

# CAPSTREAM VENTURES INC.

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## NEWS RELEASE

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### **CAPSTREAM ANNOUNCES ESTABLISHMENT OF JOINT VENTURE WITH TRUE INCUBE, TRUE INCUBE CAD\$10 MILLION INVESTMENT IN CAPSTREAM & PROVIDES A BUSINESS UPDATE**

**Vancouver, British Columbia – Capstream Ventures Inc.** (“**Capstream**” or the “**Company**”) (TSX Venture: CSP) and True Incube Co., Ltd. (“**True Incube**”), a subsidiary of True Corporation Public Company Limited (“**True Corporation**”), one of Southeast Asia’s leading telecommunications, media enterprises and game publishers, have agreed to form a joint venture to establish a video game academy and development studio in Thailand. Under the terms of a joint venture and shareholders’ agreement (the “**JVA**”), the joint venture will operate as a newly incorporated Thai company proposed to be named “True Axion Games Ltd.” (“**True Axion Games**”) with a wholly-owned subsidiary of Capstream (“**Axion Interactive**”) holding a 49% equity interest in True Axion Games, True Incube holding a 40% equity interest in True Axion Games and Red Anchor (Thailand) Co., Ltd. (“**Red Anchor**”), a limited company organised and existing under Thai law, holding a 11% equity interest in True Axion Games.

Capstream has recently acquired a majority of Axion Games Limited, whose principal operating companies already make high production-value video games in Shanghai and Suzhou at a fraction of the cost of video games developed in Western markets. Capstream has planned to expand its low cost/high quality video game production capability interests to environments beyond China. True Corporation is, in the opinion of Capstream’s management, the best possible partner for Capstream’s next growth phase. Capstream expects the joint venture to expand its video game production interests, while at the same time improving quality and lowering development costs even further.

Axion Games is also partnered with Tencent Holdings Limited to develop and publish Rising Fire, a 500 man-year third-person shooter role playing game for the PC platform in China. Axion Games eventually expects to expand the Rising Fire intellectual property to other platforms including console and mobile as well as to other countries outside of China. Capstream has been advised that Rising Fire is testing well and is expected to launch in either Q3 or Q4 of 2017. Tencent is one of the largest video game publishers in the world and has a dominating presence in the world’s largest video game market, China. Tencent recently selected Rising Fire to be Tencent’s marquee game in China for their 2017 line-up. Rising Fire was one of three high production value titles selected by Tencent in a vigorous screening process from among the world’s most promising titles.

“I am delighted to announce this joint venture with True Corporation, a company with unparalleled reach and scale in Thailand and South East Asia,” said Todd Bonner, CEO and Chairman of Capstream and founder of Axion Games. “Since founding Axion Games in 2006 our strategy has been to develop the highest quality games at the lowest possible cost structure. We believe the time is perfect for us to expand our operations in Thailand and this partnership with True Corporation brings us closer to achieving our goal of becoming one of the leading developers of AAA, multi-platform games in the world. True Corporation is determined to transform the video game industry in Southeast Asia and we believe that they have the scale, portfolio, resources and knowledge to realize this lofty ambition. We are humbled to

become their partner and committed to our role in the joint venture. We thank both Thailand and True Corporation for their support.”

Birathon Kasemsri Na Ayudhaya, True Corporation’s Chief Content & Media Officer, said “the partnership is one that True Corporation is proud of because we are determined to frameshift Thailand to greatness in hi-tech industries. We have searched for suitable partners and found Axion Games, of which Capstream holds a significant equity interest. We believe Axion Games to be the most capable independent developer with a proven track record of operating in emerging Asia. Thailand is a young country with a median age of 35.5 years. Video game development inspires young artists to perfect their art and young programmers to become great programmers. True Axion Games will dare them to dream and enable this catalysis. We desire to grow together and win together.”

### **Terms of the Joint Venture**

The terms of the JVA and other ancillary agreements include, but are not limited to, the following:

- **True Concurrent Investment.** True Incube has agreed to invest CAD\$10,000,000 into Capstream by way of a non-brokered private placement (the “**Private Placement**”), whereby Capstream will issue 20,000,000 common shares (the “**Shares**”) at a price of CAD\$0.50 per Share. The Private Placement is subject to approval from the TSX Venture Exchange (the “**Exchange**”) and all Shares issued pursuant to the Private Placement will be subject to a four-month hold period and a three (3) year voluntary trading restriction without prior consent of Capstream. In addition, in connection with the Private Placement, True Incube shall have the right to appoint a director to Capstream’s board of directors. Capstream expects to pay a finder’s fee of CAD\$600,000 in connection with the Private Placement in accordance with the policies of the Exchange.
- **Initial Contributions and Additional Capital.** The capital contribution to True Axion Games will be a total of approximately US\$5,000,000 [Thai Baht of 177 million]. The initial capital contribution of approximately US\$2,500,000 [Thai Baht of 89 million] will be made upon the incorporation and organization of True Axion Games. The second capital contribution of approximately US\$2,500,000 [Thai Baht of 89 million] will be made through capital increase on the date that is 12 months from JVA. If the board of directors of True Axion Games determines that True Axion Games requires additional capital, the JVA sets out the process for providing additional finance.
- **True Publishing ROFR.** Provided True Incube or any of the affiliates of True Corporation holds at least 20% of True Axion Games’ shares, True Incube will have a right of first refusal (subject to a True Axion Games’ license and royalty fees) to publish any game or application developed by the business of True Axion Games in certain Southeast Asian countries.

### **About Capstream Ventures Inc.**

Capstream is a Canadian-based investment company with interests in: (i) Axion Games Limited, a private online video games development and publishing company with primary operations in Shanghai, China; and (ii) Innovega Inc., a private display technology eyewear and contact lense company with offices in San Diego, California and Bellevue, Washington.

### **About True Corporation Public Company Limited**

True Corporation is Thailand’s leading provider of integrated communications solutions and one of the nation’s strongest brands. True Corporation controls Thailand’s largest cable TV provider, TrueVisions, its largest ISP, True Internet, and one of Thailand’s largest mobile operators, TrueMove H. True Corporation is backed by Asia’s largest agro-conglomerate, the CP Group, a Thai company located in

Bangkok and one of world's largest conglomerates, and China Mobile, the world's largest mobile operator, with shareholding of 56.20% and 18% of the group's total number of issued shares, respectively. CP Group, with offices and factories worldwide, was founded in 1921 and currently employs over 500,000 people through its subsidiaries.

On behalf of Capstream Ventures Inc.

*"John Todd Bonner"*

Chief Executive Officer  
Telephone: 604.687.7767

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibilities for the adequacy or accuracy of this release.*

### ***Cautionary Statement Regarding Forward-Looking Information***

*Certain statements contained in this press release may constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated", "proposed" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on Capstream's current belief or assumptions as to the outcome and timing of such future events. Forward-looking statements in this news release include statements regarding the operations of True Axion Games, Capstream's plans to expand its interests to environments beyond China and in its video game interests generally, expectations regarding the expansion of Rising Fire intellectual property and expected launch, and the parties' general ability to complete the joint venture and related transactions. Actual future results may differ materially. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to Capstream. Risk factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things: the transaction may not close, which is dependent on the parties' ability to satisfy certain conditions; the transaction might not achieve the anticipated benefits for the Company; True Axion Game's concentration in Thailand may expose it to operational risks; conditions imposed by the Exchange; the failure to obtain final Exchange approval; general economic and business conditions; and changes in regulatory regime. Capstream cautions the reader that the above list of risk factors is not exhaustive. The forward-looking information contained in this release is made as of the date hereof and Capstream is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.*