorded in previous reporting periods. This guidance is effective for fiscal years and interim periods beginning after December 15, 2015, and requires prospective application. Early adoption is permitted. The Company does not expect this guidance to have a significant impact on its consolidated financial statements.

There have been no other recent accounting standards, or changes in accounting standards, during the three months ended September 30, 2015, as compared to the recent accounting standards described in the Annual Report, that are of material significance, or have potential material significance, to us.

(i) Financial instruments:

(i) Fair values:

The fair value of accounts receivable, accounts payable, accrued liabilities and accounts payable and accrued liabilities - related party approximate their financial statement carrying amounts due to the short-term maturities of these instruments. Cash is carried at fair value using a level 1 fair value measurement.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset. The Company's cash was measured using Level 1 inputs.

(ii) Foreign currency risk:

The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. The Company has not entered into any forward exchange contracts or other derivative instrument to hedge against foreign exchange risk.

3. Other assets:

During the year ended December 31, 2012, the Company commenced development of a social bingo game. During the quarter ended March 31, 2014, the Company launched Trophy Bingo on Android in selected markets. The Company ceased to capitalize the development costs and commenced the amortization of the capitalized development costs over a period of three years.

September 30, 2015	Capitalized Expenses	Accumulated amortization	Net book Value
Trophy Bingo capitalized development expenses	$ 1,446,038	$ 843,522	$ 602,516

SHOAL GAMES LTD. and subsidiaries

Notes to Consolidated Financial Statements
Nine Months ended September 30, 2015 and 2014
(Unaudited)

3. Other assets: (Continued)

December 31, 2014		Capitalized Expenses		Accumulated amortization		Net book Value
Trophy Bingo capitalized development expenses	$	1,446,038	$	482,013	$	964,025

During the 2014 fiscal year, the Company expensed $1,181,382 in development costs. During the quarter ended September 30, 2015, the Company expensed $303,162 (September 30, 2014 - $342,504) in development costs. The Company has incurred $3,562,236 in total development expenses as at September 30, 2015.

4. Discontinued operations

Effective December 31, 2014, the Company sold the www.bingo.com domain name to Unibet Group plc. for cash consideration of $2,000,000 and redemption of the 15,000,000 common shares of the Company, which were held by Unibet Group plc, at a price of $0.40 per share. The 15,000,000 common shares held by Unibet have been returned to the Company's treasury and were cancelled.

The Company recorded the following gain from the sale of domain name for the year ended December 31, 2014.

		Gain from sale of domain name
Sale of domain name	$	8,000,000
Domain name rights and intangible assets held for sale		(1,257,241)
Commission on sale		(65,000)
Gain from the sale of the domain name	$	6,677,759

In addition, the Company disposed its cash bingo business to Unibet Group plc. The company recognized the gain on the sale of the cash bingo business of $16,305 in the quarter ended March 31, 2015.

The effect of the discontinued operations were as follows:

		Nine Months ended September 30, 2015		Nine Months ended September 30, 2014		Three Months ended September 30, 2015		Three Months ended September 30, 2014
Cash flows from operating activities:								
Discontinued operations	$	16,305	$	775,068	$	-	$	251,991

SHOAL GAMES LTD. and subsidiaries

Notes to Consolidated Financial Statements
Nine Months ended September 30, 2015 and 2014
(Unaudited)

5. Stockholders' Equity:

(a) Common stock issuances:

During the quarter ended June 30, 2015, the Company listed on the TSX Venture Exchange with the shares commencing trading on July 2, 2015. The Company incurred listing expenses relating to legal fees, underwriting fees and exchange listing fees of $130,960 in its listing on the TSX Venture Exchange.

During the quarter ended September 30, 2015, the holders of stock options exercised their options for 515,000 shares for $77,250 at an exercise price of $0.15 per share.

(b) Stock option plans:

During the quarter ended September 30, 2015, the holders of stock options exercised their options for 515,000 shares for proceeds of $77,250 at an exercise price of $0.15 per share and 5,000 options expired unexercised. There were no stock options issued and outstanding as at September 30, 2015.

