CAPSTREAM VENTURES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

Six Months Ended June 30, 2015

(Unaudited - Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying un-audited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, Canada

August 31, 2015

CAPSTREAM VENTURES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

		June 30, 2015		December 31, 2014
ASSETS				
Current assets				
Cash (Note 3)	**$**	**325,043**	$	354,246
GST Receivable		**1,491**		2,923
Prepaid Expenses		**1,250**		1,250
Total current assets		**327,784**		358,419
Total Assets	**$**	**327,784**	$	358,419
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Note 5)	**$**	**6,431**	$	5,527
Total liabilities		**6,431**		5,527
SHAREHOLDERS' EQUITY				
Share capital (Note 4)		**636,574**		636,574
Contributed surplus (Note 4)		**73,912**		73,912
Accumulated deficit		**(389,133)**		(357,594)
Total shareholders' equity		**321,353**		352,892
Total Shareholders' Equity and Liabilities		**327,784**	$	358,419

Nature of Operations –Note 1
Ability to Continue as a Going Concern –Note 2

On behalf of the Board:

"Paul Larkin"	*"Robert Thast"*
Director	Director

The accompanying notes are an integral part of these condensed interim financial statements.

CAPSTREAM VENTURES INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Three months ended June 30, 2015	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
EXPENSES				
Accounting and legal	**$ 4,000**	$ 6,584	**$ 13,170**	$ 26,066
Bank charges and interest	**6**	14	**47**	28
Filing and transfer agent fees	**1,929**	3,338	**4,322**	10,467
Consulting Services	**8000**	-	**8,000**	-
Office and rent expense (Note 6)	**3,000**	3,645	**6,000**	6,645
Travel and promotion	**-**	-	**-**	11,200
Net loss and comprehensive loss for the period	**$ 16,935**	$ 13,581	**$ 31,539**	$ 54,406
Basic and diluted loss per common share (Note 3)	**$ 0.00**	$ 0.00	**$ 0.01**	$ 0.01
Weighted average number of common shares outstanding –basic and diluted	**7,079,800**	7,079,800	**7,079,800**	7,079,800

The accompanying notes are an integral part of these condensed interim financial statements.

CAPSTREAM VENTURES INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2015 and 2014
(Unaudited - Expressed in Canadian Dollars)

		2015		2014
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss for the period	**$**	**(31,539)**	$	(54,406)
Changes in non-cash working capital items:				
GST receivable		**1,433**		2,824
Other receivables		**-**		(6,877)
Accounts payable and accrued liabilities		**903**		(9,936)
Net cash used in operating activities		**(29,202)**		(68,395)
Change in cash for the period		**(29,202)**		(68,395)
Cash, beginning of period		**354,245**		435,905
Cash, end of period	**$**	**325,043**	$	367,510

The accompanying notes are an integral part of these condensed interim financial statements.

CAPSTREAM VENTURES INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2015 and 2014
(Unaudited - Expressed in Canadian Dollars)

		Common shares								
	Note	Number of Shares		Amount		Contributed Surplus		Deficit		Total
Balance –December 31, 2013		**8,179,800**	**$**	**691,574**	**$**	**18,912**	**$**	**(291,024)**	**$**	**419,462**
Escrow Shares cancelled		(1,100,000)		(55,000)		55,000		-		-
Net loss for the period		-		-		-		(54,406)		(54,406)
Balance –June 30, 2014		**7,079,800**	**$**	**636,574**	**$**	**78,912**	**$**	**(345,430)**	**$**	**365,056**

		Common shares								
	Note	Number of Shares		Amount		Contributed Surplus		Deficit		Total
Balance –December 31, 2014		**7,079,800**	**$**	**636,574**	**$**	**73,912**	**$**	**(357,594)**	**$**	**352,892**
Net loss for the period		-		-		-		(31,539)		(31,539)
Balance –June 30, 2015		**7,079,800**	**$**	**636,574**	**$**	**73,912**	**$**	**(389,133)**	**$**	**321,353**

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS

Capstream Ventures Inc. ("Capstream" or the "Company") was incorporated under the British Columbia Business Corporations Act on June 21, 2011, and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V"). On December 2, 2011, the shares of the Company commenced trading under the symbol "CSP". The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. On March 24, 2014, the Company moved from the TSX-V to the NEX board trading under the symbol "CSP.H".

