CAPSTREAM VENTURES INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ended September 30, 2015

The following is a discussion and analysis of the operations, results, and financial position of Capstream Ventures Inc. (the "Company" or "Capstream") for the nine months ended September 30, 2015, and should be read in conjunction with the condensed interim financial statements for the nine months ended September 30, 2015, which are prepared in Canadian dollars and using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard 34 ("IAS 34").

The effective date of this report is April 25, 2016

Nature of Business and Overall Performance

The Company was incorporated on June 21, 2011, under the laws of British Columbia and is a Capital Pool Company ("CPC") as defined by 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 Company's principal business activity as a CPC is to identify and evaluate business opportunities with the objective of completing a qualifying transaction ("Qualifying Transaction") under TSX-V rules. Under these rules, a Qualifying Transaction was to be entered into within 24 months of listing and must be accepted by the TSX-V, being March 2, 2014. As the Company did not complete the QT in the allotted time frame, it received shareholder approval at the annual general meeting on March 14, 2014 to transfer to the NEX board. NEX is a separate board of the TSX.V for companies previously listed on the TSX.V or the Toronto Stock Exchange which have failed to maintain compliance with ongoing financial listing standards of those markets. NEX has been designed to provide a forum for the trading of publically listed shell companies while they seek and undertake transactions in furtherance of their reactivation as Companies which will carry on an active business. The Company now trades on the NEX under the symbol CSP.H.

The funds raised from the Company's IPO and subsequent private placement financing are to be utilized only for the identification and evaluation of Qualifying Transactions and to the extent permitted by the TSX-V and NEX.

The Company is a reporting issuer in British Columbia and files all public documents on www.sedar.com.

Subsequent Event

Subsequent to September 30, 2015, pursuant to the completion of a Filing Statement in connection with a Qualifying Transaction under the TSX Venture Exchange ("the Exchange") Policy for Capital Pool Companies, the Company announced that it intends to become an Investment Company in accordance with the rules of the Exchange.

By way of completing its QT, the Company has executed agreements with two companies: Axion Games Ltd. ("Axion"), a private company based in Shanghai, China that is an online video games development and publishing company and Innovega, Inc. ("Innovega"), a private company having operations in Bellevue, Washington and San Diego, California that is developing proprietary based on eyewear and contact lenses that enhance human vision allowing the wearer to access digital media while remaining engaged in daily activities.

Axion Games Ltd.

The Company and Axion's shareholders have agreed that the Company will acquire a minimum ownership interest of 29.29% of the outstanding common shares of Axion in exchange for 117,168,692 common shares of the Company.

As well, the Company has agreed to issue 33,000,000 Performance Escrow Shares to be released subject to the following financial performance targets being attained by Axion:

1. Generating earnings before interest, taxes, depreciation and amortization ("EBITDA") of US$ 6,000,000 in any fiscal year ending December 31, 2016, 2017 or 2018

2. Generating game pre-sales revenue in excess of US$ 10,000,000 in any fiscal year ended December 31, 2016, 2017 or 2018.

Innovega Inc.

The Company and Innovega have agreed that the Company will advance US$350,000 to Innovega in exchange for a Convertible Note ("the Note"). The Note will have a term of one year and bear interest at 8% per annum. The Note and the accrued interest thereon will convertible into shares of Innovega at a price equal to a 15% discount of an eligible future financing event up to a maximum of US$16,500,000. On February 26th 2016, Capstream announced that in accordance with Section 8.5 of TSXV Policy 2.4 and with the approval of the TSXV, Capstream entered into an agreement with Innovega whereby Capstream made a bridge loan of US$75,000 to Innovega (the "Loan"). The Loan is evidenced by a promissory note and bears interest at the rate of 12% per annum. Innovega will use the proceeds of the Loan to pay for general and administrative costs and expenses associated with the development of its business. If the Innovega Investment is not completed, the Loan will become payable in full on demand with a 120 day repayment period.

Financing

In addition to these investments, the Company intends to complete a concurrent financing ("the Concurrent Financing") to raise up to $1,150,000 through the issuance of up to 5,750,000 common shares of the Company at a price of $0.20 per share. A minimum of $500,000 of the Concurrent Financing will be completed by an Agent on a best efforts basis for which the Agent will receive a commission of 6% of the gross proceeds raised by the Agent and 2% of the remaining proceeds. The Agent will also receive 150,000 share purchase warrants exercisable at $0.20 for a period of 12 months following the closing of financing.

The investments comprising the Company's QT are subject to the approval of the Exchange and subject to the Company completing the Concurrent Financing.

Results of Operations for the Three Months Ended September 30, 2015

During the three months ended September 30, 2015, the Company continued working towards completing its qualifying transaction. The net loss for the three months ended September 30, 2015 was $33,138 compared to $5,768 during the three months ended September 30, 2014, an increase of $47,370. The significant expenses for the period include the following:

- Accounting and legal fees of $6,360 (2014 - $3,623) increased in the current period due to additional legal costs associated with the QT disclosed above as well as the Annual General Meeting;

- Consulting and administration fees increased to $18,200 (2014 – $nil) due to fees related to the pending QT;

- Filing and transfer agent fees of $4,303 (2014 - $3,327) for standard regulatory fees as well as additional fees related to the AGM and QT;

- Office and rent expenses of $2,993 (2014 - $3,000);

- Travel and promotion expenses of $1,276 (2014 - $nil) incurred for travel and accommodation related to the QT due diligence; and

- Interest earned of $nil (2014 - $4,118) as the Company held all its cash in a non-interest bearing chequing account in the current period.