(c) Escrow shares

In conjunction with the Listing Application for the TSX-V listing, the Company's major shareholders were required to place 33,909,104 common shares of the Company in escrow under the terms of a TSX-V Tier 1 issuer. The Escrow Shares will be released in thirty three percent (33%) tranches on the dates that are six, twelve and eighteen months after the listing date as follows:

	Number of shares
Balance July 1, 2015	33,909,104
Released in the quarter ending September 30, 2015	-
Balance September 30, 2015	33,909,104
Shares eligible for release in 2015	(11,303,035)
Balance December 31, 2015	22,606,069
Shares eligible for release in 2016	(22,606,069)
Balance December 31, 2016	-

6. Commitments:

The Company leases office facilities in Vancouver, British Columbia, Canada, and The Valley, Anguilla, British West Indies. These office facilities are leased under operating lease agreements. The Canadian operating lease expires on April 30, 2017. The Anguillan operating lease automatically renews every 3 months unless 3 months notice is given.

Minimum lease payments under these operating leases are approximately as follows:

2015	$	4,461
2016		14,845
2017		4,948

SHOAL GAMES LTD. and subsidiaries

Notes to Consolidated Financial Statements
Nine Months ended September 30, 2015 and 2014
(Unaudited)

6. Commitments: (Continued)

The Company paid rent expense totaling $5,449 for the quarter ended September 30, 2015 (September 30, 2014 - $6,337).

The Company has a management consulting agreement with T.M. Williams (Row), Inc., an Anguilla incorporated company, and Mr. Williams, a related party, for a consultancy payment based on the Company's performance with a minimum of $11,000 and a maximum of $25,000 per month.

The Company has a management consulting agreement with Jayska Consulting Ltd. and Mr. J. M. Williams, Chief Executive Officer of Shoal Games Ltd. for the provision of services of Mr. J. M. Williams as Chief Executive Officer of the Company. The Consulting agreement provides for a consultancy payment of GBP£5,000 per month payable in arrears.

The Company has a management consulting agreement with LVA Media Inc. and Mr. J. M. Williams, for the provision of services of Mr. J. M. Williams as Chief Executive Officer of Shoal Games Ltd. The Consulting agreement provides for a consultancy payment based on the Company's performance with a minimum of $7,500 and a maximum of $25,000 per month.

7. Income Taxes:

Shoal Games Ltd. is domiciled in the tax-free jurisdiction of Anguilla, British West Indies. However certain of the Company's subsidiaries incur income taxation.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at September 30, 2015, and December 31, 2014, are presented below:

		September 30, 2015		December 31, 2014
Deferred tax assets:				
Net operating loss carry forwards	$	17,225	$	17,907
Valuation Allowance		(17,225)		(17,907)
	$	-	$	-

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those differences become deductible.

Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in assessing the realizability of deferred tax assets.

8. Related Party Transactions:

The Company has a liability of $1,959 (December 31, 2014 - $3,937) to a company owned by a current director and officer of the Company for payment of services rendered of $33,000 (September 30, 2014 - $41,795) by the current director and officer of the Company.

SHOAL GAMES LTD. and subsidiaries

Notes to Consolidated Financial Statements
Nine Months ended September 30, 2015 and 2014
(Unaudited)

8. Related Party Transactions: (Continued)

The Company has a liability of $4,066 (December 31, 2014 - $3,580) to a current director and officer of the Company for expenses incurred.

The Company has a liability of $22,749 (December 31, 2014 - $23,300) to a company owned by a current director and officer of the Company for payment of services rendered of $23,257 (September 30, 2014 - $25,057) by the current director and officer of the Company.

The Company has a liability of $nil (December 31, 2014 - $nil) to a company owned by a current director and officer of the Company for payment of services rendered of $22,500 (September 30, 2014 - $22,527) by the current director and officer of the Company.

The Company has a liability of $nil (December 31, 2014 - $3,313) to a company owned by a current director of the Company for payment of services rendered of $nil (September 30, 2014 - $nil) by the current director of the Company.

The Company has a liability of $4,500 (December 31, 2014 - $10,000), to independent directors of the Company for payment of services rendered. During the quarter ended September 30, 2015, the Company paid $3,500 (September 30, 2014 - $2,500) to the independent directors in director fees.

The Company has a liability of $3,932 (December 31, 2014 - $4,538), to an officer of the Company for payment of services rendered and expenses incurred of $13,588 (September 30, 2014 - $13,876) by the officer of the Company.

The related party transactions are in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related party.