The address of the Company's corporate office and principal place of business is 530 - 625 Howe Street, Vancouver, British Columbia, V6C 2T6.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting ("IAS 34").

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Notes 3 and 4 of the financial statements for the year ended December 31, 2014. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2014.

Basis of Presentation

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The presentation and functional currency of the Company is the Canadian dollar.

Going Concern of Operations

These financial statements were prepared on a going concern basis, under the historical cost convention. The Company's ability to continue as a going concern is dependent upon its ability to continue raising equity financing, and to identify, evaluate and negotiate an acquisition of, a participation in, or an investment of an interest in a QT. The acquisition or participation in a QT may be subject to shareholder approval and the ability of the Company to continue its operations for its next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. As of June 30, 2015, the Company has accumulated losses of $389,133 since inception, had no source of operating revenues, expects to incur further losses in the development of its business and has no assurance that it will be able to identify or complete a QT, which indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION (cont'd)

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds or $210,000, whichever is less, may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a QT by the Company as defined under the policies of TSX Venture. The Company was required to complete its QT on or before two years from the date the Company received regulatory approval, being March 2, 2014. As the Company did not complete its QT in the allotted time, it received shareholder approval at the annual general meeting to move to the NEX.

Approval of the financial statements

The financial statements of Capstream Ventures Inc. for the six months ended June 30, 2015 were approved and authorized for issue by the Board of Directors on August 31, 2015.

Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements were limited to the inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

<u>Non-derivative Financial Assets</u>

All financial assets are recognized or derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets held include cash, which is classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes

Any income tax on profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Segment Reporting

The Company operates in a single reportable operating segment as a junior capital pool company.

Share-based Payment Transactions

The stock option plan allows Company directors, officers and technical consultants to acquire shares of the Company. The fair value of share purchase options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based Payment Transactions (cont'd)

The fair value is measured at grant date and the share based compensation is expensed based on graded vesting. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the share purchase options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share purchase options were granted. Forfeiture rates are estimated in advance and are used in the estimate of the share-based expense for the financial statement period.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee receives the goods or the services.

4. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

The following new standards, amendments and interpretations, which have not been early adopted in these annual financial statements, will or may have an effect on the Company's future results and financial position:

- IFRS 9 Financial Instruments
  IFRS 9, Financial Instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. This standard is effective January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.
- IAS 24 Related Party Disclosures

  The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.
- IAS 32 Financial Instruments
  IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date. The amendments apply to annual periods beginning on or after January 1, 2014. The change in accounting standard will not have a significant impact on the Company's financial statements.

5. SHARE CAPITAL

Authorized Share Capital

At June 30, 2015, the authorized share capital consisted of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Issued Share Capital

During the years ended December 31, 2014 and 2013, no share capital was issued.

On March 17, 2014, 1,100,000 escrow shares were cancelled without consideration, following the Company's listing, shifting from the TSX-V to NEX. The carrying value related to these shares ($55,000) was reclassified to contributed surplus.

Escrow Shares

As at June 30, 2015, 1,415,000 common shares (December 31, 2014 – 1,415,000) are subject to an escrow agreement to be released in accordance with the CPC policy guidelines. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final TSX-V Bulletin (the TSX-V's acceptance of the QT) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. On March 17, 2014, 1,100,000 of the original escrow shares were cancelled when the Company moved from the TSX-V to the NEX board.

Stock Option Plan

The Company has established a stock option plan for its directors, officers and technical consultants under which the Company may grant options from time to time to acquire a maximum number of common shares up to 420,000 Common Shares, being 10% of the anticipated Common Shares, issued and outstanding upon completion of the Company's initial anticipated public offering. The exercise price of each option granted under the plan shall be determined by the Board of Directors, provided that such price shall not be lower than the Initial Public Offering ("IPO") share price. Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Any shares issued upon exercise of the options prior to the Company entering into a QT will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

The stock option plan is subject to regulatory approval.