Selected Financial Information

Quarterly Results

The following are the results for the eight most recent quarters:

For the Quarters ended:	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
	$	$	$	$
Total Revenues	-	-	-	-
Comprehensive Loss for the period	(33,138)	(16,935)	(14,604)	(6,326)
Loss per share, basic and diluted	(0.01)	(0.00)	(0.00)	(0.00)

For the Quarters ended:	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
	$	$	$	$
Total Revenues	-	-	-	-
Comprehensive Loss for the period	(5,838)	(13,581)	(40,825)	(18,146)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)

Liquidity and Capital Resources

As of September 30, 2015, the Company had $276,374 (December 31, 2014 - $354,246) in cash, $3,138 (December 31, 2014 - $2,923) in GST receivable, and $21,250 (December 31, 2014 - $1,250) in prepaid expenses. The Company's accounts payable and accrued liabilities were $12,548 (December 31, 2014 - $5,527).

As of September 30, 2015, the Company had working capital of $288,214 (December 31, 2014 - $352,892). The Company has no assets other than cash deposits, GST receivable, and prepaid expenses, and has not pledged any of its assets as security for loans or otherwise and is not subject to any debt covenants. Management believes that the Company has sufficient working capital to meet its current financial obligations. However, to complete the QT as disclosed in the Proposed Qualifying Transaction section above, it will require additional financing as disclosed in the same section above.

Capital Resources

Upon the identification of a potential business or asset acquisition with a view to completing a Qualifying Transaction, the Company may, in order to finance the Company's future development and expansion, seek to raise additional funds until such time as cash flow from its potential acquisition is sufficient to fund internal growth. The timing and ability of the Company to fulfill this objective will depend on the liquidity of the financial markets as well as the willingness of investors to finance such a business. Such future financing may be completed by the issuance of the Company's securities.

Risks Related to Our Business

Investment in the Company is highly speculative due to the proposed nature of the Company's business and its present stage of development. The Company was only recently incorporated and has no active business or assets other than cash. The Company does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends.

Investors must be prepared to rely entirely on the directors and management of the Company and can afford to risk the loss of their entire investment.

The directors and officers of the Company will devote only part of their time and attention to the affairs of the Company and there are potential conflicts of interest to which some of the directors and officers of the Company will be subject in connection with the operations of the Company.

There can be no assurance that an active and liquid market for the Company's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.

The Company has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service of notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada.

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.

New accounting pronouncements

The following new standards, amendments and interpretations, that 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.

Amended standard 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. The application of this IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

Amended standard IAS 32 Financial Instruments

The amendments to IAS 32 clarify the requirements for offsetting financial assets and liabilities, the right of offset must be available on the current date and cannot be contingent on a future date. The application of this IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

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 $276,374 at September 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 mature impact interest income earned.

(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.

(e) Fair Value

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

<u>Related Party Transactions</u>

Management did not receive any compensation during the nine months ended September 30, 2015 (September 30, 2014 - $nil). A director was reimbursed $7,000 (September 30, 2014 - $9,000) for rent expense for the Company's previous office for the nine months ended September 30, 2015. A private company controlled by the President & CEO of the Company was reimbursed $1,000 (2014 - $nil) for office rent expense for the new location and charged $4,000 (2014 - $nil) for consulting and administration fees for the preparation of the quarterly financial filings, the AGM material and filings related to the QT.

<u>Significant Accounting Policies</u>

All significant accounting policies are fully disclosed in Notes 3 and 4 of the annual audited financial statements for the year ended December 31, 2014.

Summary of Share Data – as at April 25, 2016

The Company has an authorized share capital of an unlimited number of common shares without par value. The following table describes the issued and outstanding share capital of the Company:

Common shares	7,079,800
Stock Options	-
Fully Diluted Shares	7,079,800

105,000 incentive stock options were cancelled in July 2015 upon the resignation of a director of the Company.

Escrow shares:

As at September 30, 2015, 1,415,000 (December 31, 2014 – 1,415,000) common shares, being all of the escrowed common shares, 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 Qualifying Transaction) 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's share listing was transferred from the TSX-V to the NEX board.

For additional details of outstanding share capital and escrow shares, refer to the condensed interim financial statements for the nine months ended September 30, 2015.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Forward-Looking Statements

Certain statements contained herein are "forward-looking" and are based on the opinions and estimates of management, or on opinions and estimates provided to and accepted by management. Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied. Readers are therefore cautioned not to place reliance on any forward-looking statement.

Additional Information

Additional information about the Company can be found on www.sedar.com.

Approval

The Board of Directors of Capstream Ventures Inc. has approved the disclosure contained in this MD&A.