9. Segmented information:

Revenue

During the quarter ended September 30, 2015, the Company operated in two reportable business segments, firstly the sale of in-app purchases on Trophy Bingo and secondly the selling of advertising on the website. During the quarter ended September 30, 2014, the Company operated in three reportable business segments, firstly the sale of in-app purchases on Trophy Bingo and secondly the selling of advertising on the website and thirdly the business of marketing games and entertainment based on the game of bingo through its Internet portal, bingo.com, supported mainly by the revenue generated from the deposits received for the games for money.

SHOAL GAMES LTD. and subsidiaries

Notes to Consolidated Financial Statements
Nine Months ended September 30, 2015 and 2014
(Unaudited)

9. Segmented information: (Continued)

The Company had the following revenue by geographical region.

	Nine Months ended September 30, 2015	Nine Months ended September 30, 2014	Three Months ended September 30, 2015	Three Months ended September 30, 2014
Revenue From Continuing Operations				
Advertising revenue				
Nordics	$ -	$ 354	$ -	$ 298
Other	9,290	17,196	1,216	5,845
Total advertising revenue	$ 9,290	$ 17,550	$ 1,216	$ 6,143
Trophy Bingo Revenue				
Western Europe	**$** 4,799	**$** 118	**$** 3,230	**$** 37
Central, Eastern and Southern Europe	50	3	13	-
Nordics	205	54	47	51
North America	10,161	1,920	5,276	1,474
Other	1,570	615	1,348	602
Total Trophy Bingo revenue	**$** 16,785	**$** 2,710	**$** 9,914	**$** 2,164
Total revenue from continuing operations				
Western Europe	$ 4,799	$ 118	$ 3,230	$ 37
Central, Eastern and Southern Europe	50	3	13	-
Nordics	205	408	47	349
North America	10,161	1,920	5,276	1,474
Other	10,860	17,811	2,564	6,447
Total revenue from continuing operations	$ 26,075	$ 20,260	$ 11,130	$ 8,307
Gaming revenue from discontinued operations				
Gaming revenue				
Western Europe	$ -	$ 112,187	$ -	$ 45,325
Central, Eastern and Southern Europe	-	9,599	-	2,867
Nordics	-	1,214,855	-	326,864
Other	-	8,356	-	2,238
Total gaming revenue from discontinued operations	$ -	$ 1,344,997	$ -	$ 377,294

Equipment

The Company's equipment is located as follows:

Net Book Value	September 30, 2015	December 31, 2014
Anguilla	$ 1,586	$ 2,115
Canada	2,781	3,308
United Kingdom	2,119	2,824
United States of America	766	1,022
	$ 7,252	$ 9,269

10. Concentrations

Major customers

For the quarters ended September 30, 2015 and 2014 the Company sold in-app purchases on its social bingo site, Trophy Bingo. There was no single player who had purchased more than 10% of the Trophy Bingo revenue.

During the quarters ended September 30, 2015 and 2014, the Company offered limited advertising. Therefore there were no advertising sales representing more than 10% of the total sales.

For the quarter ended September 30, 2014, there was no single player on the gaming site who had wagered more than 10% of the total gaming revenue. The Company was reliant on Unibet to provide contracted services pursuant to its Partner Program. These services include the supply and operation of the games (i.e. Bingo and Slots); the development and maintenance of the website, customer support to our players playing on our website www.bingo.com, processing all deposits and collection of those funds and processing all withdrawal requests.

11. Concentrations of Credit Risk:

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company places its cash with high quality financial institutions and limits the amount of credit exposure with any one institution.

The Company currently maintains a substantial portion of its day-to-day operating cash balances at financial institutions. At September 30, 2015, the Company had total cash balances of $1,373,007 (December 31, 2014 - $2,876,386) at financial institutions, where $1,044,295 (December 31, 2014 - $2,526,185) is in excess of federally insured limits.

As of September 30, 2015, the Company had three customers totaling $5,704, $2,147 and $1,071, who accounted for total accounts receivable greater than 10%. As of December 31, 2014, the Company had one customer, totaling $112,552 who accounted for greater than 10% of the total accounts receivable.

The Company controls credit risk through monitoring procedures and receiving prepayments of cash for services rendered. The Company performs credit evaluations of its customers but generally does not require collateral to support accounts receivable.

ITEM 13 – Date and Certificate

Dated: February 29, 2016

This Offering Memorandum does not contain a misrepresentation

On Behalf of the Board of Directors of Shoal Games Ltd.

(signed) T.M. Williams	*(signed) Jason Williams*
T.M. Williams,	Jason Williams
Chairman and Director	President, C.E.O. and Director