(Unaudited - Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd)

Stock Option Plan (cont'd)

The following stock options were outstanding as at June 30, 2015 and December 31, 2014:

Expiry Date	Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (Years)
November 28, 2021	$ 0.10	105,000	6.67

6. FINANCIAL RISK MANAGEMENT

(a) Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through investing its cash with high-credit quality financial institutions.

The carrying value of the Company's cash represents the maximum exposure to credit risk. The Company held cash totalling $325,043 at June 30, 2015 (December 31, 2014 - $354,246).

(c) Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash. The Company's current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash matures impact interest income earned.

6. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements other than as discussed above.

(e) Fair Value

The fair value of the Company's financial assets and liabilities approximate their carrying value due to their short term nature.

7. RELATED PARTY TRANSACTIONS

Management did not receive any compensation during the six months ended June 30, 2015 (June 30, 2014 - $nil). A director was reimbursed $6,000 (June 30, 2014 - $6,000) for rent expense for the Company's office for the six months ended June 30, 2015.

As at June 30, 2015, $nil (December 31, 2014 - $nil) was due to a director of the Company.

8. PROPOSED QUALIFYING TRANSACTION

On May 12, 2015, the Company announced that it plans to become an Investment Company under the rules of the TSX Venture Exchange ("TSX-V"). The Company further announces that it has entered into a Letter of Intent ("LOI") with certain Shareholders ("First Shareholders") of Axion Games Limited ("AG") (formerly Epic Games China Limited) which outlines the general terms and conditions of a proposed transaction pursuant to which Capstream proposes to acquire a minimum ownership interest of 21.9% of the issued and outstanding shares of AG in exchange for common shares of Capstream (the "First Transaction") by directly acquiring 9,455,301 and 26,866,667 shares, respectively, of two holding companies, Axion Entertainment International Holdings Ltd., British Virgin Islands, ("AEIH") and Axion Entertainment Holdings Ltd., Singapore, ("AEH") whose only investments are shares in AG. As part of the First Transaction, the Company may acquire additional shares of AEIH and AEH in order to increase its interest in AG. The LOI was negotiated at arm's length and is effective as of May 8, 2015.

The Company has also entered into a second LOI (the "Second Transaction") with certain shareholders (the "Second Shareholders") of Red Anchor Trading Corp. ("Red Anchor") which outlines the terms and conditions of a proposed transaction, pursuant to which the Company will acquire a minimum of 65% of the issued and outstanding shares of Red Anchor in exchange for common shares of the Company. The LOI with Red Anchor was negotiated at arm's length and is effective as at May 8, 2015.

A finder's fee may be payable subject to TSX-V guidelines.

8. PROPOSED QUALIFYING TRANSACTION (cont'd)

The First and the Second Transactions, if completed, will constitute the Company's "Qualifying Transaction", as defined in TSX-V policies. Sponsorship of a Qualifying Transaction is generally required by the TSX-V, unless exempted in accordance with TSX-V policies. The Company intends to retain an investment banker to serve as the sponsor for the acquisition, if required, however, a sponsor has not yet been engaged. Upon completion of the Qualifying Transaction, the Company's primary focus will be to seek superior returns by making investments in online video games or applications.

The Company may also invest in projects or in equity, debt or other securities of public or private companies in the high growth online PC and mobile gaming and applications sector. The Company's geographical focus is emerging Asia.

Axion Games Limited

AG is uniquely positioned as one of the lowest cost and highest quality video independent game studios in the world. The Company is based in Shanghai, and China is now considered the world's largest PC online game market and quickly becoming a major market for online mobile games. AG specializes in high production-value, online (multiplayer) games, both on mobile and PC platforms. The Company believes online games offer the highest growth opportunity in the video game industry on all platforms. The Company's products have been showcased in technological demonstrations at the China Joy Game Show by major industry players such as Nvidia (for its graphic processors) and Microsoft (for X-Box One).

As newly developed games (PC and mobile) have a high failure rate, AG's strategy is to continue to build a high production-value portfolio of online games at the lowest possible cost. In making games of higher complexity (production value), AG has a distinct competitive advantage versus studios in developed countries with respect to cost and versus studios in emerging markets with respect to skill.

