CAPSTREAM VENTURES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

Nine Months Ended September 30, 2015

(Unaudited - Expressed in Canadian Dollars)

CAPSTREAM VENTURES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2015 AND DECEMBER 31, 2014
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2015	December 31, 2014
ASSETS		
Current assets		
Cash	**$** 276,374	$ 354,246
GST Receivable	3,138	2,923
Prepaid Expenses	21,250	1,250
Total current assets	300,762	358,419
Total Assets	**$** 300,762	$ 358,419
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	**$** 12,547	$ 5,527
Total liabilities	12,547	5,527
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	636,574	636,574
Contributed surplus (Note 5)	73,912	73,912
Accumulated deficit	(422,271)	(357,594)
Total shareholders' equity	288,215	352,892
Total Shareholders' Equity and Liabilities	300,762	$ 358,419

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

On behalf of the Board:

"Paul Larkin" — Director

"Robert Thast" — 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 September 30, 2015		Three months ended September 30, 2014		**Nine months ended Sep 30, 2015**		Nine months ended Sep 30, 2014
EXPENSES								
Accounting and legal	**$**	**6,360**	$	3,623	**$**	**19,530**	$	29,689
Bank charges and interest		**6**		6		**53**		34
Consulting and administration (Note 7)		**18,200**		-		**26,200**		-
Filing and transfer agent fees		**4,303**		3,327		**8,625**		13,794
Interest earned		-		(4,188)		**-**		(4,188)
Office and rent expense (Note 7)		**2,993**		3,000		**8,993**		9,645
Travel and promotion		**1,276**		-		**1,276**		11,200
Net loss and comprehensive loss for the period	**$**	**33,138**	$	5,768	**$**	**64,677**	$	60,174
Basic and diluted loss per common share	**$**	**0.01**	$	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 NINE MONTHS ENDED SEPTEMBER 30, 2015 and 2014
(Unaudited - Expressed in Canadian Dollars)

		2015		2014
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss for the period	**$**	**(64,677)**	$	(60,174)
Changes in non-cash working capital items:				
GST receivable		**(215)**		2,326
Prepaid expenses		**(20,000)**		-
Accounts payable and accrued liabilities		**7,020**		(11,092)
Net cash used in operating activities		**(77,872)**		(68,940)
Change in cash for the period		**(77,872)**		(68,940)
Cash, beginning of period		**354,246**		435,905
Cash, end of period	**$**	**276,374**	$	366,965

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 NINE MONTHS ENDED SEPTEMBER 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		-		-		-		(60,174)		(60,174)
Balance –September 30, 2014		**7,079,800**	**$**	**636,574**	**$**	**78,912**	**$**	**(351,198)**	**$**	**359,288**

		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		-		-		-		(64,677)		(64,677)
Balance –September 30, 2015		**7,079,800**	**$**	**636,574**	**$**	**73,912**	**$**	**(422,271)**	**$**	**288,215**

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 September 30, 2015, the Company has accumulated losses of $422,271 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 nine months ended September 30, 2015 were approved and authorized for issue by the Board of Directors on April 25, 2016.

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 September 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 nine months ended September 30, 2015 and the year ended December 31, 2014, 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 September 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)

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number		Weighted Average Exercise Price
Balance, at December 31, 2013 and 2014	105,000	$	0.10
Cancelled	(105,000)		0.10
Balance, at September 30, 2015	-		

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 $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 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 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 and CEO of the Company was reimbursed $1,000 (2014 - $Nil) for office rent expense 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.

8. 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 technology based on eyewear and contact lenses that enhance human vision allowing the wearer to access digital media while remaining engaged in daily activities.

8. SUBSEQUENT EVENT (cont'd)

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:

- 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

- 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. The balance of the Loan will be credited towards the Note.

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.