AG was formed as a Cayman Islands holding company in 2006 and is a joint venture between Epic Games International Ltd. (USA), ("Epic"), and AEHL, a holding company established by AG's founders. Early on, AG provided outsourcing services to Epic and worked on several of Epic's major games. AG expanded its reach and became an outsourcing provider to numerous other game developers. AG has successfully delivered tens of thousands of premium game assets to dozens of outsourcing clients. AG's game assets have contributed to major global titles. AG believes that as an outsourcing partner it has established a reputation for quality, cost control and on-time completion. In 2009 the Company developed and sold its first game, Fat Princess, to Sony. Fat Princess was an immediate hit. Beginning in 2011 AG began developing games for the Asian market and currently has a forward portfolio of six games (over 500 development man-years), which it plans to exploit in the next two to three years. AG has also begun acquiring rights to higher production value, online games for its publishing business in China.

AG's primary assets are investments in its portfolio of online PC and mobile video games and game assets, a wholly-owned server management software, content generation technology named Atlas, and two video game studios. AG's primary online games operations are based in Shanghai, China, and it intends to expand its development and publishing operations into other Asian regions.

Subject to regulatory approval, Capstream has negotiated an acquisition valuation of US $16 million for 20% of AG. Subject to the final definitive agreement, Capstream will acquire each 1% of AG for 4,000,000 shares of Capstream, valued at US $0.20 per share.

8. PROPOSED QUALIFYING TRANSACTION (cont'd)

Red Anchor Trading Corp.
Red Anchor is a Thailand based developer of a social application ("APP") called "HotNow", the company's first commercially viable APP. HotNow is a social application that identifies popular places by the frequency of user posts, super-imposed upon a map (heat-map). It incentivizes users to visit shops and restaurants by offering users SmartCoupons, which are programmed into the platform by the shops themselves. If you visit Bangkok ("Current Test Market"), for example, you may not know where to get the best lunch or Pad Thai. You can lower your search cost by utilizing HotNow users' posts to see what kind of people visit a certain area or shop and, if the local shops participate, take advantage of discounts. HotNow is in advanced alpha build and available on Google Playstore. Based on preliminary assessments, and subject to the final definitive agreement, Capstream has valued 100% of Red Anchor at US $600,000 and has negotiated an acquisition valuation of US $390,000 for a 65% interest in Red Anchor. Capstream will issue 1,950,000 shares of Capstream, valued at US $0.20 per share, or acquire each 1% of Red Anchor for 30,000 shares of Capstream.

In connection with the proposed Qualifying Transaction, the Company intends to adopt an investment policy to govern its investment activities and investment strategy. A copy of the investment policy will be posted on the Company's profile on Sedar (www.sedar.com).

In light of the new strategic direction, the Company intends to appoint Mr. John Todd Bonner as a Director of the Company. Mr. Bonner is one of the founders of Epic Games China Limited (now Axion Games Limited) and has served as a director since January 2007. Mr. Bonner co-founded and was an executive director of PCCW Limited, a telecommunications, media, IT solutions, property development and investment company listed on the Hong Kong Stock Exchange, which acquired Hong Kong Telecommunications Limited in 2000. Mr. Bonner retired from PCCW group companies in 2003 and co-founded NorthStar Pacific Partners in 2003, an Indonesian based merchant bank. Upon closing the Company further intends to appoint additional directors with the requisite skill to advance its investment activities.

The transaction terms outlined in both LOIs are non-binding on the parties and the LOIs are expected to be superseded by definitive agreements (the "Definitive Agreements") to be signed between the parties. The transactions are subject to regulatory approval, including the approval of the TSX-V and standard closing conditions, including the approval of the Definitive Agreement by the directors of the Company and the target shareholders and completion of due diligence investigations to the satisfaction of each of the Company and the respective First and Second Shareholders. The LOIs contemplate the completion of a concurrent financing of $2 - $3 million on terms to be determined. The legal structure for the Qualifying transaction will be determined after the parties have considered all relevant tax, securities law, and accounting considerations. However, there is no assurance that the Definitive Agreements will be successfully negotiated or entered into and there is no assurance that the financing as described above will be completed. In accordance with the TSX-V policies, the Company's shares are currently halted and will remain halted until a subsequent News Release with additional information is issued by the Company.